

1 Q. Further to the response to PUB-NLH-010, for programs and projects budgeted under \$750,000,
2 does Hydro believe there is a threshold of over- expenditures that would require subsequent
3 Board approval?

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6 A. All projects with estimated budgets under \$750,000 known at the time of the Capital Budget
7 Application ("CBA") are included in that CBA filing; any projects with budgets estimated as under
8 \$750,000 that are not previously included in the CBA are noted within Newfoundland and
9 Labrador Hydro's ("Hydro") Quarterly Regulatory Report. As with all capital projects, any
10 variances for these projects are noted in the annual Capital Expenditures and Carryover Report.

11 A project originally estimated under \$750,000 with a variance resulting in the estimated budget
12 exceeding \$750,000 is reported in the Capital Expenditures and Carryover Report in the same
13 manner as other projects that were originally estimated over \$750,000.

14 For those projects that are under \$750,000 but have an increase that exceeds both 10% and
15 \$100,000 and results in the estimated budget exceeding \$750,000, additional detail is provided
16 in the respective Capital Expenditures and Carryover Report to provide the Board of
17 Commissioners of Public Utilities ("Board") with further information regarding those projects, as
18 is Hydro's practice with other approved projects that exceed their originally approved budget.
19 The Board would have, as always, the ability to ask questions on any project and to examine the
20 prudence of the expenditures before authorizing recovery, but Hydro would not make a formal
21 application for approval in these circumstances.