

1 Q. **Reference: Application**

2 If the Board were to authorize a fixed amount of capital expenditure(s) by Hydro in 2024 that is
3 less than the amount requested and if the Board were to do so without rejecting any particular
4 proposed capital expenditure(s), would Hydro have the judgement, expertise and tools to
5 determine what of its proposed 2024 capital expenditures can be accommodated within that
6 fixed amount considering both work priority and execution capability? Would Hydro proceed
7 with projects according to its prioritization plan?

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10 A. Newfoundland and Labrador Hydro (“Hydro”) has the judgement, expertise, and tools to
11 determine which capital expenditures are necessary for 2024 and it has reflected such in its
12 2024 Capital Budget Application (“CBA”). It is Hydro’s view that a fixed amount of capital
13 expenditure lower than the \$96.6 million proposed would result in a risk to the provision of safe,
14 reliable, least-cost service for customers as Hydro, through its CBA preparations, has already
15 taken deliberate action to reduce investment levels where practicable.¹ The projects included in
16 the 2024 CBA are those deemed necessary for the continued operation of a safe and reliable
17 provincial electricity system. Furthermore, adopting a fixed capital expenditure amount would
18 not reflect current regulatory practice. The project prioritization is one of a number of
19 considerations used by Hydro to inform its total capital investment application. However, it is
20 important to note that even the lowest ranking project is required, otherwise, it would not have
21 progressed through Hydro’s initial screening assessment.

¹ “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 1, sec. 5.