

Requests for Information

1 NP-CA-016 **Reference: *Comments on Newfoundland Power’s 2022 Capital Budget***
2 ***Application, Elenchus Research Associates Inc., August 13, 2021, page***
3 ***28, lines 4-8.***

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5 ***“Limiting consideration of alternatives to what has been traditionally***
6 ***viewed as “good utility practice” may have been prudent in the past. But***
7 ***that does not suggest that the same approach in the future, or even in the***
8 ***present, is prudent. This conclusion is unavoidable if the PUB determines***
9 ***that the prudent economic life to use for a capital asset can be shorter***
10 ***than its physical, or potential service, life.”***

11
12 **QUESTION:** **Please provide a list of all Canadian utility regulators that have**
13 **determined that the prudent economic life of a capital asset can be**
14 **shorter than its physical, or potential service, life. Provide details of**
15 **each determination.**

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17 **RESPONSE:** In order for Elenchus to “provide a list of all Canadian utility regulators that
18 have determined that the prudent economic life of a capital asset can be
19 shorter than its physical, or potential service, life”, a detailed review of all
20 past decisions would be required. That task exceeds the time and resources
21 available for responding to these RFIs.

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23 It may be noted, however, that every approved capital project that involves
24 replacing existing facilities rather than maintaining or refurbishing them is
25 essentially a decision that the economic life of the asset has been reached.
26 This may be for any of the broad reasons set out in the response to NP-CA-
27 005. The only project approvals that are based on an assessment of the
28 economic life of assets are projects that are necessary to connect new
29 customers, to increase capacity, or to provide other new capabilities.