

1 Q. **Reference: Volume I, 2023 Capital Budget Overview, Appendix B, page B-4.**

2 Please confirm that multi-year programs and projects commencing in 2023 include capital
3 expenditures of \$36,348,300 in 2024 and \$1,586,600 in 2025, respectively. Are these amounts
4 included in Hydro’s Application? If not, why not?

5

6

7 A. Newfoundland and Labrador Hydro (“Hydro”) confirms that multi-year programs and projects
8 commencing in 2023 include capital expenditures of \$36,348,300 in 2024 and \$1,586,600 in
9 2025, respectively. These amounts are not included in Hydro’s 2023 Capital Budget Application
10 (“CBA”). Hydro notes that Section 6 of the provisional CBA Guidelines (“Guidelines”) state that:

11 The proposed expenditures for each year of a multi-year project will be
12 considered together in the initial year of the application. Where a utility
13 confirms in its capital budget application in subsequent years that the scope,
14 nature and magnitude of the project continues to be consistent with the original
15 approval, further approval of the project is not required.¹

16 While further project approval is not required for multi-year projects where the scope, nature
17 and magnitude of the project continues to be consistent with the original approval, it is Hydro’s
18 interpretation of subsections 41(1)² and 41(2)³ of the *Public Utilities Act*, along with Section 6 of
19 the Guidelines, that approval of the expenditures for subsequent years is required within the
20 CBA for the year in which the costs are to be incurred. For example, Hydro’s 2023 CBA for
21 approval of \$90.8 million in capital expenditures includes \$41.2 million in 2023 capital
22 expenditures associated with previously approved multi-year projects.

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022, sec. 6, p. 5 of 18.

² *Public Utilities Act*, RSNL 1990, c P-47, s 41(1) states “A public utility shall submit an annual capital budget of proposed improvements or additions to its property to the board for its approval not later than December 15 in each year for the next calendar year, and the budget shall include an estimate of contributions toward the cost of improvements or additions to its property the public utility intends to demand from its customers.”

³ *Public Utilities Act*, RSNL 1990, c P-47, s 41(2) states “The budget shall contain an estimate of future required expenditures on improvements or additions to the property of the public utility that will not be completed in the next calendar year.”