

1 **General**

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3 **Q. In its 2025 Capital Budget Application, Hydro has stated it has established a**
4 **process of undertaking a thorough review of its previously approved multi-**
5 **year projects to identify opportunities for budget refinement for ongoing**
6 **projects or programs.**
7 **a) Does Newfoundland Power follow a similar process? If not, why not.**
8 **b) Would a thorough review of the planned expenditures of multi-year**
9 **projects in advance of filing the annual capital budget application in 2024**
10 **have resulted in additional information being provided to the Board on the**
11 **anticipated increase in spending on the ongoing rebuild Transmission line**
12 **94L? If not, why not?**

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14 A. a) Yes, Newfoundland Power conducts reviews of its previously approved multi-year
15 projects throughout their execution. Doing so allows the Company to manage these
16 projects as a whole, ensuring they are on track to remain within the approved
17 budget and schedule throughout the project's lifecycle. It also allows Newfoundland
18 Power to refine the project budgets, should it become necessary, during the
19 execution of the project.

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21 b) A review of the planned expenditures associated with multi-year projects was
22 completed by Newfoundland Power during the development of the *2024 Capital*
23 *Budget Application*.

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25 Newfoundland Power conducted a review of the *Transmission Line 94L Rebuild*
26 *project* in the first quarter of 2023 during the initial development of the *2024 Capital*
27 *Budget Application*. At that time Newfoundland Power had no information indicating
28 a potential significant increase in the forecasted cost of the project as a whole.

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30 As outlined in part b) of the response to Request for Information PUB-NP-033, in
31 April of 2023 Newfoundland Power received tender pricing for Scope 1 of the project
32 which resulted in an increase in forecasted project cost of approximately 14%.
33 Newfoundland Power reviewed potential re-routing options for Scope 1 confirming
34 the approved route remained the least cost option, and then proceeded with the
35 construction of Scope 1.

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37 In July 2023, following the submission of the *2024 Capital Budget Application*,
38 Newfoundland Power received Scope 2 pricing which increased the forecasted cost
39 of the project to approximately 38%. Newfoundland Power did not award this work,
40 and instead completed a thorough review of the project and available alternatives.
41 This review led to Newfoundland Power refiling Scopes 2 and 3 of the project for
42 approval with the Board in the *2025 Capital Budget Application* based on the
43 increase in project cost.