

1 **Q. (Reference Application) The Midgard report titled Capital Budget Application**  
2 **Guideline Review filed with the Board on October 29, 2020 states (page 61):**  
3 ***"declaring that a project went to competitive tender as evidentiary justification***  
4 ***for meeting least cost reliable services does not address key Board questions***  
5 ***such as "At what unit cost are system reliability and risk profile improved by***  
6 ***the project", "Does the ratepayer value the improvement in system reliability***  
7 ***and risk reduction more than the project cost?, and "How cost effective are the***  
8 ***proposed improvements in system reliability and risk reduction compared to***  
9 ***other budget items being proposed and other alternatives that are available?"***

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11 **Has NP provided answers to these questions in the 2024 CBA? If so, please**  
12 **provide all references.**

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14 A. Newfoundland Power prepared its *2024 Capital Budget Application* in accordance with  
15 the Board's Provisional Guidelines effective January 2022. The Board noted at the time  
16 that the Provisional Guidelines "*reflect most of Midgard's recommendations although*  
17 *there are some differences.*"<sup>1</sup> The Provisional Guidelines continue to be subject to an  
18 ongoing separate regulatory process.<sup>2</sup>

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20 The Company has not sought to ensure that the *2024 Capital Budget Application*  
21 conforms to Midgard commentary or recommendations that were not incorporated into  
22 the Provisional Guidelines.

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<sup>1</sup> See correspondence from the Board dated December 20, 2021.

<sup>2</sup> See correspondence from the Board dated June 12, 2023.