

1 Q. **Reference: Schedule 1 2024 Capital Budget Overview, Page 16, lines 19–21**

2 Please explain the process Hydro follows to identify the need for new programs to be  
3 implemented or existing programs cancelled.

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6 A. Newfoundland and Labrador Hydro (“Hydro”) bases decisions for inclusion of investments in a  
7 capital budget on asset criticality, asset condition, reliability risk associated with deferral, and  
8 operational efficiencies, such as outage alignment. For more information on the criteria Hydro  
9 uses to determine if capital work is needed on an asset please refer to Hydro’s response to PUB-  
10 NLH-001 of this proceeding.

11 As stated in the 2024 Capital Budget Overview,<sup>1</sup> Hydro defines programs as “only those  
12 expenditures that are expected to continue indefinitely.” If an investment fits the definition of a  
13 program and there is no relevant existing program, a new program is created. If, through  
14 Hydro’s regular capital planning processes, investments in a particular program are deemed no  
15 longer required, the program is cancelled.

16 Examples of programs that have been cancelled include:

- 17 ● Public Safety Around Dams: At this time there are no additional investments required  
18 for public safety around Hydro’s Dams.
- 19 ● Hydraulic Generation Refurbishment and Modernization: This program was disbanded,  
20 as the scopes of work traditionally covered under this program no longer fit the  
21 definition of a program as defined in the Provisional Capital Budget Guidelines.<sup>2</sup>

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<sup>1</sup> “2024 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 1, sec. 1.1.1, p. 5/11–13.

<sup>2</sup> “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.