

1 **Q. Reference: Upgrade Power Transformers (2025–2026), pages 5 and 6**

2 Hydro has carried portions of a previously approved capital program forward into the same
3 program in a future year.

4 **a)** How does Hydro adjust its approved budget to reflect the decreased scope of work
5 resulting from the transfer of a portion of the approved scope of work to a future
6 year’s program?

7 **b)** What factors impact Hydro’s decision to transfer a portion of an approved scope of
8 work to a future year?

11 **A. a)** When there is decreased scope of work resulting from transfer of scope to a future year
12 instance of a program, Newfoundland and Labrador Hydro (“Hydro”) adjusts the forecast
13 but does not adjust the approved budget for the current instance of the program. Under-
14 expenditure due to deferred work results in a variance between actual expenditures and
15 approved budget, which is reported to the Board of Commissioners of Public Utilities in
16 the annual Capital Expenditures and Carry Over Report.

17 Please refer to Hydro’s response to PUB-NLH-021 of this proceeding for information
18 regarding the treatment of future year program budgets when work is transferred from
19 one instance of a program to another.

20 **b)** Work deferred to a future year is at times strategic, with decisions based upon factors such
21 as:

- 22 • Updated asset condition information indicating the work is not yet required;
- 23 • Re-assigning internal engineering and construction resources to address urgent
- 24 unplanned break-in work;
- 25 • Coordinating with future work to avail of cost efficiencies or reduce customer impacts;
- 26 and

- Pausing of work when new information may impact the justification or result in a requirement for approval of additional budget.

Work deferred to a future year may also be caused by factors including:

- Unavailability of tools or equipment required for execution of the work;
- Longer-than-originally-estimated construction duration;
- Late delivery of materials, or quality issues with delivered materials;
- System conditions preventing the necessary equipment outage from proceeding;
- Work paused pending completion of the customer's associated work;
- Delays resulting from weather or fire events;
- Logistical challenges, including limited accommodation availability and flight cancelations; and
- Challenges during the design phase.