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August 9, 2023

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Cheryl Blundon
Director of Corporate Services and Board Secretary

**Re: Newfoundland Power Inc.'s 2024 Capital Budget Application – Requests for Information**

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") requests for information NLH-NP-001 to 041 in relation to Newfoundland Power Inc.'s 2024 Capital Budget Application.[1]

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/sk

Encl.

ecc:

**Board of Commissioners of Public Utilities**
Jacqui H. Glynn
Maureen Green, KC
PUB Official Email

**Consumer Advocate**
Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Newfoundland Power Inc.**
Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

[1] "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023.

**IN THE MATTER OF** the *Public Utilities Act* (the "*Act*"); and

**IN THE MATTER OF** an application by Newfoundland Power Inc. for an order pursuant to sections 41 and 78 of the Act:
(a) approving its 2024 Capital Budget; and
(b) fixing and determining its 2022 rate base.

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**Newfoundland and Labrador Hydro**

**Requests for Information**

**NLH-NP-001 to NLH-NP-041**

**August 9, 2023**

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**GENERAL PROPERTY**

NLH-NP-001 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Gander Building Renovation, p. 126.**

> The Gander Building is Newfoundland Power's centre of operations for the Gander area in Central Newfoundland. The building was originally constructed in 1975, with additions to the original structure in 1987 and 1997.

**a)** Was the entirety of the building's cladding system replaced in 1997? If not, what portion of the building's cladding is original as part of the 1975 construction?

**b)** What is the typical service life that Newfoundland Power hopes to achieve from such cladding systems?

NLH-NP-002 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Gander Building Renovation, p. 126.**

> The roofing and cladding system constructed in 1997 has failed, with multiple leaks present. [p. 126]
>
> Upgrades completed since building construction include replacement of the 1975 vintage roofing system in 2004, installation of a backup diesel generator in 2014, and customer service security enhancements in 2017. [p. 126, f.n. 90]

Is the roofing system to be replaced under this project from 1997, 2004, or both?

NLH-NP-003 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Gander Building Renovation, pp. 126–127.**

> A condition assessment of the building was completed in 2022. The condition assessment indicated that portions of the building's roofing and cladding systems have failed and others require remediation. The roofing and cladding system constructed in 1997 has failed, with multiple leaks present. Repair attempts on the roofing and cladding system in the form of patching have not been successful.

**a)** Please provide a copy of the condition assessment.

**b)** Please confirm the material makeup of the building's cladding system.

**c)** Figure 2 appears to depict some localized coating system failure. Please describe any other issues Newfoundland Power has experienced with the building's cladding system.

**GENERATION**

NLH-NP-004 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Hydro Facility Rehabilitation, pp. 99–100.**

> The intake gate condition has since deteriorated and no longer reliably isolates the penstock from the Pittman's Pond reservoir. During an incident of penstock damage in 2022, the gate was unable to prevent the flow of water into the penstock from Pittman's Pond. The concrete intake structure is deteriorated which inhibits dewatering the intake.

Did Newfoundland Power consider refurbishing the gate rather than replacing it? If not, why not?

NLH-NP-005 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.1, sec. 3.3, p. 11.**

> The unit has not been disassembled for cleaning and inspection since 2010.

Were condition-based records or baselines taken with a clean unit? If yes, please provide this data. If not, why not?

NLH-NP-006 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.1, sec. 5.0, p. 14.**

> A lifecycle cost analysis has determined that continued operation of the Lookout Brook Plant will provide an economic benefit to customers over the longer term and that the risk of the Plant becoming stranded is very low. The analysis compared the cost of continued operation of the Plant to the cost of replacement production.

The life cycle cost analysis for this project was completed for the 5.6 MW Lookout Brook Plant. Please provide the results of the life cycle cost analysis and the corresponding net economic benefit when only the lost production of the 2.4 MW LBK-G3 unit is considered.

NLH-NP-007 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.1, sec. 6.1, p. 15.**

> A condition assessment and corresponding risk assessment determined that the Lookout Brook Plant contains deteriorated, obsolete and non-standard equipment that needs to be refurbished or upgraded to ensure the continued safe and reliable operation of the Plant. A lifecycle cost analysis confirmed that continued operation of the Plant will provide an economic benefit for Newfoundland Power's customers over the longer term.

**a)** Please provide a copy of the condition assessment and corresponding risk assessment.

**b)** Please describe the electrical testing completed during the condition assessment on the generator components that require rewind.

**i.** How do these test results compare with those received in the past?

**ii.** Is there a downward trend on the polarization index for the rotor and stator or an upwards trend on power factor tip-up?

**c)** Have visual inspections confirmed critical elements at risk of failure?

NLH-NP-008 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.1, p. 1, f.n. 1.**

> In 2020, Newfoundland Power retained Hatch to conduct an updated *Hydro Normal Production Review*. The review was completed in April 2021, setting the annual production for the Lookout Brook Plant at 31.51 GWh.

**a)** Please provide the annual production for the 5.6 MW Lookout Brook Plant for the last three years.

**b)** Please provide the derated adjusted forced outage rate ("DAFOR") statistics for the LBK-G3 unit and the total DAFOR for the Lookout Brook Plant.

NLH-NP-009 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.2, sec. 1.0, p. 1 and sec. 4.0, p. 11.**

> The surge tank is approaching the half way point of its expected service life and addressing the deterioration related to rust and corrosion now will ensure it provides reliable service for the remainder of its service life. [p.1]

> A properly protected steel surge tank can have a service life exceeding 80 years. [p.11]

**a)** Please confirm the Mobile Plant surge tank is 23 years old.

**b)** Please provide the basis of Newfoundland Power's anticipated life expectancy for the tank.

**c)** Is refurbishment of this nature expected to be required again in the remaining lifetime of the tank?

NLH-NP-010 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.2, app. B, p. 9.**

> The ladders and cages going up the side of the tower leg and tank have near complete loss of paint and should be cleaned and painted to ensure future safe use. Replacement should be considered as it may be more cost effective due to the labour involved in cleaning and painting ladders this height.

From a cost mitigation perspective, has Newfoundland Power compared ladder replacement, as was recommended by the Kleinschmidt Group, to ladder recoating? If not, why not?

NLH-NP-011 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Generation: 4.2, sec. 4.0, p. 11.**

> Surge tank cross bracing wear plates were not originally installed on surge tanks of this vintage. Operational experience has shown that without wear plates, the structural cross bracing members will rub together resulting in cross sectional material loss.

Was this issue noted on the original mobile surge tank, which was replaced in 1999? If so, was the installation of wear plates considered during the design of the existing tank?

**INFORMATION SYSTEMS**

NLH-NP-012 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Information Systems: 5.1, sec. 2.1, p. 1.**

> Once complete, feedback is provided via email and the work status is manually updated in the Company asset management technology.

Are there any future costs anticipated subsequent to 2024 related to the transition to a new asset management technology? If so, were these costs included in the net present value analysis for the project?

NLH-NP-013 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Information Systems: 5.1, sec. 2.1, p. 7.**

> The service would be available 24 hours a day, seven days a week, and would provide an avenue for customers to obtain information outside of regular business hours. For example, customers could use the automated webchat to report an outage instead of calling the System Control Centre. Customers could also use the automated webchat to check the status of power outages, determine their account balance or usage history and enroll in paperless billing.

**a)** Which service is planned to be implemented as part of this project?

**b)** Please describe the support model and provide additional detail on the costs and resources that will be required for this service to remain available 24 hours a day, 7 days a week.

**c)** Please explain whether this project will result in an increase or decrease in internal resources.

**d)** Does the proposed project address privacy and security concerns associated with these types of technologies? If not, what is the proposed plan and associated costs to ensure that privacy and security concerns are addressed?

**e)** Does the cost of the project include additional licensing? Have training costs been budgeted as part of the project and if so, how much has been budgeted?

NLH-NP-014 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Information Systems: 5.1, apps. A, B, and C.**

The net present value analyses have been prepared over a seven-year period. Please confirm the expected life of the software assets that are the subject of these analyses.

**TRANSMISSION**

NLH-NP-015 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, sec. 3.2, p. 3, f.n. 3.**

> The typical useful service life of transmission overhead conductor is 63 years.

**a)** Please describe the criteria used by Newfoundland Power to determine the end of useful life for transmission overhead conductor. Has any of the conductor been tested to validate the assumption?

**b)** Please provide a table indicating the expected useful life inferred from the Federal Energy Regulatory Commission's Form 1 data for each of the utilities considered.

NLH-NP-016 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1.**

**a)** Has Newfoundland Power come to any conclusions as of yet regarding a plan to commence a Wood Pole Line Management ("WPLM") program, including the full-scale testing of select poles?

**b)** Did Newfoundland Power consider deferring this project until it has completed its WPLM review given that transmission line 146L is not a radial line?

NLH-NP-017 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, sec. 3.3, p. 7.**

> The historical reliability performance of Transmission Line 146L has been reasonable. There have been three outage events over the last five years due to requirements to undertake preventative and corrective maintenance.

**a)** Newfoundland Power identifies three outages on transmission line 146L over the last five years. Were these outages planned or unplanned? If unplanned, were investigations performed and, if so, was the cause related to deteriorated components, environmental conditions that exceeded the original design parameters, or other causes? Please detail the causes identified.

**b)** Please provide the outage minutes per customer served on transmission line 146L for each year over the period 2013–2022.

**c)** Does Newfoundland Power consider the level of service provided by transmission line 146L in 2022 to be reliable? If not, why not?

NLH-NP-018 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, sec. 3.2, p. 6.**

> Numerous hardware deficiencies were observed on the H-Frame structures comprising Transmission Line 146L. This includes 90 worn ball link eye bolts used to connect insulators to cross arms, failure of which can result in the energized conductor falling free from the cross arm.

What criteria does Newfoundland Power use to determine the end of useful life for these components?

NLH-NP-019 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Transmission Line 146L Rebuild, p. 82.**

**a)** What CSA standard does Newfoundland Power use for the design of new 138 kV transmission lines? If CSA Standard 22.3 No.1: Overhead Systems and/or CSA Standard 22.3 No. 60826: Design Criteria of Overhead Transmission Lines were used, please explain why. If not, why not?

**b)** Please explain why a full upgrade of transmission line 146L is required instead of like-for-like replacement under maintenance procedures.

NLH-NP-020 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, p. 7, f.n. 13.**

> Over the last 10 years, approximately $247,000 has been spent on completing corrective and preventative maintenance of Transmission Line 146L.

Please provide a breakdown of the approximately $247,000 that has been spent on corrective and preventative maintenance of transmission line 146L.

NLH-NP-021 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, sec. 4.2, p. 10.**

> Additionally, in order to ensure future rebuild of this line adheres to current design standards, the new poles being installed may need to be higher than the existing poles that are being replaced. Installing a large number of poles of greater height will require additional conductor to

be spliced onto the existing conductor. The conductor will also have to be re-sagged when all of the poles are replaced.

**a)** Under Alternative 1, please explain why Newfoundland Power would not install higher poles, assuming that the line will be rebuilt in 2028, and frame the poles lower instead of modifying conductor.

**b)** Under Alternative 1, please explain why transmission line 146L would be rebuilt in 2028 if existing deficiencies would be addressed in 2025.

NLH-NP-022 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, sec. 4.4, p. 13.**

> The sensitivity analysis of Alternative 1 determined that advancing the future replacements to 2028 and 2029 increased the NPV to $13.9 million. Further deferral of the remaining rebuild of the line to 2033 and 2034 results in an NPV of $12.7 million. In both cases, Alternative 2 remains the least-cost alternative to address the deterioration identified on Transmission Line 146L.

**a)** Did Newfoundland Power consider further deferral of the remaining rebuild of transmission line 146L beyond 2033 and 2034? If not, why not?

**b)** Under the scenario where the remaining rebuild of transmission line 146L is deferred beyond 2033 and 2034, would it still be considered least-cost to proceed with Alternative 2? Please explain why or why not.

**c)** Did Newfoundland Power consider completing the rebuild in the existing right of way? If not, why not?

NLH-NP-023 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Transmission: 3.1, p. 9.**

> Transmission Line 146L was originally scheduled for rebuild in 2008 as part of the 2006 *Transmission Line Rebuild Strategy*. The rebuild of this line has been deferred for 15 years as a result of regular maintenance. Due it its deteriorated condition and increased risks to customers, a capital project is required to address the deficiencies present on the line.

**a)** Please provide a comparison of the current condition assessment and the previous most recent condition assessment.

**b)** Please explain in detail what changes in the condition assessment require a capital project in 2024 to address the deficiencies present on the line.

**c)** Is the 15-year deferral statement based on the average life assumption of a transmission line or as a result of targeted capital investments made to extend the life of the line? Please explain. If the latter, please provide the capital costs incurred by year to defer the rebuilding of transmission line 146L.

**d)** Transmission line 146L was originally scheduled for rebuild 15 years ago. The line is still in operation with minimal maintenance costs ($247,000 over the last 10 years) and a limited number of power interruptions (3 outage events over the last 5 years). Has Newfoundland Power modified its transmission line inspections as a result of transmission lines remaining in reliable service past their initial planned rebuild date?

NLH-NP-024 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Transmission Line Maintenance, pp. 84–88.**

Please provide the total transmission line maintenance costs expensed in 2022.

NLH-NP-025 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. C, Transmission Line 24L Relocation, p. 5.**

**a)** Please confirm if transmission line 24L is a 69 kV line.

**b)** Please explain why the cost per kilometre to build transmission line 24L is substantially higher than that of transmission line 146L.

**SUBSTATIONS**

NLH-NP-026 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Substations: 2.1, app. B, Table B-1, p. 9.**

**a)** Newfoundland Power states that the expected useful life for high-voltage switches is 30 years. Why does Newfoundland Power intend to replace two 12.5 kV switches at 24 years of age?

**b)** Has Newfoundland Power completed maintenance on the two switches planned for replacement at 24 years of age? If so, please provide a summary of maintenance activities completed over the last 5 years. If not, why not?

NLH-NP-027 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Substations: 2.1, app. C.**

**a)** Please confirm that the rate class applicable to Memorial University is #2.4, as defined in Newfoundland Power's "Schedule of Rates Rules & Regulations."

**b)** Please provide the total number of customers in the same rate class as that of Memorial University, and provide the total number of such customers to which Newfoundland Power provides redundant supply.

NLH-NP-028 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Substations: 2.1, app. D, p. 1.**

> ISL-T1 is the Company's second oldest distribution power transformer and is approaching the end of its useful service life.

Does Newfoundland Power have oil samples and maintenance reports to show that this transformer is at end-of-life? If yes, please provide this data. If not, why not?

**DISTRIBUTION**

NLH-NP-029 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Distribution Feeder OXP-01 Refurbishment, p. 25.**

> Equipment failure on distribution feeder OXP-01 is considered likely given the feeder's age and the significant quantity of deterioration identified during inspection.

**a)** Please provide the System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") statistics for OXP-01 for the last five years.

**b)** Please describe the improvements expected in terms of SAIDI and SAIFI due to the proposed refurbishment.

**c)** Please provide a copy of the engineering inspection.

NLH-NP-030 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Rebuild Distribution Lines, pp. 33–37.**

As per the Rebuild Distribution Lines program contained within Newfoundland Power's "2023 Capital Budget Application," distribution feeder BUC-01 was identified to undergo

inspection in 2022, with planned preventative maintenance in 2023. Please explain why this feeder is listed as one of the 47 distribution feeders to undergo inspection in 2023 with planned preventative maintenance in 2024.

NLH-NP-031 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Distribution: 1.1, app. A, p. 1, Table A-1 to p. 5, Table A-5.**

**a)** Please explain why WAV-01 was chosen for this project instead of feeders that were identified in Appendix A with worse distribution reliability data.

**b)** Please compare WAV-01 to the Electricity Canada average and the Atlantic Canadian utility counterparts.

NLH-NP-032 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Distribution Reliability Initiative, p. 13.**

> An engineering assessment of the 4.8-kilometre section of WAV-01 feeder has identified that the factors contributing to poor reliability performance are: (i) corroded or damaged conductor; (ii) danger tree contacts; (iii) deteriorated poles, crossarms and insulators; and (iv) inaccessibility of the line.

**a)** Please provide a copy of the engineering assessment.

**b)** Please identify the number and percentage of outages in the last three years due to each of the particular causes—corroded or damaged conductor; danger tree contacts; deteriorated poles, crossarms, and insulators; and inaccessibility of the line.

**c)** Would additional vegetation management on this section of the WAV-01 feeder materially impact the distribution interruption statistics for this feeder? If not, why not?

NLH-NP-033 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, sch. B, Feeder Additions for Load Growth, pp. 6–10.**

**a)** Given that the customers are residential and commercial, what Customer Demand Management opportunities were considered as part of the analysis for the three load growth projects?

**b)** What degree of feeder overloading does Newfoundland Power believe can be addressed through Customer Demand Management?

**c)** Please provide a load forecast for feeders OXP-01, BVS-04, and PUL-02 for the next five years.

NLH-NP-034 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, Supporting Materials, Distribution: 1.2, sec. 3.3, p. 7.**

> The analysis showed that the load on the identified single-phase section of the feeder is approximately 180 amps, which exceeds the Company's planning criteria for maximum current on a single-phase distribution line.

Newfoundland Power states that distribution feeder OXP-01 has a single-phase section with 180 Amps that exceeds the Company's planning criteria for maximum current on the single-phase distribution line. Why was this section of the line not upgraded before this year, as it is exceeding the planning criteria by 95 Amps?

**GENERAL**

NLH-NP-035 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, 2024 Capital Budget Overview, sec. 2.3.4, p. 12, Table 3.**

Please provide Newfoundland Power's actual and inflation-adjusted revenue requirement in 2012 and 2021.

NLH-NP-036 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, 2024 Capital Budget Overview, app. C, Table C-2, pp. 5–6.**

**a)** Please confirm whether "priority score" refers to pre-execution risk or risk mitigated.

**b)** Does Newfoundland Power consider the risks outlined in Table C-2 to be fully mitigated following the execution of the capital investments proposed herein? Please explain why or why not.

NLH-NP-037 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, 2024 Capital Budget Overview, app. D, p. 2, Table D-1, p. 3, Table D-2, and p. 4, Table D-3.**

For Tables D-1, D-2, and D-3, please identify the feeders in each table for which their corresponding reliability metric outperforms the Electricity Canada Region 2 average.

NLH-NP-038 **Reference: "2024 Capital Budget Application," Newfoundland Power Inc., June 22, 2023, 2024 Capital Budget Overview, sec. 2.3.3, p. 10.**

> The estimate also includes reduced operating costs as a result of the *LED Street Lighting Replacement* and *Application Enhancements* projects, and the customer benefit associated with the continued operation of the Mobile and Lookout Brook hydro plants.

What is the value of the customer benefit associated with the continued operation of the Mobile and Lookout Brook hydro plants that is included in the estimated increase to the Company's annual revenue requirement?

NLH-NP-039 **Reference: "2024 Capital Budget Application," Newfoundland Power, June 22, 2023, 2024 Capital Budget Overview, sec. 2.3.3, p. 9.**

> The capital projects proposed in the Application are estimated to increase the Company's annual revenue requirement by approximately $4 million on a *pro forma* basis.

Please provide a detailed breakdown of this calculation in the following table format for both 2024 and 2025.

| | **2024** | **2025** |
|---|---|---|
| Rate Base (A) | | |
| Return % (B) | | |
| **Return (A × B = C)** | | |
| Depreciation (D) | | |
| Operating and Maintenance (E) | | |
| Income Tax (F) | | |
| **Revenue Requirement (C + D + E + F = G)** | | |

NLH-NP-040 **Reference: "2024 Capital Budget Application," Newfoundland Power, June 22, 2023.**

**a)** Please indicate which projects contained cloud-computing alternatives and on which projects cloud-computing arrangements were pursued.

**b)** In the event that any of the projects are cloud computing arrangements, please provide:

**i.** Newfoundland Power's accounting policies on cloud-computing arrangements;

**ii.** Newfoundland Power's analysis and position on how these project costs are treated, i.e., capitalize or expense; and

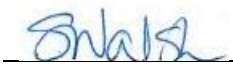
**iii.** Newfoundland Power's analysis and position if the projects were deemed internal-use software or a service contract.

NLH-NP-041 **Reference: "2024 Capital Budget Application," Newfoundland Power, June 22, 2023, sch. B.**

**a)** Please provide Newfoundland Power's capitalization policy.

**b)** Please provide Newfoundland Power's position on the capitalization of the Microsoft Enterprise Agreement, the expected useful life of each of the three capital additions, and the corresponding amortization of software.

**DATED** at St. John's, in the Province of Newfoundland and Labrador this 9th day of August 2023.



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