

1 Q. **Reference: CA-NLH-044**

2 It is stated (part c) “Ultimately, an expenditure may be deemed justifiable only if approved  
3 through regulatory process.” How does the Board deem that a project is justifiable before it  
4 grants approval?

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7 A. Newfoundland and Labrador Hydro (“Hydro”) is obligated to operate pursuant to the power  
8 policy of the province as set out in the *Electrical Power Control Act*,<sup>1</sup> which requires all of its  
9 facilities to be operated in a manner that would result in (i) the most efficient production,  
10 transmission and distribution of power, (ii) consumers having equitable access to an adequate  
11 supply of power, and (iii) power being delivered to consumers at the lowest possible cost  
12 consistent with reliable service. Hydro’s capital expenditures must meet these requirements.  
13 The Board of Commissioners of Public Utilities’ (“Board”) provisional Capital Budget Application  
14 Guidelines<sup>2</sup> (“Guidelines”) states the Board’s mandate to make “. . . its determinations in  
15 accordance with its obligation to observe the power policy of the province and to apply tests  
16 which are consistent with generally accepted sound public utility practice, and in the context of  
17 the utility’s obligation to provide service and facilities which are reasonably safe and adequate  
18 and just and reasonable.” The provisional Guidelines provides information and guidance on the  
19 information that must be provided in a utility’s application for approval of capital expenditures.  
20 Decisions of the Board provide further guidance.

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<sup>1</sup> *Electrical Power Control Act, 1994*, SNL 1994, c E-5.1, s 3(b)(i),(ii), and (iii).

<sup>2</sup> “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.