

1 Q. **Reference: Capital Expenditures and Carryover Report for the Year Ended December 31, 2022,**  
2 **page 2**

3 It is stated

4 Approximately \$13.6 million of Hydro's carryover relates to ongoing global  
5 supply chain issues. In particular, much of Hydro's planned vehicle, light-duty  
6 mobile equipment and terminal station equipment continues to experience  
7 delivery delays.

8 **a)** Have supply chain issues put at risk Hydro's ability to provide reliable service at lowest  
9 possible cost in an environmentally responsible manner while ensuring the safety of its  
10 staff and the public? Please explain.

11 **b)** Does Hydro believe that supply chain issues and inflation arising from Covid-19 are no  
12 longer a factor? Does Hydro now know how to compensate for supply chain issues and  
13 inflation, and reflected this knowledge in its 2024 CBA?

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16 A. **a)** Newfoundland and Labrador Hydro ("Hydro") acknowledges there is some risk associated  
17 with supply chain issues. Lead times for equipment such as gensets, transformers, and  
18 vehicles have not returned to pre-pandemic norms. Please refer to Hydro's response to NP-  
19 NLH-001 of this proceeding regarding Hydro's established project management practices  
20 and procedures to monitor, control, and manage carryover and the associated risk.

21 **b)** Hydro continues to experience supply chain issues and inflation arising from the COVID-19  
22 pandemic. Hydro reviewed available procurement lead time and cost experience for  
23 completed and ongoing projects when preparing capital budget estimates for the 2024  
24 Capital Budget Application and adjusted cost estimates and schedules accordingly. Please  
25 refer to Hydro's response to NP-NLH-001 of this proceeding regarding Hydro's established  
26 project management practices and procedures to monitor, control, and manage carryover  
27 and the associated risk.