

1 Q. **Reference: Application**

2 Please provide a detailed description of the procedure used to respond to changes in  
3 circumstances of information that result in a modification in the economic justification of a  
4 capital project that eliminates the need to proceed with the project in that fiscal year.

5

6

7 A. To identify projects where changes in circumstances lead to a modification in economic  
8 justification, Newfoundland and Labrador Hydro (“Hydro”) uses its internal project change  
9 management process as detailed in Hydro’s response to CA-NLH-033 of this proceeding. When  
10 reviewing projects under this process, any cost-benefit analyses completed are reviewed for  
11 impacts. Should the analysis show that an alternate option is more viable, the alternate option  
12 will be explored. One such recent example is the Rehabilitate Shoreline Protection – Cat Arm,  
13 proposed in the 2016 Capital Budget Application, which was carried over into a future year and  
14 subsequently cancelled.

15 As per Hydro’s 2019 Capital Expenditures and Carryover Report:

16 During project planning, it was determined that there is risk of rock fall from the  
17 adjacent cliff into the construction zone. The identification of the necessity for  
18 risk mitigation to ensure a safe work site resulted in a pause on the project to  
19 estimate the associated cost and, if necessary, re-evaluate the project  
20 alternatives. A site survey was completed in September 2018 and a cost  
21 estimate for mitigation of the safety hazard was completed in December 2018.  
22 These costs were used in 2019 to update the project estimate and re-evaluate  
23 the cost benefit analysis of project alternatives. The updated analysis showed  
24 that the planned shoreline rehabilitation is no longer the least-cost alternative.  
25 As a result, the capital project was cancelled in the second quarter of 2019.”<sup>1</sup>

26 Hydro continues to evaluate projects at all stages of project life cycle to ensure the most  
27 appropriate and cost-effective solutions are undertaken.

---

<sup>1</sup> “Capital Expenditures and Carryover Report for the Year Ending December 31, 2019,” Newfoundland and Labrador Hydro, March 2, 2020, at p. 24/3–10.