

1 Q. **Reference: Application**

2 Will Hydro be able to meet its mandate if the Board does not approve every dollar requested in
3 its 2023 Capital Budget Application? Specifically, what projects and capital amounts could be
4 deferred without affecting Hydro's ability to meet its mandate?

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7 A. Newfoundland and Labrador Hydro ("Hydro") submits projects and programs it believes provide
8 an appropriate balance between customer cost and reliability of service. Hydro, through its
9 capital budget application preparations, has already taken deliberate action to reduce
10 investment levels where practicable. The projects included in the 2023 Capital Budget
11 Application are those deemed necessary for the continued operation of a safe and reliable
12 provincial electricity system. It is Hydro's view that a fixed amount of capital expenditure lower
13 than that proposed would result in a risk to the provision of safe, reliable, least-cost service. It is
14 important to note that, while Hydro does provide a prioritization of projects in the 2023 Capital
15 Budget Application,¹ this is one of a number of considerations used to inform the total capital
16 investment. Hydro screens all its proposed projects and includes those that are required to meet
17 its mandate.

¹ "2023 Capital Budget Application," Newfoundland and Labrador Hydro, July 13, 2022, vol. I, sch. 1, app. F.