

1 Q. **Reference: Application, 2025 Capital Budget Overview, pages 6 and 7.**

2 Hydro describes its efforts to improve asset management and transparency.

- 3 a) Is Hydro undertaking this effort on its own, or with the help of consultants?
4 b) Is there a specific implementation plan and schedule associated with this effort?
5 c) Is this effort driven by the requirements set out in the Provisional Capital Budget
6 Application Guidelines?

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9 A. a) Newfoundland and Labrador Hydro (“Hydro”) is currently managing this effort
10 independently. Hydro’s immediate focus is on increasing informational input, cleaning up
11 core data, and optimizing the system to better leverage the value brought by a consultant or
12 additional internal resources as maturity develops.

13 b) Although there is no formal implementation schedule in place, Hydro has engaged with
14 various utilities and asset management professionals across Canada to gain insights into
15 their asset management journeys and is confident that Hydro is on the right track for long-
16 term success. For a successful asset management system implementation, Hydro believes it
17 is crucial to have accurate foundational data and processes, noting that asset management
18 is an exercise of continuous improvement. Initial success will be measured by the usefulness
19 and accuracy of Hydro’s Computerized Maintenance Management System (“CMMS”) as it
20 matures in its development and utilization. Once achieved, improved asset management
21 integration and organizational efficiency can be realized as cultural adaptation and
22 organizational knowledge promote lasting change.

23 Hydro’s efforts to date have been centered on the regulated Bay d’Espoir Hydroelectric
24 Generating Station operations. The process begins with cleaning up asset data, revisiting
25 equipment hierarchies, adding equipment identification, if missing, and ensuring the asset
26 registry accurately reflects plants’ current configuration. Following this, Hydro will review
27 and optimize maintenance routines, workflow authorization processes, and assess

1 equipment maintenance resources and outage requirements. This phase is expected to take
2 an additional 18-24 months, depending on lessons learned and the ability of organizational
3 change adaptation.

4 Once the core CMMS components are fully operational in Bay d’Espoir, Hydro will apply the
5 same approach to the remaining regulated Hydro Generation assets. Lessons learned and
6 advancements gained in hydraulic generation will be strategically utilized to develop
7 consistent and common practices in other regulated areas such as Transmission and
8 Distribution, Terminal Stations, and Gas Turbines.

9 c) This effort is not directly driven by the requirements set out in the provisional Capital
10 Budget Application Guidelines (“Guidelines”).¹ The changes being made can be considered
11 core aspects of a well-functioning organization that drives efficiency, effective cost
12 management and, most importantly, serves its customers with the best overall value. By
13 initially improving the functionality of the CMMS, Hydro will be able to efficiently evaluate
14 all capital work scopes brought forward and ensure ultimate investment requests are in line
15 with company-prioritized needs. Accurate data displaying asset health, extracted from the
16 CMMS, will provide Hydro with strengthened information on cost and risk for its investment
17 decision process, thereby supporting the Guidelines’ objective of prudent capital planning
18 and expenditure.

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.