

1     **Q.     Reference: Application**

2             On December 20, 2021 the Board issued its Provisional Capital Budget Application Guidelines. In  
3             its cover letter the Board states "*The Board is enclosing provisional Capital Budget Application*  
4             *Guidelines to be used in 2022 for the 2023 capital budget applications as well as other matters*  
5             *related to the Board's oversight of utility capital expenditures.*" The Board goes on to state "*The*  
6             *provisional guidelines were developed based on the work completed to date in the Board's*  
7             *Capital Budget Application Guidelines Review which began in 2019.*"

8             **a)** Are the Provisional Guidelines still relevant? What direction has the Board provided with  
9             respect to guidelines that are to be used in Hydro's 2024, 2025 and 2026 capital  
10            budgets?

11            **b)** For each of its 2023, 2024, 2025 and 2026 capital budgets please identify each change  
12            that Hydro has made to bring its capital budgets more in line with the requirements set  
13            out in the December 20, 2021 Provisional Capital Budget Application Guidelines.

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16     **A.     a)** The provisional Capital Budget Application Guidelines ("Guidelines")<sup>1</sup> remain in effect until  
17            such time as the Board of Commissioners of Public Utilities ("Board") issues revised or final  
18            Guidelines. The Board issued correspondence on June 12, 2023 which directed the utilities  
19            to utilize the Guidelines for the 2024 Capital Budget Application ("CBA"). While the utilities  
20            have not received similar explicit direction for subsequent capital budget applications, these  
21            remain the only Guidelines issued by the Board. Please refer to Attachment 1 of  
22            Newfoundland Labrador Hydro's ("Hydro") response to CA-NLH-014 of this proceeding for  
23            the most recent communication from the Board regarding the Guidelines.

24            **b)** Hydro's 2023 CBA, Hydro made substantial changes to align with the Guidelines, including:

- 25
  - Identification of Investment Classification for all projects and programs;

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<sup>1</sup> Capital Budget Application Guidelines (Provisional)," Board of Commissioners of Public Utilities, January 2022.

- 1           • Provision of application summary organized by investment classification;
- 2           • Reliability Information as set out in the provisional guidelines;
- 3           • Rate Impact Summary;
- 4           • Capital Expenditures Summary;
- 5           • Five-Year Capital Plan; and
- 6           • Project and Program proposals including, where required by the “Required Information”  
7           table within the Guidelines, including:
  - 8           o Project/Program Description;
  - 9           o Asset Class;
  - 10           o Asset History;
  - 11           o Scope of Work;
  - 12           o Budget and Budget Trending;
  - 13           o Schedule;
  - 14           o Program Trending of Asset Quantities and Average Unit Costs;
  - 15           o Anticipated Useful Life;
  - 16           o Asset Age;
  - 17           o Asset Condition, quantified where applicable;
  - 18           o Condition-Based Remaining Life where relevant;
  - 19           o Historical Reliability;
  - 20           o Alternative Analysis;
  - 21           o Cost-Benefit Analysis where applicable;
  - 22           o Risk of Asset Stranding;
  - 23           o Risk Evaluation and Mitigation;
  - 24           o Additional Supporting Information where required and applicable; and

1                   o   Prioritization by Risk<sup>2</sup>

2                   Since the 2023 CBA, Hydro has continued to provide the above noted information in its capital  
3                   budget applications in compliance with the Guidelines. Notably, in advance of its 2026 CBA,  
4                   Hydro conducted a review of the classification of its programs to better conform to the  
5                   materiality threshold as set out in the Guidelines, as described in the 2026 Capital Budget  
6                   Overview.<sup>3</sup> Please refer to Hydro's response to CA-NLH-015 of this proceeding for further  
7                   discussion of where Hydro has identified minor discrepancies between the requirements set out  
8                   in the Capital Budget Guidelines and its 2026 CBA.

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<sup>2</sup> Risk assessment includes reliability impacts.

<sup>3</sup> "2026 Capital Budget Application," Newfoundland and Labrador Hydro, July 15, 2025, sch. 1, p. 6.