

1    Q.    **Reference: Application**

2              Midgard made recommendations for improvements in the capital budget approval process  
3              which for the most part have been incorporated in the Provisional Capital Budget Application  
4              Guidelines.

- 5              a) Did Midgard in fact recommend more than 20 near-term changes to the Capital Budget  
6              Guidelines (excluding editorial changes)?
- 7              b) In Hydro's opinion, did Midgard make these recommendations in an effort to move the  
8              province toward best practice?
- 9              c) Given that the Board issued Provisional Capital Budget Application Guidelines reflecting  
10             most of Midgard's recommendations does that not imply that the previous capital budget  
11             guidelines did not reflect industry best practice, or was it the Board's intent to move the  
12             province away from best practice?
- 13             d) In Hydro's opinion, are the Provisional Capital Budget Application Guidelines more in line  
14             with industry best practice?

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17    A.    Midgard Consulting Inc. ("Midgard") was, as noted in its report, retained by the Board of  
18           Commissioners of Public Utilities ("Board") to perform a review of the Board's Capital Budget  
19           Application ("CBA") Guidelines ("Guidelines") to help improve the overall efficiency and  
20           effectiveness of the annual CBA processes required under legislation.<sup>1</sup> Midgard's  
21           recommendations were made to meet that objective. Midgard's report did not provide an  
22           opinion on the previous CBA guidelines, and Hydro is not in a position to draw conclusions or to  
23           speak to the Board's intent. The provisional Guidelines include a number of the  
24           recommendations made by Midgard and the process to finalize the Guidelines is continuing in a  
25           regulatory process separate from this CBA. It is Newfoundland and Labrador Hydro's opinion

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<sup>1</sup> "Capital Budget Application Guidelines Review – Midgard Consulting Report – Revised," Board of Commissioners of Public Utilities, March 30, 2020, Executive Summary, p. 3.

1       that the information requested is not necessary for a satisfactory understanding of the matters  
2       to be considered in the 2023 CBA as required by the *Board of Commissioners of Public Utilities*  
3       *Regulations, 1996.*<sup>2</sup>

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<sup>2</sup> Nfld Reg. 39/96, s 14.