

1 **Q. (Reference CA-NP-018) The questions in the RFI include: 1) At what unit cost**  
2 **system reliability and risk profile would be improved by a proposed project, 2)**  
3 **If the ratepayer values the improvement in system reliability and risk reduction**  
4 **more than the project cost, and 3) How cost effective the proposed**  
5 **improvements in system reliability and risk reduction are compared to other**  
6 **budget items proposed and other alternatives that are available. Were any of**  
7 **these questions addressed in the 2023 Capital Budget Application? Is it a**  
8 **requirement of the Provisional Capital Budget Application Guidelines that these**  
9 **questions be addressed?**

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11 A. Newfoundland Power's *2023 Capital Budget Application* was prepared in compliance with  
12 the requirements of the Provisional Guidelines. Where strict compliance was not  
13 possible, the Company took steps to respect the spirit and intent of the Provisional  
14 Guidelines, including providing alternate information where available. The Provisional  
15 Guidelines do not reference "unit cost system reliability," "risk profiles," or "ratepayer  
16 values," as referenced in questions 1) and 2) above.

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18 With respect to question 3) above, the Provisional Guidelines require assessments of  
19 alternatives for certain proposed capital expenditures, including cost-benefit analyses.  
20 Newfoundland Power's *2023 Capital Budget Application* provides assessments of  
21 alternatives and cost-benefit analyses when required. The Provisional Guidelines also  
22 require the provision of a prioritized list of capital expenditures based on risk mitigation  
23 and reliability improvement. The Company's *2023 Capital Budget Application* provides a  
24 prioritized list of capital expenditures with the level of priority based on the degree of  
25 risk that would be mitigated, including risks to the delivery of reliable service to  
26 customers.