

1 Q. **Reference: Application Volume 1, 2022 Capital Budget Application – Five-year Capital Plan**
2 **(2022 – 2026)**

3 It is stated (page 10) “*Hydro’s five-year plan reflects investment of approximately \$604 million in*
4 *plant and equipment over the 2022–2026 period*”. Hydro is proposing to spend \$84,714,000 in
5 its 2022 CBA. This leaves about \$519 million over the remaining 4 years, or about \$130 million
6 annually. Why is there such a significant increase (about 53%) in the years 2023 through 2026?

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9 A. As noted in Newfoundland and Labrador Hydro’s (“Hydro”) Five-Year Capital Plan (2022–2026),¹
10 Hydro’s planned capital expenditures for the years 2023–2026 total \$491.8 million, of which
11 \$486.8 million is to be recovered through customer rates.² As noted in Hydro’s 2022 Capital
12 Budget Application, the 2023–2026 time frame includes major capital expenditures related to
13 the Bay d’Espoir Penstock Life Extension (\$63 million) Phase 1 and 2 project, and Long-Term
14 Supply for Southern Labrador – Phase 1 project, which account for \$94.0 million over this
15 period. Excluding these major projects, Hydro’s planned capital expenditures for 2023–2026
16 total \$397.7 million (average of \$99.4 million annually); of this amount, \$392.7 million is to be
17 recovered through customer rates (average of \$98.2 million annually). Hydro continues to work
18 to identify opportunities to manage its capital expenditures, including assessment of planned
19 capital expenditures, scope and estimate refinement, and re-budgeting of approved projects
20 where appropriate.

¹ “2022 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. I, sch. 2.

² The difference of \$5.0 million is attributed to fully-contributed, specifically-assigned asset investments..