

1 Q. **Reference: RFI CA-NLH-326 Capital Expenditures**

2 The response to CA-NLH-326 (lines 22 to 23) states that Hydro is forecasting 2015
3 capital expenditures of \$119.6 million whereas the budget is for \$282.1 million.
4 Does the rate base in the 2015 COS reflect the actual capital expenditures \$119.6
5 million? If not, please fully explain the reason the rate base in the 2015 COS does
6 not reflect the actual capital expenditures and calculate what the difference in total
7 revenue requirement would be if the actual capital expenditure of \$119.6 million
8 was included in the 2015 COS instead of the budgeted capital expenditure of \$282.1
9 million.

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12 A. For ratemaking purposes, capital expenditures are not included in the calculation of
13 average rate base until the assets are in service and approved by the Board. As
14 such, additions to the COS rate base will not match capital expenditures.

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16 The variance between the 2015 Test Year capital expenditures of \$282.1 million and
17 the revised forecast capital expenditures of \$119.6 million is primarily driven by the
18 suspension of the Labrador Transmission Line Project, which was not included in
19 the 2015 Test Year rate base because it was not scheduled to be in service in 2015.