

- 1 **Q. (Reference Application, 2025 Capital Budget Overview, page 12) It is stated**
 2 **"While Newfoundland Power's contribution to revenue requirement and**
 3 **customer rates has decreased on an inflation-adjusted basis over the past**
 4 **decade, the Company's annual capital investments have averaged over \$100**
 5 **million per year over this period."**
- 6 **a) Please provide any studies indicating that spending over \$100 million**
 7 **annually on capital programs is optimal.**
- 8 **b) In the 2025 CBA, is NP requesting Board approval for \$184.2 million in**
 9 **capital projects and programs composed of \$164.5 million in new**
 10 **expenditures and \$19.7 million of expenditures that were previously**
 11 **approved by the Board?**
- 12
- 13 **A.** a) Newfoundland Power is not aware of any studies indicating an optimal annual
 14 amount of capital investment. In preparing its annual capital budgets, the Company
 15 does not target a specific annual total. The Company's capital planning process
 16 applies sound engineering and objective data to determine which expenditures are
 17 required annually to provide customers with access to safe and reliable service at the
 18 lowest possible cost.¹
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- 20 b) In its *2025 Capital Budget Application*, Newfoundland Power is requesting approval
 21 from the Board for \$127,951,000 for capital projects and programs to be completed
 22 in 2025. This is comprised of \$108,537,000 for new expenditures and \$19,414,000
 23 for expenditures that were previously approved by the Board.²
- 24
- 25 The Company is also requesting approval from the Board for \$56,258,000 for multi-
 26 year capital projects that are forecast to be completed in future years. This is
 27 comprised of \$55,961,000 for new expenditures and \$297,000 for expenditures that
 28 were previously approved by the Board. These projects are expected to be
 29 submitted for final approval with the 2026 and the 2027 capital budget applications.³

¹ For more information on the Company's approach to capital planning, see Newfoundland Power's *2025 Capital Budget Application, 2025 Capital Budget Overview, Section 2.2 Capital Planning at Newfoundland Power*.

² See Newfoundland Power's *2025 Capital Budget Application, Application*, paragraph 9(a).

³ See Newfoundland Power's *2025 Capital Budget Application, Application*, paragraphs 2(d) and 9(b).