

1 Q. **Reference: General**

2 Hydro's 2025 Capital Budget Application is the second budget filed since the increase in the
3 threshold approval amount to \$750,000. How has this impacted Hydro's capital budget process?

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6 A. Newfoundland and Labrador Hydro ("Hydro") continues to apply the same methodology to
7 evaluate all projects proposed through the capital budget process, regardless of materiality.
8 Projects being put forward through the capital budget application under the \$750,000 threshold
9 are still required to meet all of the same level of front-end engineering design, estimation, and
10 basis of estimate documentation as those above the threshold, and are carefully considered for
11 deferral prior to proposal.

12 While the internal processes for evaluation of projects and programs under the \$750,000
13 threshold is the same as those of higher materiality, Hydro believes that the implementation of
14 the higher threshold has positively impacted its capital budgeting processes, primarily by
15 streamlining the regulatory process and promoting regulatory efficiency, while enabling greater
16 regulatory focus on investments of higher materiality.