

1 Q. **Reference: Application, 2025 Capital Budget Overview, page 8.**

2 Figure 2 indicates that Hydro balances system reliability, environmental responsibility and
3 customer cost.

4 a) Is “balancing” reliability, the environment and cost a requirement under current
5 legislation, or are the province’s utilities only required to provide service at lowest
6 possible cost?

7 b) Does “balancing” reliability, the environment and cost mean that Hydro must not only
8 meet legislated environmental requirements, but go beyond legislated environmental
9 requirements? If Hydro believes it must go beyond legislated environmental
10 requirements, how does it determine how far to go beyond legislated requirements,
11 and the cost that provides the proper balance?

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14 A. a) The *Electrical Power Control Act, 1994* (“EPCA”),¹ more specifically the mandate in Section
15 3(b)(iii) of the *EPCA*, is for all sources and facilities for the production, transmission and
16 distribution of power in the province to be managed and operated in a manner that results
17 in power being delivered to consumers at the lowest possible cost in an environmentally
18 responsible manner, consistent with reliable service. Newfoundland and Labrador Hydro
19 (“Hydro”) believes that this means that the requirement for the lowest possible cost must
20 be balanced with ensuring that the proposed action is environmentally responsible and
21 consistent with reliable service.

22 b) Legislated environmental requirements are certainly a factor to be considered when making
23 capital investment decisions. Hydro has always been focused on being environmentally and
24 socially responsible, committed to sustaining a diverse and healthy environment while
25 providing safe and reliable service. This has meant managing risk and minimizing the impact
26 on the environment of the actions Hydro takes to generate and provide its electricity and

¹ *Electrical Power Control Act, 1994*, SNL 1994, c E 5.1.

1 taking steps to provide sustainable electricity and encourage energy conservation. Hydro
2 strives to achieve the appropriate balance between cost, reliability, and environmental
3 responsibility to provide reliable service to customers as economically as possible.