

1     **Q.     Reference: Application, Schedule 1, page 3, lines 13-19.**

2             Hydro states that Major Projects is a department created for the planning, management and  
3             execution of major capital projects, such as the Bay d’Espoir Unit 8 (“BDE Unit 8”) and Avalon  
4             Combustion Turbine (“Avalon CT”) projects.

5             In Hydro’s application for the capital expenditures related to early execution capital work for  
6             BDE Unit 8 and the Avalon CT, Hydro stated it was not seeking cost recovery for the  
7             expenditures proposed in that application.

8             Please confirm that, as a part of this Application, Hydro is seeking deferred recovery of costs  
9             related to these projects, effective January 1, 2025. If it is confirmed, please explain why Hydro’s  
10            approach differs between capital cost recovery and operating cost recovery associated with  
11            these major projects. If it is not confirmed, please explain.

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14     **A.     In Newfoundland and Labrador Hydro’s (“Hydro”) application related to early execution capital**  
15             **work for Bay d’Espoir Unit 8 and the Avalon Combustion Turbine, the recovery of expenditures**  
16             **was not proposed in that application but was deferred to the 2025 Build Application. The early**  
17             **execution application noted that the costs would not be recovered from customers if the 2025**  
18             **Build Application is not approved by the Board.**

19             Hydro is seeking recovery of general expenses incurred in the Major Projects department  
20             effective January 1, 2025. The recovery of direct capital costs and general expenses capitalized  
21             are two separate and distinct issues. The recovery of the early execution costs are direct capital  
22             cost charged to the project, while operating costs that are incremental to the capital program  
23             still exist whether specific projects proposed as part of the capital program are approved or not.