Q. **Reference: Application**

With respect to alternatives considered in the Application:

a) What criteria has Hydro used to determine if an alternative is relevant? Are environmental impacts one such criterion?

b) How has Hydro incorporated future trends in its assessments? Specifically, has Hydro considered sensitivity studies relating to shorter asset lifespans in the event that new environmentally sensitive options become available in, for example, the next 10 years?

A. **a)** Newfoundland and Labrador Hydro ("Hydro") reviews all planned capital expenditures to ensure the appropriateness of timing and justification of scope. In undertaking the evaluation of all technically viable alternatives, environmental responsibility is one of the factors evaluated, as required per the amendments to the *Electrical Power Control Act, 1994,* made in spring 2023.

Throughout the capital budget cycle, Hydro's Long-Term Asset Planning team reviews information at an asset level to determine the associated level of operational risk and proposes items accordingly. These items are then reviewed by Hydro's Engineering Services team for feasibility and determination of alternatives. If multiple viable alternatives are identified, this could require the completion of a cost-benefit analysis to identify the least-cost option. This ensures options put forward are appropriately scoped and justified on a project/program basis. Once this is completed, the Capital Planning and Regulatory Engineering teams are engaged to conduct a broader review of the overall capital plan, including system risk, reliability, executability, and total investment. Analysis at all levels includes qualitative and quantitative considerations such as historical asset experience, asset age and condition, risk assessment (including safety, reliability, and environment considerations), and cost comparisons.

b) Hydro plans its capital investments based on the needs of the systems it serves and the available technologies and alternatives to meet those needs. At this time, Hydro does not have reason to believe that its current investments would experience shortened lifespans based on new environmentally sensitive options becoming available throughout the life of such assets. Asset lifespans are evaluated in Hydro’s 2023 Depreciation Study and 2024 Technical Update, as filed with its 2026 General Rate Application.