

1 **Q. (Reference Application, 2022 Capital Budget Summary, Schedule A, page 1 of 4 and**
 2 **Schedule B)**

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 4 **a) Please provide a revised version of the 2022 Capital Budget Summary, Schedule**
 5 **A, page 1 of 4 that would correspond to the capital budget that would be**
 6 **recommended by Newfoundland Power if the 2022 capital budget were**
 7 **constrained not to exceed \$100,000,000.**

8 **b) Based on the modified capital budget in part (a) please identify the specific 2022**
 9 **capital projects that Newfoundland Power would recommend modifying,**
 10 **deferring or eliminating with an explanation of the rationale for each project**
 11 **change recommended.**

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 13 A. a) Newfoundland Power is not in a position to provide a revised version of its 2022
 14 *Capital Budget Application* if its proposed capital budget were constrained not to
 15 exceed \$100,000,000. Constraining Newfoundland Power’s proposed capital budget
 16 in such a manner would amount to an arbitrary cap on its capital expenditures. The
 17 Board has not historically implemented an arbitrary cap on capital expenditures.
 18 Rather, current regulatory practice is to review and approve individual capital projects
 19 through a comprehensive process that includes a full examination of all
 20 circumstances.

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 22 This is consistent with the Board’s view in 2020 when it stated:

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 24 *“To ensure the appropriate balance between least-cost reliable power,*
 25 *determinations in relation to annual capital budgets and whether individual*
 26 *capital projects should be approved are made only after a full examination of*
 27 *all of the circumstances. Currently these determinations are made by the*
 28 *Board in a comprehensive process established in accordance with the*
 29 *requirements in the Public Utilities Act.”¹*

30 and:

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 32
 33 *“In the short-term the Board does not believe that it would be appropriate or*
 34 *in keeping with the principle of least-cost reliable power to implement a*
 35 *prescriptive and arbitrary threshold such as a cap.”²*

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 37 All capital projects proposed by Newfoundland Power for 2022 are consistent with its
 38 obligation to provide least-cost, reliable service to its customers. Any modification,
 39 deferral or elimination of proposed capital projects would be determined following a
 40 full examination by the Board of all circumstances.

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 42 b) See part a).

¹ See the Board’s *Rate Mitigation Options and Impacts Muskrat Falls Project Final Report*, February 7, 2020,
 page 46.

² Ibid.