

1 Q. **Reference: Schedule 1 - 2023 Capital Budget Overview**

2 Hydro provides on page 17, Table 4, a list of planned 2023 capital proposals that are now being
3 deferred into future years.

4 a) Which, if any, of these proposals have been deferred previously? For each proposal that has
5 been deferred previously, please state the year in which the proposal was initially made and
6 the reason(s) why the proposal was deferred.

7 b) For each of the listed proposals that were planned for the 2023 Capital Budget, what factors
8 did Hydro take into account in making the decision to defer the proposal to subsequent
9 years?

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12 A. a) Please refer to Table 1 for a listing of proposals deferred in the preparation of the 2023
13 Capital Budget Application (“CBA”) that were previously deferred, and the reasons for the
14 deferral. Newfoundland and Labrador Hydro (“Hydro”) did not historically track proposal
15 deferrals, and for the 2023 CBA developed this list through retroactive review of five-year
16 plans included in prior CBAs. Upon further review of the presented table, four proposals
17 were identified that were in fact cancelled scopes of work and not deferred to a future CBA.
18 These are noted in Table 1.

Table 1: Previously Deferred Proposals

Proposals Planned for 2023 and then Deferred	Years Deferred	Reason for Deferral
Replace VHF Mobile Radio System – Various	Originally in 2019 five-year plan for 2021, deferred in 2021 CBA to 2022, deferred in 2022 CBA to 2023.	Deferred due to uncertainty surrounding implementation of the new province-wide radio system. Decision to move forward was made earlier this year.
Refurbish Stage II Cooling Water Pumphouse – Holyrood	Originally included in 2022 five-year plan for 2023.	Post-steam requirement.

Proposals Planned for 2023 and then Deferred	Years Deferred	Reason for Deferral
Purchase Accommodations Trailer – Makkovik, Cartwright	Originally included in 2022 five-year plan for 2023.	Hydro determined community engagement would be prudent prior to executing this scope of work.
Replace Controllers – Granite Canal	Originally included in 2022 five-year plan for 2023.	Deferred to allow for further analysis.
Upgrade Line Depots (2023-2024) – Various	Originally included in 2022 five-year plan for 2023.	This project is a placeholder and as such is not necessarily deferred but not used.
Upgrade Energy Management System (2023) – Hydro Place	Originally included in 2022 five-year plan for 2023.	Pace reduction to two-year cycle.
Replace Stage II Electrical Distribution Equipment – Holyrood	Originally included in 2016 five-year plan for 2020, brought forward in 2017 CBA to 2019, deferred in 2019 CBA to 2020, deferred in 2020 CBA to 2021, deferred in 2021 CBA to 2022, deferred in 2022 CBA to 2023.	Post-steam requirement.
Install New Oil Systems Unit 3 – Holyrood	Originally included in 2014 five-year plan for 2018, deferred in 2016 CBA to 2019, deferred in 2017 CBA for 2020, deferred in 2020 CBA to 2022, deferred in 2022 CBA to 2023.	Post-steam requirement.
Install Fire Barriers Between T10 & T12 and T10 & T11 – Bay d'Espoir	Originally included in 2015 five-year plan for 2019, deferred in 2019 CBA to 2020, deferred in 2020 CBA 2021, deferred in 2021 CBA to 2022, deferred in 2022 CBA to 2023.	Deferred originally as the risk/cost balance favoured deferral, in later years deferred for analysis of alternatives.
Replace Stage I 4160 V ac Breakers – Holyrood	Originally in 2015 five year plan for 2019, deferred in 2017 CBA to 2020, deferred in 2020 CBA to 2022, deferred in 2022 CBA to 2023.	Post-steam requirement.

Proposals Planned for 2023 and then Deferred	Years Deferred	Reason for Deferral
Replace Radomes (2023) – Various	Originally included in 2022 five-year plan for 2023.	This project is a placeholder and as such is not necessarily deferred but not used.
Upgrade Terminal Station for Mobile Substation – Bear Cove	Originally proposed in 2017 GRA for 2020, deferred in 2020 to 2021, deferred in 2021 to 2022, deferred in 2022 to 2023. ¹	Deferred originally as the risk/cost balance favoured deferral, in later years deferred for further analysis.
Upgrade Line Depots – Bay d'Espoir	Originally included in 2022 five-year plan for 2023.	Deferred to allow for further analysis.
Refurbish Rip Rap – Cat Arm	Originally included in 2022 five-year plan for 2023.	Deferred to allow for further analysis.
Install Recloser Remote Control (2023-2024) – Various	Originally included in 2022 five-year plan for 2023.	Deferred to allow for further review of program implementation.
Install Heated Spare Parts and Lube Oil Storage – Happy Valley Gas Turbine	Originally included in 2022 five-year plan for 2023.	Alternative storage was found and project no longer required.

- 1 **b)** Generally, when proposing an investment for inclusion in a CBA, Hydro considers if deferral
2 is a valid option based on asset criticality and condition, risk of deferral to reliability, and
3 opportunities for operational efficiencies. Should it be determined that the risk of
4 investment deferral is low, that option is selected in an effort to balance cost to customers
5 with an appropriate level of reliability. With respect to the proposals in Table 1, the
6 reasoning for deferral from 2023 into a subsequent CBA is the same as those stated for
7 deferral in previous years.

¹ All investments were proposed under the Terminal Station Refurbishment and Modernization.