

2020 Capital Budget Application Technical Conference – Rate Mitigation

Presentation to the Board of Commissioners of Public Utilities

November 20, 2019



Introduction

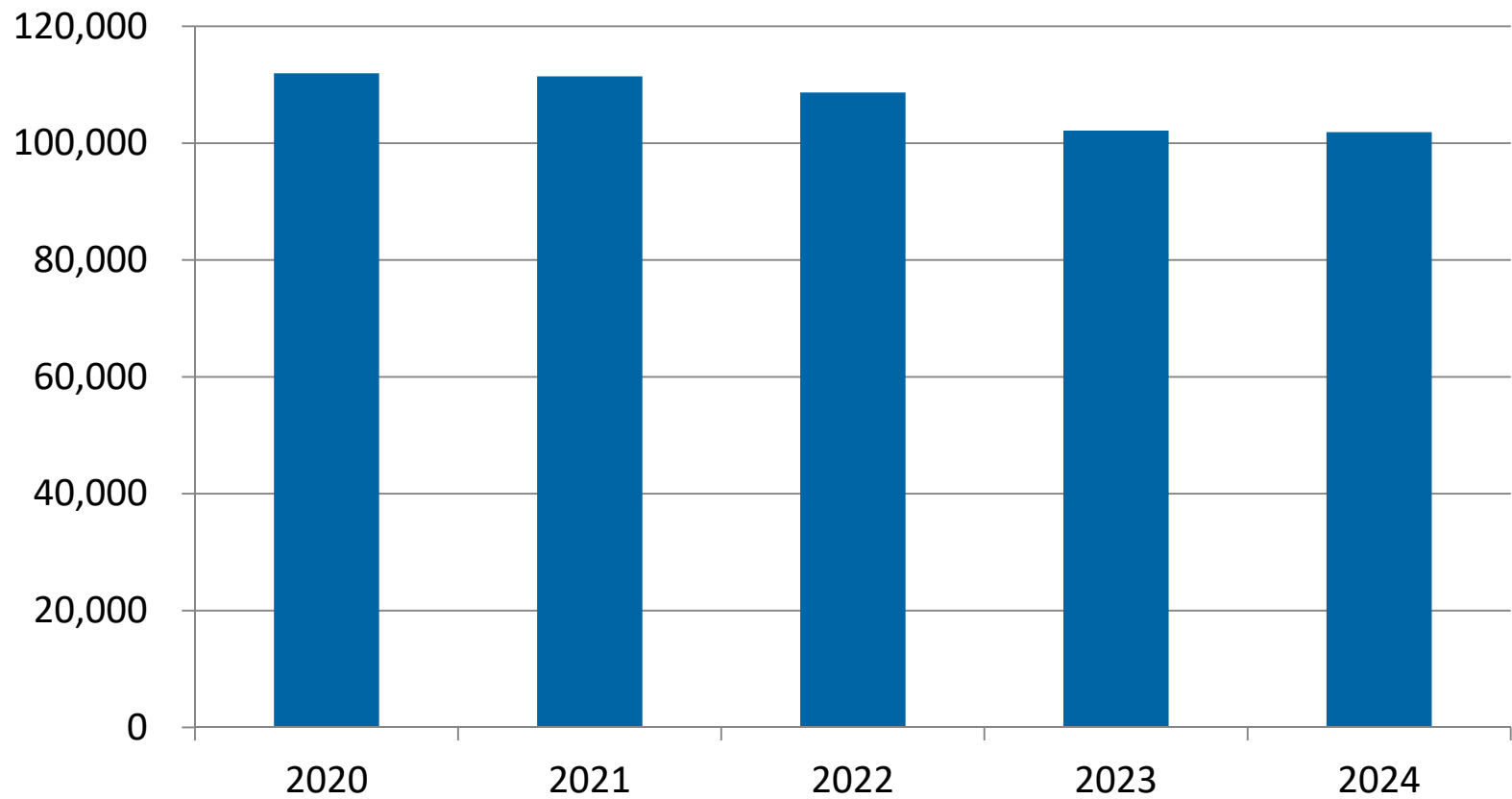
- As no decisions regarding the Rate Mitigation Reference have been made, there have been no impacts on Newfoundland and Labrador Hydro's ("Hydro") current 5-year Capital Plan
- Hydro reviewed its capital program with a view to balance capital investment with customer expectations for cost management and reliability.

Introduction (continued)

- Over the last two capital budget cycles (2019 and 2020 capital budget applications) Hydro has decreased its planned five-year capital expenditure by approximately \$240 million over a five-year period.
- Hydro analyzed deferral opportunities for all projects in the 2020 CBA, deferring any project that could not be justified for this CBA; however, no priority work activities or projects were deferred.

Hydro's 2020 Five-Year Capital Plan

(\$000)



Hydro's 2018-2020 Five-year Capital Plans

Five-year Sustaining Capital Budget Plan Comparison (\$000)

	2018	2019	2020	2021	2022	2023	2024	Total
2018 CBA^{1,2}	171,095	148,523	165,028	143,346	147,652	-	-	775,644
2019 CBA²	-	118,169	133,622	132,723	121,696	123,885	-	630,094
2020 CBA²	-	-	111,947	111,417	108,662	102,142	101,884	536,052

1. 2018 totals are less TL 267 and TL 266 capital budget amounts.
2. 2018, 2019 and 2020 totals are as submitted to the Board of Commissioners of Public Utilities (“Board”) and do not include supplemental capital budget amounts.

Hydro's 2018-2020 Five-year Capital Plans

- Beginning in 2018 Hydro increased the use of quantifiable data and condition-based assessments to determine project timing versus deciding project timing based upon the asset's years of service (e.g., power transformers).
- Front End Engineering and Design Alignment document.
- Basis of Estimate document, approved prior to finalizing project proposals.
- Review of project contingency on a project and line item basis versus standard 20% contingency applied to all projects.

Reliability and Resource Adequacy Study

- The review of the study by the Board is ongoing
- As no conclusions have been made there have been no impacts on Hydro's current 5-year plan

Additional Reference Material

- Hydro's responses to 2020 Capital Budget Application Requests For Information PUB-NLH-001, PUB-NLH-002, and PUB-NLH-003
- 2020 Capital Overview Section 3.1
- 2020 to 2024 Capital Plan Section 2

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