

1 Q. The Board's Capital Application Guidelines under **Supporting Information** require a utility show
2 where appropriate (a) historical spending patterns; (b) maintenance history; (c) reliability data;
3 (d) growth (e) all reasonable alternatives, including deferral, have been considered; (f) the
4 expenditure as proposed is the least cost option unit and/or aggregate cost data including,
5 where available, similar cost for the preceding five (5) years; and, (g) net present value. Please
6 provide this information and the history of outages, causes and length of outages for the last
7 five (5) years on the applicable Capital Projects.

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10 A. The purpose of the Capital Budget Application ("CBA") Guidelines ("Guidelines") is to provide for
11 the necessary clarity and consistency in the submission of the CBA to ensure transparent and
12 fair oversight. Utilities are required to provide the evidence necessary to support each proposal.
13 Specific evidence, as listed on page 7 of 11 of the Guidelines, is required "where appropriate and
14 when available." This evidence has been provided in Newfoundland and Labrador Hydro's
15 ("Hydro") CBA, where appropriate, as instructed by the Guidelines. When the information is not
16 applicable to a particular project, or where it would not assist in the Board of Commissioners of
17 Public Utilities' ("Board") determination of whether a project is in keeping with the provision of
18 least cost reliable service, the information is determined to be not appropriate and, therefore,
19 not included.

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21 To illustrate, the Distribution System Upgrades project¹ is justified based on reliability
22 performance analysis, and therefore item (c) reliability data has been provided as justification of
23 the project. It is Hydro's opinion that other information, such as similar costs for the preceding
24 five years and net present value, do not provide added value to the engineering analysis
25 submitted as justification for the project.

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27 Hydro believes that it has provided all required and appropriate data necessary to justify this
28 and all other projects and that submission of additional data will not provide valuable
29 information to further inform the Board.

¹ "2020 Capital Budget Application," Newfoundland and Labrador Hydro, August 1, 2019, vol. II, tab 10.