

- 1 **Q. (Reference Cover Letter to Application) It is stated "*Projects and programs***
2 ***\$750,000 and under are outlined in Schedule C to the Application including a***
3 ***description of each project or program.*"**
- 4 **a) Under the Act, can NP proceed with any capital project or program with a**
5 **cost that is less than \$750,000 without prior Board approval?**
- 6 **b) Are costs for these projects/programs included in rate base with pass-**
7 **through of the cost to customers guaranteed whether or not the project is**
8 **shown to be prudent?**
- 9 **c) How will the prudence of such projects be audited?**
- 10 **d) How is the \$750,000 threshold applied; e.g., to individual projects,**
11 **projects that are a component of a larger program, projects that might be**
12 **a component of a larger project; e.g., replacement of a faulty breaker at a**
13 **substation that is undergoing refurbishment?**
- 14
- 15 **A.** a) Newfoundland Power notes that this Request for Information ("RFI") is substantively
16 identical to RFI CA-NP-001 filed in relation to the Company's *2024 Capital Budget*
17 *Application*. The Company has taken the same approach to assembling its *2025*
18 *Capital Budget Application*.
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- 20 b) See part a).
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- 22 c) See part a). The Board establishes the prudence of capital expenditures when
23 approving the annual capital budgets of public utilities. Section 41(4) of the *Public*
24 *Utilities Act* requires public utilities to submit an annual capital expenditure report to
25 the Board. The Board requires detailed variance explanations for actual capital
26 expenditures that exceed approved expenditures by both \$100,000 and 10%.¹
- 27
- 28 d) See part a). Newfoundland Power organizes its capital expenditures in accordance
29 with the Provisional Guidelines, including organizing capital expenditures by
30 investment classification, category (i.e. projects or programs) and materiality.
31 Investment classifications differ partially on the basis of the major activity drivers in
32 each of the investment classifications. With respect to the grouping of individual
33 capital projects, in general, Newfoundland Power organizes capital projects based on
34 the primary justification or driver and similarities in scope. Projects with different
35 justifications or drivers and different scopes would be presented separately,
36 regardless of materiality.

¹ See the Provisional Guidelines, page 7 of 18.