

1 **Q. Reference: Life Extension Application, Schedule 1, page 16, lines 4-5.**

2 “Due to the nature of turbine generator refurbishment projects, Hydro has adopted a proactive
3 approach by including a dedicated "found work" scope item in the base estimate.”

4 **a)** Has Hydro included a dedicated "found work" scope item in the base estimate for
5 previous applications for capital budget projects? If yes, provide details and examples. If
6 no, explain how Hydro has previously addressed “found work” in approved capital
7 budget projects and how Hydro has reported this work and spending to the Board.

8 **b)** How did Hydro determine the amount to be included in the “Found Work Allowance”
9 component of the estimated costs?

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12 **A. a)** Yes, Newfoundland and Labrador Hydro (“Hydro”) has previously included dedicated “found
13 work” scope items in its capital budget projects. For example, Hydro’s Boiler Condition
14 Assessment and Miscellaneous Upgrades Program includes a provision for found work
15 identified through the preceding-year or current-year condition assessment. Hydro reports
16 material scope additions and their associated costs in its annual Capital Expenditures and
17 Carryover Report, filed with the Board of Commissioners of Public Utilities annually on
18 April 1.

19 When not included as a defined scope item, Hydro may address minor “found work”
20 necessary to accomplish the project scope on other capital projects through project
21 contingency. Material scope modifications are reported in Hydro’s Capital Expenditures and
22 Carryover Report. Within the Unit 7 Life Extension Project, clear separation and control
23 processes are in place to ensure that costs are not duplicated between found work
24 allowance, contingency, and management reserve as outlined in part b) of Hydro’s response
25 to PUB-NLH-013 of this proceeding.

1 **b)** During the development of the estimate, due to the nature of the proposed scope and the
2 age of the asset, Hydro identified the likelihood of finding additional components and
3 activities for inclusion during the execution of refurbishment activities. Therefore, as noted
4 in the project Basis of Estimate,¹ Hydro considered it prudent to include an allowance for
5 found work in the base estimate to account for the likelihood of additional work when the
6 unit is disassembled. The exact scope and magnitude of found work items are unknown
7 when preparing the initial scope of work; therefore, an overall allowance for this found work
8 was calculated as ■■■ of subtotals for items in the base estimate, including major refit,
9 miscellaneous refits, upgrades, construction labour, and commissioning. Additional
10 information on Hydro's found work allowance is provided in Hydro's response to
11 PUB-NLH-013 of this proceeding.

¹ "Life Extension Application – Bay d'Espoir Unit 7," Newfoundland and Labrador Hydro, June 20, 2025, sch. 1, att. 1.