

*Requests for Information*

1 NP-CA-020            **Would Elenchus agree that a utility is responsible to only bring**  
2 **forward for regulatory approval those projects which can be fully**  
3 **justified before its regulator? If not, please explain why utilities should**  
4 **be encouraged to bring forward projects that are not fully justified?**  
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6 RESPONSE:            Elenchus does not recommend that a utility propose for regulatory approval  
7 projects which cannot be fully justified before its regulator. Nevertheless,  
8 under the PUB’s prudence review standard, and similar standards of other  
9 regulators, a necessary condition of demonstrating that a significant  
10 proposed project is prudent is a comparison of alternatives that shows that  
11 the preferred project is the least cost option that meets the needs of its  
12 customers. Any comparison of alternatives includes some degree of  
13 assessment of the alternatives that have been identified and evaluated by  
14 the utility. Prudence cannot be demonstrated in a vacuum.