Q. Hydro stated the following in its July 15, 2025 reply submission:

> "Proceeding directly to refurbishment based on preliminary assumptions would expose Hydro and ratepayers to significant cost and schedule risks."

a) Confirm if both the condition assessment and expected refurbishment will require de-watering the sumps. If so, explain the implications on both cost and schedule of completing this work twice.

b) Would it be practical to combine the condition assessment and refurbishment into a single project with two phases rather than separate projects? In the response, explain the implications on both cost and schedule of such an approach

A. **a)** De-watering of the sumps will be required to complete both the condition assessment and the expected refurbishment.

b) The cost to complete sump de-watering is a significant portion of the cost of the project (approximately $1.5 million). Newfoundland and Labrador Hydro ("Hydro") anticipates that the costs associated with de-watering would likely remain constant for future project phases. As the extent of remediation is unknown at this time, Hydro has not assumed that both the condition assessment and refurbishment work can be completed within the same outage window. While the sump de-watering and cleaning form a significant portion of the project scope, understanding the condition of the concrete is paramount to the success of this project. The magnitude of the concrete refurbishment scope will dictate Hydro's ability to successfully execute the work within the available outage windows.

From a cost savings perspective, while it is possible that there may be some savings in future tender prices by way of contractor efficiencies gained during the initial de-watering, it is unlikely that the cost to de-water will change significantly from the first to the second de-watering. However, it is plausible to assume that there could be some

positive schedule impact as, given the timeframe between cleaning efforts and ability to apply lessons learned from the first de-watering, the future sump cleanings could be executed more swiftly.

As noted in its response to PUB-NLH-006 of this proceeding, Hydro determined that there was residual risk associated with properly planning and executing the work, both within the available outage window and within the cost estimate provided by Hatch Ltd ("Hatch"). Hatch inspections were completed using remote vehicle technologies, without dewatering the sumps, and therefore cannot fully define the scope of refurbishment required.

The condition assessment scope of the work is necessary to accurately characterize the current condition of the floor structure, as well as define the scope of necessary concrete refurbishment work, the constructability risks, and the outage window required for the refurbishment execution. However, due to constraints around equipment and outage availability that have arisen since Hydro's proposal for approval of the increased project budget, Hydro has determined it is not possible to complete the inspection of Pumphouse 1 in 2025.[1] Hydro therefore is proposing to proceed with the inspection of Pumphouse 2 in 2025, at a revised cost of $1,747,033, and cancel the inspection of Pumphouse 1.

Once the inspection of Pumphouse 2 is complete, Hydro will extrapolate the findings on Pumphouse 2 to define the scope of the Pumphouse 1 refurbishments. This action was not originally proposed as there are risks associated with extrapolation of findings from the inspection of one pumphouse to the other, given the difference in age of the sumps. Inspection of both sumps would enable full scope definition of each sump independently, allowing for more accurate remediation estimates for each sump. However, deferral of inspection of Pumphouse 1 to 2026 and subsequent proposal of necessary refurbishments would likely preclude Hydro from completing remediation of Pumphouse 1 in 2026, and would therefore expose the plant to undue risk associated

[1] Pumphouse 1 and 2 require separate outages, and Pumphouse 1 requires specialized grounding equipment that will not be available to complete the work within the available outage window.

with continued operation of Pumphouse 1 in a deteriorated condition for a greater period of time. In light of the inability to complete the inspection of Pumphouse 1 in 2025, Hydro is proposing this process to move forward with Pumphouse 2 and avail of certain advantages that proceeding in this manner can provide.

Appropriate contingencies will be utilized to address the risk associated with extrapolating findings from Pumphouse 2 to Pumphouse 1. Furthermore, if the remediation of Pumphouse 2 is determined to be necessary and can be completed within the 2025 outage window and at a cost that does not necessitate further regulatory process, Hydro may complete the Pumphouse 2 remediation this year. This approach will provide several advantages:

- Remediation of Pumphouse 2 in 2025 would eliminate the need to de-water the sump twice, resulting in substantial cost savings.
- Extrapolation of findings to Pumphouse 1 will enable Hydro to provide a reasonably informed scope and cost estimate for remediation, which will enable Hydro to file a supplemental for remediation of Pumphouse 1 in 2026, avoiding the need to de-water the sump twice.

While Hydro's original approach of inspecting both sumps would provide a more fulsome definition of the remediation scope and cost estimate, based on the tendered pricing, Hydro now has accurate costs for the de-watering and cleaning of the sumps, which represents a substantial amount of the project costs. Hydro believes this approach provides a tenable balance between cost and risk, by minimizing the costs associated with sump de-watering and cleaning, while ensuring a path forward for remediation of both sumps by the end of 2026.