

1 **Section 2: Customer Operations/Capital Expenditures**

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3 **Q. Please provide an update on the review of Newfoundland Power’s asset**
4 **management planning and provide comments on any preliminary findings.**

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6 **A. A. Newfoundland Power’s Asset Management Review**

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8 Newfoundland Power is undertaking a review of its asset management practices to ensure
9 its practices continue to be satisfactory given the age of its electrical system and remain
10 consistent with industry best practices. The review will ensure that the Company
11 effectively balances asset performance, cost and risk in order to provide safe and reliable
12 service to customers in an environmentally responsible manner.

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14 The Company has developed a framework for the asset management review, which is
15 guiding the review’s scope, stages and timelines (the “Review Framework”).¹

16 Newfoundland Power’s asset management review is divided into three major phases:

- 17
18 (i) *A Current State Assessment*: to understand where Newfoundland Power is in its
19 asset management journey, how it currently compares to other utilities, and what
20 opportunities exist to enhance its asset management practices;
- 21
22 (ii) *A Target State Assessment*: to assess the costs and customer benefits of
23 opportunities to advance Newfoundland Power’s asset management, to ensure its
24 practices continue to be adequate, and aligned with sound utility practice; and
- 25
26 (iii) *Implementation Planning*: to guide the execution of opportunities that are
27 required to meet the Company’s objective of continuing to provide safe and
28 reliable service to customers at the lowest possible cost.

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30 The Target State Assessment phase is currently underway. The Review Framework
31 outlined seven milestones to be completed as part of the Target State Assessment.² In the
32 update provided as part of the Newfoundland Power’s *2024 Capital Budget Application*,
33 the Company indicated it had substantially completed four of the seven milestones.³
34 Since then, Newfoundland Power has substantially completed two additional milestones.

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36 The first additional milestone completed is the process and planning review. In the
37 process and planning review, Newfoundland Power identified the necessary changes to
38 policies, processes and plans required to facilitate Newfoundland Power’s asset
39 management maturation. The Company is currently working on updating and realigning
40 its asset management documentation to reflect these changes. This documentation is
41 essential for providing clarity on asset management practices across the Company.

¹ The Company filed its *Asset Management Review – 2022-2024 Assessment Framework* as Attachment A of PUB-NP-016 as part of its *2024 Capital Budget Application*.

² The seven milestones are: Documentation Gathering; Staff Training; Employee Engagement; Pilot Project; Process and Planning Review; Data and Technology Assessment; and Resource Assessment.

³ See Newfoundland Power’s *2024 Capital Budget Application*, response to Request for Information PUB-NP-017.

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2 The second additional milestone completed is the data and technology assessment. In the
3 data and technology assessment, Newfoundland Power assessed modernizing its asset
4 management technology before the existing system becomes obsolete.⁴ The Company
5 has evaluated the current state of its asset management technology and has conducted
6 research on industry best practices and emerging technologies.
7

8 The asset management review remains on schedule. Once the Target State Assessment is
9 complete, the Implementation Planning phase will commence. The implementation
10 timeline will depend on the recommendations identified and is expected to require a
11 phased approach over several years.
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13 **B. Preliminary Findings**

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15 Newfoundland Power is currently in the process of formulating its asset management
16 technology replacement project. The Company anticipates a capital project for the
17 system's replacement will be required no later than its *2025 Capital Budget Application*.
18 The Company is not yet in a position to outline specifics in relation to which technology
19 solutions may be implemented.
20

21 Replacing the Company's asset management technology is an important aspect of
22 Newfoundland Power's larger asset management review. The review will result in
23 changes to operational practices and processes, with a focus on long-term continual
24 improvement.⁵ It will be important to ensure the new technology can meet current asset
25 management requirements, with the capability of adapting to future enhancements as they
26 are implemented.
27

28 The asset management review will result in long-term benefits for customers, including
29 ensuring continued system reliability, environmental responsibility and customer
30 satisfaction in a manner that continues to be least cost.

⁴ Newfoundland Power was notified by the vendor of its asset management technology that the software will no longer be supported as of December 31, 2026.

⁵ ISO 55001 is an internationally recognized standard for asset management practices. ISO 55002:2018 provides guidance for the application of an asset management system in accordance with the requirements of ISO 55001 and states that continual improvement should be regarded as an ongoing iterative activity.