

1 Q. **Reference: Application**

2 Please define what is meant by a capital budget envelope and confirm that the Board has never
3 approved a capital budget envelope for Hydro in a capital budget application.

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6 A. In their Capital Budget Application Guideline Review, Midgard Consulting Inc. explains a capital
7 budget envelope as a scenario where the regulator reviews a capital budget application and
8 approves an amount that represents all or some portion of the total proposed utility budget,
9 without specifically approving or disapproving specific projects.¹ Newfoundland and Labrador
10 Hydro (“Hydro”) confirms the Board of Commissioners of Public Utilities has not approved a
11 capital budget envelope for Hydro in a capital budget application.

¹ “Capital Budget Application Guidelines Review – Midgard Consulting Report – Revised,” Midgard Consulting Inc., October 30, 2020, p. 22.