

1 Q. **Reference Schedule 2, page 4**

2 Does Hydro plan to include the refurbishment of Penstock 2 in a forthcoming Capital Budget
3 Application or a supplemental capital budget application?

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6 A. Newfoundland and Labrador Hydro (“Hydro”) has planned the refurbishment of Penstock 2 at
7 the Bay d’Espoir Hydroelectric Generating Facility (“Bay d’Espoir”) for the 2029–2030 period.
8 This aligns with the current overall five-year capital plan for Bay d’Espoir, with consideration for
9 overall cost and execution efficiency. This plan will be reviewed and adjusted as necessary in
10 consideration of efficiency, outage possibilities and other project interfaces.

11 The annual capital budget process is the primary means through which Hydro seeks approval of
12 capital expenditures. Hydro endeavours to include all known capital expenditures within its
13 capital budget submission, in accordance with the Capital Budget Application Guidelines
14 (Provisional) set out by the Board. In certain circumstances, it may be necessary for Hydro to
15 seek approval of supplemental capital expenditures outside of the annual capital budget
16 process. For example, the Capital Budget Application Guidelines (Provisional) state, “A utility
17 may submit an application for approval of a supplemental capital expenditure which was not
18 included in its capital budget application for the year, where the expenditure is necessary and
19 cannot be delayed until the next year but is not so urgent as to justify using the allowance for
20 unforeseen items.”¹

21 Hydro intends to include the Bay d’Espoir Penstock 2 Weld Refurbishment and Section
22 Replacement Project in a future Capital Budget Application.

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022, s. B, p. 6 of 18.