

- 1 **Q. Please describe Newfoundland Power’s annual operating budget process together**
2 **with significant milestones.**
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- 4 A. Newfoundland Power typically develops annual operating budgets that ensure costs are
5 reasonable throughout each breakdown and function.
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- 7 Annual budget development is an iterative process requiring the involvement of budget
8 analysts, Finance department staff, Directors and Executive. The process typically occurs
9 over a three month period and involves extensive communication between the parties
10 involved.
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- 12 Under the supervision of the Directors, budget analysts initially prepare the proposed
13 budget for each department after thorough review of cost history, anticipated work
14 requirements and changing costs dynamics.
15
- 16 Directors review the proposed budget prepared by analysts to ensure costs are reasonable
17 and that appropriate methodologies are applied.
18
- 19 Finance department compiles each proposed budget and creates a consolidated plan. In
20 consultation with directors, changes may be made to ensure the operating budget
21 presented to the Executive is reasonable.
22
- 23 Executive reviews the consolidated budget and approves the final budget allocation.
24
- 25 The development of the 2016/2017 test period budget did not follow the above typical
26 process as detailed in the response to Request for Information CA-NP-197.