

1 Q. **Reference: Technical Conference**

2 Does Hydro use its capital risk rating matrix for decision-making? In particular, does it eliminate
3 any capital projects based on the application of the matrix methodology?

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6 A. Newfoundland and Hydro (“Hydro”) generally does utilize risk evaluation in addition to other
7 considerations such as resource and outage availability for decision-making, including decisions
8 on deferral or timing of capital projects. Due to the timing of the implementation of the
9 provisional Capital Budget Application Guidelines¹ and the advanced filing date for Hydro’s
10 “2023 Capital Budget Application,”² preparation of Hydro’s Capital Risk Evaluation Matrix
11 occurred in parallel with the development of Hydro’s capital budget. As such, the Capital Risk
12 Evaluation Matrix was not available at the time of initial project screening for the “2023 Capital
13 Budget Application.” Hydro intends to continue to develop its Capital Risk Evaluation Matrix and
14 intends to utilize this matrix as an input to its decision-making for capital projects going forward.

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.

² “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022.