

1 **Q. (Reference CA-NP-086)**
2 **NP indicates that it “is not required to seek Board approval of variances**
3 **between actual and approved capital expenditures or carry-over amounts for**
4 **approved capital projects that have not been fully completed by the end of**
5 **the budget year.” Please reconcile that statement with the request**
6 **(Application, Schedule B, page 83) for additional funding of \$12.6 million for**
7 **the rebuilding of transmission line 94L, a project that was previously**
8 **approved in 2021.**

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10 A. As noted in the response to Request for Information (“RFI”) CA-NP-086, Board approval
11 is not required for variances between actual and approved capital expenditures. The
12 Provisional Guidelines provide that variances in actual results from approved budget
13 amounts that are in excess of 10% and \$100,000 require the utility to provide a full
14 explanation of the variance, setting out any change in scope, schedule and budget to
15 the Board.¹

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17 The Provisional Guidelines do require further review by the Board where there is a
18 material change in a subsequent year of a multi-year project.² During the execution of
19 the phase 1 section of the *Transmission Line 94L Rebuild* project, the Company
20 experienced higher contractor costs, resulting in an increase in the estimated cost to
21 complete the overall project. Due to this material change, and in compliance with the
22 Provisional Guidelines, Newfoundland Power has proposed a revision to the scope and
23 cost of the *Transmission Line 94L Rebuild* project.

¹ For further information, see the response to RFI CA-NP-086. See also the Provisional Guidelines, page 7 of 18.

² See the Provisional Guidelines, page 5, which states, “If there is a material change in a subsequent year the expenditures will be subjected to further review. A change will be considered material if the nature or scope of the project changes such that original rationale provided is no longer applicable or where the revised forecast expenditure exceeds the approved amount by 10% or more.”