

- 1 **Q. (Reference Application) For each project and program in the 2025 CBA:**  
 2 **a) Please quantify the unit cost associated with improvements in system**  
 3 **reliability and risk profile resulting from the project and program.**  
 4 **b) Please quantify the value customers place on the improvements in system**  
 5 **reliability and risk reduction and compare it to the cost of the project or**  
 6 **program.**  
 7 **c) Please provide a comparison of the proposed improvements in system**  
 8 **reliability and risk reduction compared to other projects and programs**  
 9 **being proposed and other alternatives that are available.**
- 10  
 11 A. a) Newfoundland Power prepared its *2025 Capital Budget Application* in accordance  
 12 with the Board's Provisional Guidelines effective January 2022. Unit costs associated  
 13 with improvements in reliability and risk profile, ratepayer valuations of these  
 14 improvements versus project costs, and reliability and risk profile improvement of  
 15 alternatives were recommended by Midgard Consulting Incorporated ("Midgard"),  
 16 but not accepted as part of the Provisional Guidelines.<sup>1</sup>  
 17  
 18 The Company has not sought to ensure that the *2025 Capital Budget Application*  
 19 conforms to Midgard's commentary or recommendations that were not incorporated  
 20 into the Provisional Guidelines.<sup>2</sup> Thus, no analysis was completed to determine unit  
 21 costs of reliability and risk improvements of proposed projects, considered  
 22 alternatives, or ratepayer valuations thereof, and the Company cannot provide the  
 23 requested data.  
 24  
 25 The Company notes that no projects in the *2025 Capital Budget Application* were  
 26 justified based on improved reliability.  
 27  
 28 b) See part a).  
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 30 c) See part a).

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<sup>1</sup> See Midgard's *Newfoundland and Labrador Board of Commissioners of Public Utilities, Capital Budget Application Review*, August 24, 2020, page 61.

<sup>2</sup> See correspondence from the Board *Re: Provisional Capital Budget Application Guidelines* dated December 20, 2021.