

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

2

3 The budgets for a number of annual projects such as Thermal In-Service Failures - \$2,000,000
4 (page C-13) and Hydraulic In-Service Failures - \$1,250,00 (page C-25) have limited historical
5 spending data.

6

7 Did Hydro use spending on similar projects from years prior to the project inception to
8 determine the budget amount?

9

10

11 A. Newfoundland and Labrador Hydro's ("Hydro") Thermal and Hydraulic In-Service Failures
12 projects were first introduced in Hydro's "2018 Capital Budget Application."¹ The budgets for
13 the 2018 projects were based on the likely level of expenditure to address in-service failures,
14 established through professional judgement and experience by Hydro's engineering and asset
15 management personnel. This judgement was made in consideration of age and condition of the
16 assets and general trends with respect to spending on similar projects from prior years. The
17 budgets also included estimates for planned procurement of capital spares. The budgets for the
18 2020 projects were established similarly, and included a review of 2018 actual expenditures and
19 2019 forecast expenditures on these In-Service Failures projects.

¹ "2018 Capital Budget Application," Newfoundland and Labrador Hydro, October 3, 2019 (rev. 3), originally filed July 27, 2019.