

1 Q. **Reference: Application, 2023 Capital Budget Overview, page 5**

2 It is stated that Hydro “has strived to meet the spirit and intent of the Guidelines where full
3 adherence is not yet possible.” Please provide a table listing each project in the 2023 CBA
4 identifying its cost and indicating if the project meets the requirements set out in the Provisional
5 Capital Budget Application Guidelines, and when the requirements are not met, identify how
6 the project has not met the requirements and when Hydro expects to be in a position to do so.

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9 A. Newfoundland and Labrador Hydro (“Hydro”) has outlined compliance with the provisional
10 Capital Budget Application Guidelines (“Guidelines”)¹ in its 2023 Capital Budget Overview.² For
11 each program or project proposed within the 2023 Capital Budget Application, Hydro has
12 endeavored to provide the evidentiary requirements prescribed in the Guidelines to the best of
13 its ability based on the data available and has strived to meet the spirit and intent of the
14 Guidelines where full adherence is not yet possible.³ When Hydro was not able to provide the
15 required information, other available information was provided as supporting evidence for
16 approval of each proposal.⁴ Hydro has provided discussion of the alternative information
17 provided within each proposal, where applicable.

18 Hydro believes that a tabulated summary of where it has provided the specific evidentiary
19 information as set out in the Guidelines, or where Hydro has provided alternative information to
20 meet the spirit and intent, would provide limited value. Rather, it is Hydro’s opinion that for all
21 projects or programs proposed in the 2023 Capital Budget Application, it has met the spirit and

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.

² “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022, vol. I, sch. 1, s 1.1.

³ The Board of Commissioners of Public Utilities’ correspondence, dated December 20, 2021, in which the Board provided the Guidelines for use in 2022 for the 2023 Capital Budget Application, noted that full implementation of the Guidelines would be challenging in the first year. The Board acknowledged that strict adherence to all aspects of the Guidelines may not be possible, but requested that the parties make best efforts to respect the spirit and intent of the Guidelines.

⁴ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022, app. A, s III, “Based upon the investment classification, whether the expenditure is a project or program, and the materiality threshold, the information described below must be provided. Where a utility is not able to provide the required information it should provide other available information which may be of assistance in relation to the matter.”

1 intent of the Guidelines and that any such variances between the Guidelines and the
2 information provided should be evaluated based on the overall strength of the evidence
3 provided in each report.

4 An example of a proposal where required information was not available and alternate
5 supporting evidence has been provided is the Refurbish and Upgrade Power Transformers
6 component of the Terminal Station Renewal Program (2023–2024).⁵ Three distinct asset
7 management activities are described for power transformers, two of which include asset
8 condition category information; however, asset condition category information is not available
9 for all transformer bushings. Hydro has alternatively provided information on the condition or
10 the driving factor of the specific bushings designated for replacement. While Hydro has not
11 provided the age of the specific transformer components designated for refurbishment or
12 replacement, Hydro has provided a chart presenting the distribution of the age of power
13 transformers in Hydro’s fleet. Hydro also notes that power transformer outage statistics are not
14 recorded by Hydro to support the Historical Reliability requirement.

15 As discussed in Hydro’s response to CA-NLH-047 of this proceeding, Hydro continues to advance
16 its asset management program and will address Guideline requirement gaps as asset
17 management practices evolve. Hydro looks forward to resuming multi-party discussions
18 regarding the finalization of new Capital Budget Application Guidelines and, upon confirmation
19 of final guideline requirements, will confirm its plan to ensure compliance.

⁵ “2023 Capital Budget Application,” Newfoundland and Labrador Hydro, July 13, 2022, vol. II, prog. 3, s. 2.3, pp. 7–15.