

1 Q. **Reference: Application**

2 With respect to the prioritization process used in the 2024 Capital Budget Application:

3 a) Which entity within Hydro is responsible for developing project prioritization and  
4 consistency of application across the broad range of projects included in the  
5 Application?

6 b) How does Hydro senior management communicate to line managers which capital  
7 projects were to be included in the 2024 CBA, and which capital projects were to be  
8 included in Hydro's planned 2025 to 2028 capital expenditures?

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11 A. a) Oversight of Newfoundland and Labrador Hydro's ("Hydro") project prioritization is the  
12 responsibility of the Office of Asset Management. The 2024 Capital Budget Application  
13 ("CBA") was led by Hydro's Capital Planning department and was a collaborative multi-  
14 disciplinary effort involving Hydro's Regulatory Affairs, Long-Term Asset Planning, and  
15 Corporate Strategy, Risk, and Sustainability teams. This prioritization was updated from the  
16 2023 CBA to improve granularity and lessen subjectivity in certain areas. On a scope-by-  
17 scope basis, the individual prioritizations are determined by the Long-Term Asset Planning  
18 groups with oversight from Capital Planning and Regulatory Affairs to assist in application  
19 consistency.

20 b) Throughout the 2024 CBA preparation process, meetings were held with internal business  
21 units and stakeholders to communicate updates and lessons learned from the 2023 CBA and  
22 further anchor back to Hydro's capital planning strategy. This strategy was developed by the  
23 executive team in 2020 for the 2021 CBA and revised during subsequent CBA preparations.  
24 The goals of the plan are to responsibly invest in the electrical system to provide an  
25 appropriate balance between customer cost, reliability, and environmental responsibility  
26 through an evidence-based decision-making process. Since its formalization, the strategy  
27 has been and will continue to be presented in all capital planning engagement sessions.

1 The final determination of investments to include in the 2024 CBA was a collaborative  
2 process between the Long-Term Asset Planning, Engineering, Capital Planning, and  
3 Regulatory Affairs teams. Generally speaking, when the Long-term Asset Planning team  
4 proposes work for inclusion in a CBA, it undergoes a structured review process through  
5 which the appropriate scope, estimate, and timing of execution are determined. This  
6 process requires engagement from the aforementioned teams to consider all aspects of  
7 investment evaluation. In most cases, this group determines the final list of investments for  
8 inclusion in the current year's CBA and the five-year plan for senior management approval.  
9 There are cases where individual investment decisions are determined by senior  
10 management, which may be triggered by investment materiality, community engagement  
11 opportunities, or investment complexity.