

1 Q. **Reference: General**

2 Hydro has a number of capital programs in its capital budget. Given the current circumstances of
3 regular increases in capital expenditures, what would be the impacts (both financial and
4 operational) of reducing the budget for capital programs (i.e. not specific capital projects) in the
5 range of 3% to 5%?

6

7

8 A. Newfoundland and Labrador Hydro (“Hydro”) does not submit a capital budget proposal for
9 approval unless it is deemed necessary for the generation and transmission of safe, reliable,
10 environmentally responsible power in the province, using the best information available at the
11 time of the application. A 3% to 5% reduction of the capital budget would thus represent the
12 elimination of work that is deemed necessary for the delivery of safe, reliable, environmentally
13 responsible power, and presents unreasonable risks to operations, staff and customers.