

1 Q. **Reference: Capital Expenditures and Carryover Report for the Year Ended December 31, 2022,**
2 **page 43**

3 With respect to Phase 2 - Electric Vehicle Charging Network, it is stated

4 The variance in 2022 and overall project expenditures is attributed to higher
5 than anticipated construction costs, particularly for the three sites in Labrador.

6 How does this impact government contributions and the costs that will be recovered from
7 customers? Will Hydro absorb the cost overruns? If the private sector had undertaken the
8 project, who would have absorbed the cost overruns?

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11 A. Newfoundland and Labrador Hydro's ("Hydro") application for its Electrification, Conservation
12 and Demand Management Plan 2021–2025, stated the following:¹

13 As the long-term benefits associated with electrification on the Labrador
14 Interconnected System have not yet been fully evaluated, Hydro will contribute
15 the funds necessary for two chargers in Labrador. The capital funds Hydro
16 expends on the Labrador charging infrastructure will not be recovered from
17 customers through the ECDM Deferral Account. If future evaluation determines
18 that costs associated with supporting electrification in Labrador are beneficial to
19 customers through the provision of least cost reliable service over the long-
20 term, Hydro would then apply to the Board for approval of recovery of future
21 costs to support electrification.

22 Further to this, Hydro is not seeking to recover any of the capital costs associated with the
23 three² charging sites in Labrador; therefore, there will be no impact on customers. Government
24 funding for this project cannot exceed \$55,000 per site and is therefore not impacted by any
25 change in budget. Hydro cannot speculate as to how a private sector proponent may have
26 financed a similar project.

¹"Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021-2025," Newfoundland and Labrador Hydro, rev. July 8, 2021 (originally filed June 16, 2021), sch. 1, sec. 4.4, p. 8/3–9.

² The cost of the third site in Labrador (Churchill Falls) was contributed by Churchill Falls (Labrador) Corporation.