

1 Q. **Reference: Tab C; Volume I: Capital Projects Over \$500,000**

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3 The budgets for a number of annual projects such as Thermal In-Service Failures - \$2,000,000  
4 (page C-13); Provide Service Extensions - \$4,284,000 (page C-39); and Upgrade Distribution  
5 System - \$3,195,000 (page C-47) are based on historical expenditures.

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7 Please explain how Hydro tracks the annual spending on these projects and any budget  
8 safeguards that are in place.

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11 A. Newfoundland and Labrador Hydro utilizes a number of processes to track the annual spending  
12 and safeguard the budgets of all its capital projects, including those with budgets based on  
13 historical expenditures. Some of the key processes include:

14 • A fully established monthly capital cost metric report that provides clear visibility on the  
15 total project and annual project budgets as well as forecast and actual expenditures.

16 The monthly capital cost metric report highlights any variances from the project budgets  
17 and forecast and actual expenditures which may prompt variance explanations and/or  
18 project change management;

19 • A rigorous change management process with an authorization hierarchy, established to  
20 drive and document the decision process of any project changes that impact project  
21 cost, scope, or schedule; and

22 • Monthly detailed transactional reports that allow Project Managers to review actual  
23 project expenditures and open commitments to validate costs, monthly accruals, and  
24 project forecasting.