Q. (Reference PUB-NP-051) It is stated with respect to the Transmission Line Rebuild Strategy that projects are prioritized according to the risk of failure. Is Newfoundland Power able to quantify the risk of failure and compare it to projects across the Transmission Line Rebuild Strategy, across all projects in the capital budget, and to delaying the project by two or three years?

A. Newfoundland Power has extended the reference to provide full context to its response as outlined in the response to Request for Information PUB-NP-051:

> "*It [Transmission Line Rebuild Strategy] outlined a structured approach to rebuilding the Company's oldest and most deteriorated transmission lines and established that required rebuild projects would be prioritized based on: (i) the physical condition of lines; (ii) the risk of failures; and (iii) the impact a failure would have on customers.*"

Newfoundland Power employs a risk matrix methodology to provide consistency in its assessment of risks across projects and programs. The methodology uses a risk matrix whereby priority is determined based on assessments of probability and consequence. The Company does not currently have the software or data necessary to calculate a purely quantitative assessment of risk. Based on Newfoundland Power's research, all methodologies rely to some degree on engineering judgment in order to prioritize capital expenditures. While some methodologies employ more quantifiable factors, such as asset condition data or health indices, they still rely on a combination of quantifiable factors and engineering judgment. Newfoundland Power's risk matrix methodology applies scoring guidelines that rely on quantifiable factors. The methodology is therefore broadly consistent with that observed elsewhere and provides reasonable consistency and transparency in the resulting priority scores.

In the case of the Company's *Transmission Line Rebuild Strategy*, Newfoundland Power inspects its transmission lines annually. For example, report *3.1 2024 Transmission Line Rebuild* provides details on the number of TD4 work requests over the last 10 years for Transmission Line 146L.[1] TD4 work requests represent deficiencies to be addressed as part of Newfoundland Power's longer-term capital planning process. The number of TD4 work requests created for Transmission Line 146L has increased over the last decade, with additional deficiencies identified annually. This shows the line's condition has deteriorated over time, and therefore indicates that the probability of failure has increased over time.

[1] See Newfoundland Power's *2024 Capital Budget Application,* report *3.1 2024 Transmission Line Rebuild*, page 4.