

1 Q. **Reference: Application**

2 Midgard made recommendations for improvements in the capital budget approval process
3 which for the most part have been incorporated in the Provisional Capital Budget Application
4 Guidelines.

5 a) In Hydro’s opinion, did Midgard make these recommendations in an effort to move the
6 province toward best practice?

7 b) In Hydro’s opinion, are the Provisional Capital Budget Application Guidelines more in
8 line with industry best practice?

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11 A. As Newfoundland and Labrador Hydro (“Hydro”) has previously noted,¹ Midgard Consulting Inc.
12 (“Midgard”) was retained by the Board of Commissioners of Public Utilities (“Board”) to perform
13 a review of the Board’s CBA Guidelines (“Guidelines”) to help improve the overall efficiency and
14 effectiveness of the annual CBA processes required under legislation.² Midgard’s
15 recommendations were made to meet that objective. Midgard’s report did not provide an
16 opinion on the previous Guidelines, and Hydro is not in a position to draw conclusions or to
17 speak to the Board’s intent. The provisional Guidelines include a number of the
18 recommendations made by Midgard and the process to finalize the Guidelines is continuing in a
19 regulatory process separate from this CBA. It is Hydro’s opinion that the information requested
20 is not necessary for a satisfactory understanding of the matters to be considered in the 2024
21 CBA as required by the *Board of Commissioners of Public Utilities Regulations, 1996*.³

¹ Please refer to Hydro’s response to CA-NLH-038 of Hydro’s 2023 Capital Budget Application (“CBA”) proceeding.
<<http://pub.nl.ca/applications/NLH2023Capital/responses/CA-NLH-038.PDF>>.

² “Capital Budget Application Guidelines Review – Midgard Consulting Report – Revised,” Board of Commissioners of Public Utilities, March 30, 2020, Executive Summary, p. 3.

³ Nfld Reg. 39/96, s 14.