

1 Q. **2013 Forward Average Rate Base**

2 Please discuss Hydro's expectation to achieve its forecasted 2013 capital
3 expenditure.

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6 A. As indicated in the response to CA-NLH-119, as of August 31, Hydro is forecasting
7 expenditure of \$98.5 million against a budget of \$115.8 million in 2013. The
8 forecast underspending is primarily a result of:

9 a. Forecast completion of projects at less than the budget amount with the
10 major drivers being:

11 i. Unit 1 Turbine and Generator Restoration - Holyrood project due to
12 the scope being reduced after further inspection and an update of
13 the forecast to include anticipated insurance proceeds;

14 ii. Refurbishment of the Marine Terminal - Holyrood project due to the
15 contract price being lower than the estimate; and

16 iii. Upgrade Gas Turbine Plant Life Extension - Hardwoods project due to
17 removal of alternator inspection in light of a planned alternator
18 replacement;

19 b. Carryover of projects to 2014 with a major contributor being the Replace
20 Stator Winding Unit 1 - Bay d'Espoir project due to the late delivery of the
21 spare winding into 2014; and

22 c. Adjustments of multi-year projects for the amount being spent in 2013, with
23 the major contributor being the reduction in spending on the Install
24 Additional 230 kV Transformer Capacity project at Oxen Pond.