

1 **Q. (Reference Application, Customer Service Continuity Plan) Owing to the size of the**
 2 **expenditure for the proposed CSS, should this proposed expenditure appropriately**
 3 **be the subject of a separate application? Would not the new guidelines**
 4 **recommended by Midgard require such a separate application? And would not**
 5 **other jurisdictions require a separate application for such a large expenditure?**
 6

7 A. No. The proposed replacement of Newfoundland Power’s Customer Service System
 8 should not be the subject of a separate application.
 9

10 Under the existing Capital Budget Application Guidelines (the “Guidelines”), utilities
 11 may seek Board approval of capital expenditures through 2 means: (i) annual capital
 12 budget applications; or (ii) applications for supplemental capital expenditures.¹
 13

14 Regarding supplemental applications, the Guidelines state:
 15

16 *“Where a utility determines that a capital expenditure which was **not anticipated***
 17 *and included in the annual capital budget is necessary in the year and should not*
 18 *be delayed until the following year it may make an application for approval of a*
 19 *supplemental capital expenditure in the year.”² [emphasis added]*
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21 The proposed replacement of Newfoundland Power’s Customer Service System is the
 22 result of a multi-year assessment. It was therefore anticipated and is not appropriate for
 23 consideration as a supplemental capital expenditure as contemplated by the Guidelines.
 24

25 The Company’s *2021 Capital Budget Application* provides comprehensive evidence that
 26 the proposed replacement of its Customer Service System is necessary to continue
 27 providing least-cost, reliable service to customers.³
 28

29 In Newfoundland Power’s view, subjecting this project to a separate application:
 30 (i) would be inconsistent with the existing Guidelines; (ii) would be inconsistent with
 31 efficient regulatory processes; and (iii) is not necessary to permit an effective
 32 examination of the project by the Board or other parties to this proceeding.
 33

34 As to whether the new guidelines recommended by Midgard would require a separate
 35 application, Midgard’s proposed modifications to the Guidelines are subject to an
 36 ongoing regulatory process and have not been established as policies of the Board. They
 37 are not applicable to Newfoundland Power’s *2021 Capital Budget Application*.
 38

39 Newfoundland Power’s *2021 Capital Budget Application* fully complies with the existing
 40 Guidelines and all applicable directives of the Board.
 41

42 The Company has not assessed the practices in other jurisdictions with respect to large
 43 expenditures.

¹ See Policy 1900.6 issued by the Board on July 2, 2005 and revised in October 2007.

² See page 9 of 11 of the Capital Budget Application Guidelines.

³ See the *2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan*.