

1 Q. **Reference: Schedule 1 2024 Capital Budget Overview, Page 5, lines 2–6**

2 Explain the process Hydro is using to achieve compliance with the Provisional Guidelines. In the
3 response state when Hydro anticipates that it will be able to fully meet the requirements of the
4 Provisional Guidelines.

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7 A. Newfoundland and Labrador Hydro (“Hydro”) has not implemented specific processes to
8 achieve compliance with the Provisional Capital Budget Application Guidelines (“Provisional
9 Guidelines”),¹ as Hydro believes it has largely achieved compliance with the Provisional
10 Guidelines and in the limited cases where full compliance is not possible has met the spirit and
11 intent of the Provisional Guidelines. In cases where Hydro does not have data to meet specific
12 evidentiary requirements set out in the Provisional Guidelines, Hydro evaluates these cases on
13 an individual basis. Where the tracking and reporting of such data is consistent with good utility
14 practice and Hydro’s asset management system and provides value in evaluating capital
15 investment, Hydro modifies its existing processes to begin the collection of such data for
16 inclusion in future applications.

17 Hydro also notes that the current capital budget guidelines are provisional and are therefore
18 subject to change. Hydro continues to advance its asset management program and will address
19 Provisional Guideline requirement gaps as asset management practices evolve. Hydro looks
20 forward to resuming multi-party discussions regarding the finalization of new Capital Budget
21 Application Guidelines and, upon confirmation of final guideline requirements, will confirm its
22 plan to ensure compliance.

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