

- 1 **Q. (Reference Application) If the Board were to authorize a fixed amount of**
2 **capital expenditure(s) by NP in 2024 that is less than the amount requested**
3 **and if the Board were to do so without rejecting any particular proposed capital**
4 **expenditure(s), then:**
5 **a) Would NP have the judgement, expertise and tools to determine what of its**
6 **proposed 2024 capital expenditures can be accommodated within that fixed**
7 **amount considering both work priority and execution capability?**
8 **b) Would NP proceed with projects according to its prioritization plan?**
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- 10 A. a) Newfoundland Power has the judgement, expertise and tools necessary to determine
11 which capital expenditures are required for 2024 to meet its obligations under the
12 *Public Utilities Act* and the *Electrical Power Control Act, 1994*. All capital
13 expenditures proposed by the Company for 2024 are necessary to meet these
14 obligations.
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16 The authorization of a fixed amount of capital expenditures in 2024 that is not
17 based on the individual capital expenditures proposed in the application would
18 amount to an arbitrary cap on capital expenditures. The Company does not support
19 an arbitrary limit on capital expenditures, and notes that, whether in the form of a
20 capital budget cap or capital budget envelope, it is not best practice in jurisdictions
21 with cost of service regulation such as Newfoundland and Labrador. See the
22 response to Request for Information CA-NP-134.
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- 24 b) The Company cannot offer details on how it would proceed under this hypothetical
25 scenario. Any changes to proposed capital expenditures would be made with
26 consideration given to the Board's order and any relevant context.