

1 **2025 Capital Budget Overview**  
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3 **Q. Appendix B: Deferred, Modified and Advanced Capital Expenditures, Table B-**  
4 **2. Four of the five capital projects being deferred from 2025 to subsequent**  
5 **years are being deferred to allow for further engineering assessment. Four**  
6 **capital projects from Newfoundland Power's 2024 Capital Budget Application**  
7 **were also deferred with the same explanation.**

8 **a) Does this indicate that engineering assessments are not progressing as**  
9 **quickly as planned or that assessments require more refinement as they**  
10 **progress?**

11 **b) Does Newfoundland Power have concerns or are they reviewing its**  
12 **assessment practices?**

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14 A. a) Newfoundland Power does not have any concerns with its assessment practices. The  
15 Company observes that its engineering assessment process has historically brought  
16 forward projects that are prudent, comprehensively justified and have resulted in  
17 delivery of electricity to customers at the lowest possible cost, in an environmentally  
18 responsible manner, consistent with reliable service.

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20 Newfoundland Power's capital planning process commences each year with an  
21 update of the Company's five-year capital plan. Projects may be added, removed,  
22 deferred, advanced or rescoped based on the best information available at the time  
23 of review. In general, Newfoundland Power does not complete detailed engineering  
24 condition assessments for potential capital projects in the five-year capital plan  
25 beyond those proposed for Board approval in the upcoming budget year, including  
26 multi-year projects.<sup>1</sup>

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28 Planned capital expenditures may be deferred for various reasons. Expenditures may  
29 be deferred based on new information, such as updated inspection results that show  
30 an asset is in better condition than expected. Expenditures may also be deferred  
31 based on assessments of alternatives that identify a solution exists that does not  
32 require capital expenditures, such as an opportunity to transfer customer load from  
33 one substation to another. Such factors can result in planned capital expenditures  
34 being deferred for several years.

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36 When capital expenditures are deferred over the short term, such as within the  
37 five-year time horizon of the capital plan, it is typically the result of requiring more  
38 detailed analysis. This information may be required to confirm that a planned  
39 expenditure is justified, adequately detailed in terms of its scope and cost estimate,

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<sup>1</sup> The Board has previously recognized its role in assessing proposed capital expenditures based on the best information available. In Board Order No. P.U. 28 (2010) it is stated, "*The Board expects that, in the context of preparing an annual capital budget, projects initially included in a 5-year capital plan would be reassessed in light of the most current information, including asset performance, engineering reviews, and updated forecasts of customer growth. Once a decision has been made by the utility to include a specific project in an annual capital budget the Board's role is to assess whether the evidence filed supports approval of the project expenditure.*"

*Requests for Information*

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- 1 the least-cost alternative for customers and that all viable alternatives have been
- 2 considered.
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- 4 b) See part a).