

BIZTALKS · UTILITIES · EXECUTIVE PERSPECTIVE

Resilience Is an Audition, Not a Plan

How utilities can prioritize risk, improve operational resilience and create the evidence needed to support future investment.

The next generation of resilience programs will not be judged only by the quality of the climate plan. Utilities will need to show that they identified the right risks, selected the right interventions, improved operational and customer outcomes, and preserved the evidence needed to support future investment. Resilience must therefore be managed as an end-to-end operating capability — from risk identification to prevention, restoration and proof.

A. At a glance

The first tranche is a proof obligation

\$146m

Northeast utility climate-resilience investment included in the 2026–2028 rate plan

\$5.294bn

Projected 2025–2044 climate-resilience program

2.8%

Approved tranche as a share of the stated 20-year roadmap, rounded

Source: 2025 Form 10-K public filing.[\[3\]](#)

READING

1

State regulators approved the utility's resilience plan with modifications, but rejected immediate incremental funding and directed future funding through rate cases.[\[1\]](#)

2

The 2026–2028 rate plan is the currently approved rate-plan window for the cited resilience funding. The 2029–2032 period is therefore an executive evidence and decision horizon, not an approved recovery period.[\[3\]](#)[\[5\]](#)

3

The utility projects 17 days above 95°F in 2030, versus a historical baseline of four. Heat establishes urgency; it does not, by itself, establish that a specific capital decision was prudent.[\[2\]](#)

4

The Commission required implementation and outcome benchmarks for proposed resilience measures, while the company's plan notes that no standardized set of electric-distribution resilience metrics exists.[\[1\]](#)[\[2\]](#)

B. What the evidence says

Climate risk establishes the need; operational outcomes establish the value.

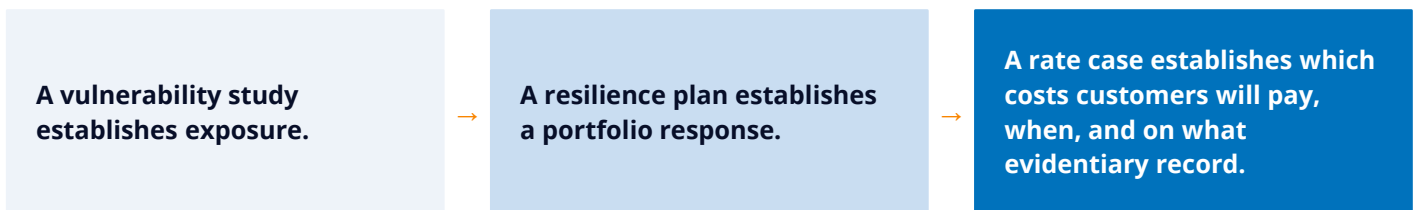
The central question is therefore not only whether resilience investment can be justified, but whether utilities can identify the highest-risk assets, intervene effectively and demonstrate that those interventions reduced customer and system exposure.

This benchmark utility case is useful precisely because the regulator did not confuse a long-range plan with a blank check. The state Public Service Commission accepted climate resilience as a legitimate planning category, evaluated whether measures could reduce outage time and restoration cost, and required implementation schedules, performance benchmarks, cost-benefit consideration and rate-impact analysis. It also kept the traditional obligation to provide safe and adequate service at just and reasonable rates at the center of the decision.^[1]

Plan approval and cost recovery are different decisions

In December 2024, the Commission approved the utility's resilience plan with modifications, declined to authorize the proposed incremental surcharge, and directed future funding requests to rate proceedings. The company could seek funding for activities needed in 2026 or later through the next electric rate proceeding.^{[1][2]}

That sequencing matters.



Treating those three documents as one decision creates the wrong operating model: it encourages teams to optimize the plan narrative while leaving the delivery record fragmented across engineering systems, work orders, contractor files, outage records, finance ledgers and regulatory testimony.

Between the resilience plan and the rate case sits the operating challenge: identifying which assets and circuits matter most, prioritizing the right interventions, executing them consistently and measuring whether exposure, outage duration or restoration performance actually improved. Without that operational layer, the evidence chain remains incomplete.

The initial 2.8% tranche is not a rejection of the roadmap

The utility's 2025 Form 10-K reports a projected \$5.294 billion of climate-resilience investment from 2025 through 2044 and \$146 million included in the 2026–2028 rate plan.^[3] The funded amount is about 2.8% of the 20-year roadmap. It would be inaccurate to call the remaining 97.2% disallowed: different years, project maturities and future rate cases sit inside that figure. But it is equally inaccurate to treat the roadmap as recovered capital. The balance outside the cited tranche represents future investment that would still depend on project maturity, future proceedings, affordability considerations, regulatory treatment and execution evidence.

The January 2026 order shows that scrutiny is not theoretical. The Commission cut the utility's initial first-year electric and gas revenue request by roughly 87%, adopted efficiency savings and deferred non-essential capital while approving about \$11.7 billion of electric and \$2.8 billion of gas capital investment across the three-year plan.^[4] For a CFO, the message is not that regulators oppose investment. It is that capital competes for a place in a record shaped by affordability, need and delivery confidence.

Heat does not recover costs

The utility's updated climate plan projects that days above 95°F rise from a historical average of four to 17 by 2030, while the company says climate-driven heat is arriving roughly a decade faster than its 2019 study suggested.^[2] The physical mechanism is clear: sustained heat can raise cooling load, reduce equipment ratings, accelerate degradation and compress operating margins. In Texas, ERCOT's 2026 summer outlook similarly illustrates how rising peak demand is increasing operational stress in another large U.S. power market.^{[9][10]}

**Those facts justify attention and planning.
They do not answer the questions that
determine prudence:**

Why this feeder, substation or protection
scheme?

Which alternatives were examined?

What did the project cost against the
authorized baseline?

Was it placed in service when the risk model
assumed?

Did the treated asset perform differently under
comparable stress?

How much customer exposure was removed,
and how was that counterfactual calculated?



The metric gap is the governance problem

The utility proposes implementation measures and outcome measures, including post-event outage and restoration analysis, a Network Resiliency Index and pre/post outage-frequency comparisons for enhanced non-network circuits. It also states that there is no standardized set of resilience measures for electric distribution systems and that low-frequency events make historical comparison difficult.[2] The Commission accepted the current direction but required utilities to refine the measures and to attach implementation and outcome benchmarks to every proposed resilience measure.[1]

NTT DATA analysis: A dashboard can display spend, schedule, asset health and outages without proving that they describe the same intervention. Recovery-grade evidence needs stable identifiers, time-stamped decisions, baseline versions, approved scope, actual cost, asset commissioning, exposure before and after, event conditions, customer impact and documented professional judgment. The chain must be reconstructable after staff turnover and across the discovery process.

The pattern is portable across heat-exposed jurisdictions

Florida's annual Storm Protection Plan Cost Recovery Clause explicitly determines which storm-protection costs were prudently incurred and may be recovered.[7] The Arizona Corporation Commission describes a rate case as an evidentiary process supported by accounting records, expert testimony, forecasting and audit, and notes that unjustified expenses are removed even while prudent resilience and expansion investment is supported.[8] In a 2025 concurrence, FERC Commissioner Chang emphasized the importance of customers having sufficient information to test transmission expenditures, including project need, alternatives, asset condition and cost-control procedures.[6]

Earlier GAO work found that some utilities in hurricane-exposed states faced difficulty justifying resilience investments where established planning tools and performance measures were limited.[11] DOE's resilience work similarly starts with a risk-informed baseline and the avoided cost of outages before solution selection.[12] Across these examples, NTT DATA's synthesis is that, although legal tests differ by jurisdiction, the operational evidence burden increasingly converges around the same questions: what decision was made, what asset was treated, what work was completed, what outcome followed and how the cost entered the regulatory record.

The prudency-evidence chain

A governed record connects climate exposure to cost recovery without pretending that a single outage metric proves causality.



NTT DATA analytical construct informed by state commission, FERC, DOE and GAO evidence.[\[1\]](#)[\[6\]](#)[\[11\]](#)[\[12\]](#)

C. Implications and scenarios

Three postures for the next tranche

The executive choice is not whether to measure resilience. It is whether evidence is assembled after the fact, managed project by project, or designed as part of the program.

POSTURE 1

Plan-led

Strong climate narrative, portfolio roadmap and benefit language. Evidence is assembled during filing preparation.

Consequence: Low operating burden now; high discovery burden and fragile attribution later.

POSTURE 2

Project-led

Each project tracks budget, schedule and commissioning. Outcomes remain separate from capital records.

Consequence: Better execution control, but inconsistent proof across programs and jurisdictions.

POSTURE 3

Evidence-led

The prudency-evidence chain is embedded in portfolio governance, work management, asset data and finance from approval onward.

Consequence: Higher discipline at inception; lower rework, clearer challenge response and a stronger basis for the next tranche.

The 2026–2032 evidence horizon

The funded rate window should improve resilience performance while creating the evidence needed for the next investment cycle.



D. NTT DATA point of view

At NTT DATA, our reading is that resilience programs should be governed as evidence-producing operating capabilities, not as capital portfolios with a reporting layer added near the rate case. The hard part is not collecting more data. Utilities already hold enormous volumes across GIS, EAM, ADMS, SCADA, outage management, field service, procurement and finance. The hard part is preserving the relationships and decisions that turn those records into defensible proof.

FROM RESILIENCE INVESTMENT TO MEASURABLE OUTCOMES

1. Understand & prioritize risk

Asset condition, failure probability, climate exposure, criticality and customer consequence need to be considered together to identify where intervention can create the greatest resilience value.
Related perspective: AI-Assisted Asset Investment Prioritization

2. Prevent & anticipate failure

Predictive analytics, asset monitoring and geospatial intelligence can provide earlier signals of degradation and external threats before they become outages.
Related perspectives: Scaling Predictive Maintenance for the Intelligent Utility / Geospatial Monitoring of High-Risk Vegetation

3. Respond & restore intelligently

Outage intelligence, automation and real-time operational data can support faster fault isolation, better prioritization of response and quicker restoration.
Related perspectives: Intelligent Outage Management / FLISR – Self-Healing Grid / AI-Enabled Grid Operations

4. Prove resilience outcomes

Asset identity, work performed, event conditions, customer impact and cost need to remain connected so the value of each intervention can be measured and reconstructed.
Related perspective: AI for Regulatory & Operational Compliance

The operational model above should be supported by a minimum evidence layer for every funded resilience measure:

- | | | | |
|---|---|---|---|
| 1 | One authoritative asset identity | 2 | The climate and operational baseline used at approval |
| 3 | The alternatives and professional judgment behind selection | 4 | The authorized scope and benefit hypothesis |
| 5 | Work and commissioning evidence | 6 | Actual cost and variance |
| 7 | Event-normalized performance | 8 | The exact ledger and filing treatment |

Data quality rules, ownership, retention and change control would be part of program assurance. A dashboard could consume this record, but it would not be the record.



This position is consistent with public BizTalks assets[13]. **AI-Assisted Asset Investment Prioritization** connects asset condition, failure probability, criticality and business impact to constrained capital choices; **AI for Regulatory & Operational Compliance** connects requirements to procedures, assets, controls and evidence while retaining accountable human judgment.[14][15] Public success stories add practical proof points: an intelligent asset monitoring center integrated monitoring, analytics and governance across critical substation assets, while a US utility data program brought smart-meter, transformer, circuit and outage information into a common data foundation.[16][17]

The economic case should be expressed as directional deltas until utility-specific baselines are validated:

- Less manual discovery effort
- Fewer breaks between authorized scope and recorded asset
- Earlier visibility of cost and schedule variance
- Faster production of testimony and data responses
- Stronger confidence that claimed avoided outages are linked to treated assets and comparable event conditions

No technology can guarantee recovery. It can make the record more complete, consistent and testable.



E. What leaders should do

Turn the first tranche into the funding strategy

Five actions

1	Name the recovery thesis at project approval.	State the hazard, alternative, asset population, expected customer outcome and evidence required.
2	Make asset identity non-negotiable.	Reconcile planning, work, operational and finance records to the same governed identifiers.
3	Separate implementation from outcome.	Track both; never present completion as proof of resilience benefit.
4	Define counterfactual methods in advance.	Establish how weather severity, load, topology and untreated comparators will be handled before the event.
5	Run a mock prudency challenge annually.	Ask regulatory, finance and engineering teams to reconstruct a sample of projects from decision to rate treatment.

Boardroom questions

- 1 Can we trace any resilience dollar from the Commission-approved purpose to an in-service asset and the general ledger without manual reconciliation?
- 2 Which outcome claims depend on models that have changed since the project was authorized, and can we reproduce the original version?
- 3 Where are alternatives, rejected options and professional judgments recorded for discovery?
- 4 What evidence from the 2026–2028 tranche will materially change the next filing, rather than merely describe completed work?

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