

1 Q. **Reference: Application**

2 With respect to the prioritization process used in the 2025 Capital Budget Application:

3 a) Which entity within Hydro is responsible for developing project prioritization and  
4 consistency of application across the broad range of projects included in the  
5 Application?

6 b) How does Hydro senior management communicate to line managers which capital  
7 projects were to be included in the 2025 CBA, and which capital projects were to be  
8 included in Hydro's planned 2025 to 2029 capital expenditures?

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11 A. a) The 2025 Capital Budget Application ("CBA") was led by Hydro's Capital Planning  
12 department and was a collaborative multi-disciplinary effort involving Newfoundland and  
13 Labrador Hydro's Regulatory Affairs, Long-Term Asset Planning, and Engineering Services  
14 teams. On a scope-by-scope basis, the individual prioritizations are determined by the Long-  
15 Term Asset Planning groups with oversight from Capital Planning and Regulatory Affairs to  
16 assist in application consistency.

17 b) Throughout the 2025 CBA preparation process, meetings were held with internal business  
18 units and stakeholders to communicate updates and lessons learned from the 2024 CBA and  
19 further anchor back to Hydro's capital planning strategy. This strategy was developed by the  
20 Executive team in 2020 for the 2021 CBA and revised during subsequent annual CBA  
21 preparations. The goals of the plan are to responsibly invest in the electrical system to  
22 provide an appropriate balance between customer cost, reliability, and environmental  
23 responsibility through an evidence-based decision-making process. Since its formalization,  
24 the strategy has been and will continue to be presented in all capital planning engagement  
25 sessions.

26 The final determination of investments to include in the 2025 CBA was a collaborative  
27 process between the Long-Term Asset Planning, Engineering, Capital Planning, and

1 Regulatory Affairs teams. Generally speaking, when the Long-term Asset Planning team  
2 proposes work for inclusion in a CBA, it undergoes a structured review process through  
3 which the appropriate scope, estimate, and timing of execution are determined. This  
4 process requires engagement from the aforementioned teams to consider all aspects of  
5 investment evaluation. In most cases, this group determines the final list of investments for  
6 inclusion in the current year's CBA and the five-year plan for senior management approval.  
7 There are cases where individual investment decisions are determined by senior  
8 management, which may be triggered by investment materiality, community engagement  
9 opportunities, or investment complexity.