

1 **Q. McShane Evidence – In Moody’s 19 July 2011 credit opinion on Newfoundland**  
2 **Power Inc., Moody’s refers to the capital budget process and states:**

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4 **“We believe that the PUB’s review and approval of NPI’s capital spending plans**  
5 **and long term debt issuances significantly reduces the risk of cost disallowances or**  
6 **the inability to fully recover costs on a timely basis. NPI submits a proposed capital**  
7 **plan for PUB approval annually.”**

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9 **First, please name the utility(ies) in Ms. McShane’s sample whose regulated**  
10 **subsidiaries are all subject to the same type of pre-approval as Newfoundland**  
11 **Power Inc. is, as described above. Second, please name any subsidiary(ies) of the**  
12 **parent companies in Ms. McShane’s sample who have such pre-approval.**

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14 **A.** Ms. McShane has not researched each of the utilities’ specific approval process.  
15 However, typically, U.S. utilities submit integrated resource plans to the regulator for  
16 approval which detail the major projects and associated capital expenditures that the  
17 companies propose to undertake over a planning horizon that may cover a five to ten year  
18 period. These plans are normally updated and submitted for regulatory approval on a  
19 regular basis. U.S. utilities would not proceed with major projects absent their approval  
20 as part of the integrated resource plan.