

1 Q. **Reference: Application, 2022 Capital Expenditures Overview, page 9**

2 It is stated “The variance in overall project expenditures plus forecast is attributed to cost
3 escalations from vehicle manufacturers due to global supply chain impacts arising from the
4 COVID-19 pandemic.” Have global supply chain issues impacted delivery and cost of most every
5 piece of equipment ordered by Hydro in 2022? Are global supply chain issues expected to
6 continue in 2023? How has this influenced Hydro’s 2023 CBA and has it resulted in any changes
7 to the economic analyses of projects included in the 2022 and 2023 CBAs?

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10 A. Newfoundland and Labrador Hydro (“Hydro”) has seen cost and delivery lead time impacts in
11 most all areas of goods and services purchased. There have been significant cost increases as
12 well as delivery lead time extensions well beyond those typically experienced. Feedback from
13 suppliers suggests this trend will continue into 2023 and beyond.

14 Given these significant impacts, Hydro has endeavored where possible to confirm 2023
15 requirements with vendors to ensure availability of required goods and services. Hydro has also
16 reviewed all construction schedules for lead time impacts and adjusted or extended project and
17 program timelines accordingly. During the 2023 Capital Budget Application (“CBA”) preparation,
18 Hydro compared current contract pricing to that in its 2023 estimates and adjusted as required
19 to account for the increases seen in similar scopes of work. For the 2022 CBA investments these
20 reviews may result in increased expenditures and carryovers, while for 2023 any information
21 available in time for incorporation into the 2023 CBA was included in investment estimates and
22 schedules.