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2026-07-08

Newfoundland and Labrador Hydro

Shirley Walsh

Email: shirleywalsh@nlh.nl.ca

Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro - Application for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine - To NLH - Avalon Combustion Turbine - Additional Request for Information

Enclosed is additional Request for Information PUB-NLH-015 for the Avalon Combustion Turbine project regarding the above-noted application. Please file response with the Board by Friday, July 10, 2026.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,

Mike McNiven

Board Secretary

ecc Newfoundland Power Inc.
Dominic Foley, Email: dfoley@newfoundlandpower.com
Douglas Wright, Email: dwright@newfoundlandpower.com
NP Regulatory, Email: regulatory@newfoundlandpower.com

Consumer Advocate
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Newfoundland and Labrador Hydro
NLH Regulatory, Email: nlhregulatory@nlh.nl.ca

1 **IN THE MATTER OF** the **Electrical Power**
2 **Control Act**, 1994, SNL 1994, Chapter E-5.1
3 (the “**EPCA**”) and the **Public Utilities Act**, RSNL
4 1990, Chapter P-47 (the “**Act**”), as amended,
5 and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for
9 approval of capital expenditures for the
10 purchase, construction, and installation
11 of Unit 8 at the Bay d’Espoir Hydroelectric
12 Generating Facility, and a combustion
13 turbine located on the Avalon Peninsula.

PUBLIC UTILITIES BOARD
REQUEST FOR INFORMATION

Avalon Combustion Turbine Project
PUB-NLH-015

Issued: July 8, 2026

PUB-NLH-015

In the 2025 Capital Budget Supplemental Application – Application for the Purchase and Installation of Bay d’Espoir Unit 8 and Avalon Combustion Turbine – Revision 1 and Evidentiary Update, Hydro states that an annual borrowing rate of 4.96% was used to calculate the IDC for the cost estimate (Attachment 2, Revision B1, page 18).

In the Application for Approval of a Deferral Account for an Allowance for Funds Used During Construction, in the response to PUB-NLH-001 Hydro sets out an embedded cost of debt for 2027 of 4.05% and a rate of return on rate base of 4.88%. In the response to PUB-NLH-006, the amount of the IDC appears to be lower than the amount of AFUDC for the period 2027 to 2032.

In the 2026 General Rate Application Hydro is proposing a 4.88% rate of return on rate base for the 2027 Test Year, which includes an embedded cost of debt of 4.05%. Hydro also reports that the embedded cost of debt for the period 2024 to 2026 ranges from a high of 4.75% in 2024 to 4.02% forecast for 2026 (Schedule D-IV, page 1 of 1, GRA Application).

- (a) Explain why the interest rate used to calculate IDC in the 2025 Capital Budget Supplemental Application is higher than the embedded cost of debt noted in the other two applications.
- (b) Provide an explanation of how the 4.96% was calculated.
- (c) Provide a new “Table 2: Spend Profile to Calculate IDC (\$ millions)”, as presented in PUB-NLH-008, to reflect a rate of 4.05% and 4.88%.

DATED at St. John’s, Newfoundland and Labrador, this 8th day of July, 2026.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per



Mike McNiven
Board Secretary