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Witness: David L. Gladey, Steven Lamontagne, Leanne M. Landry and Jeffrey D. Turano
Request from: Office of Consumer Counsel

Question:

For each year 2017 through 2025, state the number and installed cost of assets replaced under the annual programs in Exhibit CLP-ADDITIONS-4 that had not been assessed as deficient at the time of replacement, and the basis on which those replacements were made.

Response:

The Company establishes annual projects and programs to proactively maintain, replace, and enhance electric distribution infrastructure based on asset condition, system performance, safety requirements, reliability objectives, and forecasted operational needs. Annual programs provide a structured framework for planning and executing capital investments, enabling the Company to efficiently manage anticipated asset additions and retirements and develop budgets based on historical investment levels, operational experience, and forecasted system needs.

The Company does not replace equipment solely based on age or failure risk without first conducting an appropriate assessment. Equipment is evaluated to determine its condition and the appropriate corrective action in accordance with applicable engineering standards, technical guidelines, asset management practices, and industry best practices. Replacement is undertaken only when the assessment indicates that it is the prudent and technically justified course of action to maintain the safety, reliability, and integrity of the electric distribution system.

The Company asset replacement strategy is primarily focused on proactively identifying and addressing equipment performance and degradation before impact to the system or service to our customers. While certain assets may remain in service until the end of their useful lives, the Company may elect to replace equipment before failure occurs when inspections, condition assessments, or predictive analytics identify an elevated risk of failure. This proactive approach reduces the likelihood of service interruptions, enhances public safety, and supports the reliable and efficient operation of the distribution system. In addition, planned replacements are more cost-effective than emergent-driven reactive replacements, as they minimize outage-related costs, avoid expedited procurement and increased labor expenses, and reduce the potential for collateral damage to adjacent facilities.

As a general matter, asset replacement decisions under the Company's annual capital programs are not based exclusively on asset monitoring, deficiencies or condition assessments. While identified

deficiencies, poor performance, reliability concerns, safety considerations, and risk mitigation are important drivers in determining replacement, assets could be replaced as part of planned system work.

For example, replacement of existing equipment may be required in conjunction with distribution system upgrades such as new customer service installations, system reconfigurations, capacity improvements, or other planned capital work written under an annual program. In these circumstances, the scope of work may necessitate replacement of an existing asset to accommodate new facilities or to meet current design and engineering standards, regardless of whether the existing asset had been previously assessed as deficient or not.