Public Utilities Board
NEWFOUNDLAND & LABRADOR
120 Torbay Road • Prince Charles Building, Suite E210 • St. John's, Newfoundland and Labrador • A1A 2G8

2025-09-05

Newfoundland and Labrador Hydro
Shirley Walsh
E-mail: shirleywalsh@nlh.nl.ca

Dear Ms. Walsh:

Re: Newfoundland and Labrador Hydro - 2026 Capital Budget Application
To NLH - Requests for Information

Enclosed are Requests for Information PUB-NLH-001 to PUB-NLH-050 regarding the above-noted matter.

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,

Jo-Anne Galarneau
Executive Director and Board Secretary

JAG/cj

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IN THE MATTER OF the **Electrical Power Control Act***, 1994*, SNL 1994, Chapter E-5.1 (the "**EPCA**") and the **Public Utilities Act***,* RSNL 1990, Chapter P-47 (the "**Act**"), as amended, and regulations thereunder; and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for an Order approving:

i) its capital budget for 2026, pursuant to section 41(1) of the **Act**;
ii) its proposed capital purchases and construction projects for 2026 in excess of $750,000, pursuant to section 41(3)(a) of the **Act**;
iii) contributions by certain Customers for contributions towards the cost of improvements to certain property, pursuant to section 41(5) of the **Act**, and
iii) for an Order pursuant to section 78 of the **Act**, fixing and determining its average rate base for 2024.

PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION

PUB-NLH-001 to PUB-NLH-050

Issued: September 5, 2025

General

PUB-NLH-001 Hydro has extended the implementation period for some multi-year projects by one or more years. Has Hydro analysed the impact extending program implementation will have on interest during construction? If yes, please provide the analysis. If not, why not?

PUB-NLH-002 Complete the table below identifying the 2026 CBA project or program for each type of Distribution asset.

Distribution Asset	Project/Program
Primary line extension (high voltage)	
Secondary line extension (low voltage)	
New meters	
Replacement meters	
New services	
Replacement services	
New transformers	
Replacement transformers	
New streetlights	
Replacement streetlights	

PUB-NLH-003
(a) Provide a copy of Hydro's capitalization policy.
(b) Provide an explanation of how Hydro determines whether an expenditure such as an in-service failure for vehicles or a minor facilities refurbishment should be treated as a capital or operating expense.

Schedule 1: Capital Budget Overview

PUB-NLH-004 Page 6, footnote 23.

"..for the Holyrood TGS that the evidentiary requirements for programs are better suited to allow a fulsome review of these expenditures."

(a) Please explain how proposing these expenditures as programs allow for a more fulsome review.
(b) Programs are defined as capital investments comprised of a number of asset-related activities that are high volume, repetitive, like-for-like capital replacements, enhancements, or additions that are expected to continue into the foreseeable future. Please explain how proposing programs for a limited life asset such as the Holyrood TGS is appropriate.

PUB-NLH-005 Provide the average capital expenditure for the period 2015 through 2030 Forecast with and without major projects.

PUB-NLH-006 Page 40, Table 11. Please explain how the costs relating to the 2026 Capital Budget will be recovered over the entire life of the assets given the 2.25% rate mitigation cap on rate increases expiring in 2030.

Schedule 3: Holyrood Thermal Generating Station Overview

PUB-NLH-007 Page 9, Table 3. Fuel Storage Tank 2:

"A least cost evaluation will be completed to determine whether the tank should be demolished or should be reinforced to allow it to continue to stand empty until demolition of the entire tank farm."

If the least cost evaluation determines that the tank should be reinforced and not demolished, will Hydro treat the cost of reinforcement as a capital or operating expense and why?

Schedule 4: Bay d'Espoir Hydroelectric Generating Station Projected Capital Expenditures (2026-2035)

PUB-NLH-008 Page 5, line 23 to page 6, line 2. Hydro states it initiates condition assessments of existing equipment by industry professionals as the end of design life is approaching, or asset degradation has become apparent.

(a) Describe the factors that Hydro applies to determine if engagement of external consultants is necessary for condition assessments.

(b) Provide a description of the levels of condition assessments and how it is determined which level of assessment is required.

(c) What criteria does Hydro apply to determine if condition assessments will be treated as a capital or operating expense?

Schedule 5: 2025 Capital Expenditures Overview

PUB-NLH-009 Hydro has identified multiple projects where challenges with availability of internal engineering and construction resources resulted in either the carryover of a portion of the work or an increase in project cost.

(a) Has Hydro completed an internal labour analysis that reconciles the budgeted project and program requirements against the historic levels of internal labour allocated to capital projects and programs? If yes, provide the analysis. If not, why not?

(b) How has Hydro considered and reflected the availability and cost of internal and external resources and the amount of carry over work into its current capital budget proposals?

PUB-NLH-010 Provide a table for the projects and programs listed in Appendix A that were budgeted under $750,000 and are now forecast to exceed $750,000. Include in the table the Project/Program title, the original budget amount and the forecast expenditure for each project or program.

Schedule 5: 2025 Capital Expenditures Overview Appendix B: Capital Expenditures and Carryover Report for the Year Ended December 31, 2024

PUB-NLH-011 Page B-74, line 4-6.

"For the upcoming 2026 CBA cycle, Hydro is evaluating whether a broader approach to deferral could allow for execution of the 2026 work scope and prevent the further deferral of prior carryover to future years."

Provide an update on Hydro's approach to deferral of programs and projects.

Schedule 7: Capital Programs and Projects

Program 1: Wood Pole Line Management (2026)

PUB-NLH-012 Page 8, Chart 1.

(a) Update Chart 1 to include poles that are rated as 4-Poor or 5-Severe/Hazardous to climb.

(b) The legends for Charts 1 and 3 are incomplete. Provide updated charts with the legends updated.

(c) In Project 6 (Relocate Section of Line (2026-2028) TL220) Hydro states on page 5 that "23 of the 109 poles in this section are currently rated as 4." Please confirm if TL220 is included in Hydro's annual Wood Pole Line Management System.

Program 2: Distribution System In-Service Failures, Miscellaneous Upgrades and Street Lights (2026)

PUB-NLH-013 Provide a table showing the location, designation and cost of the substation transformers that have been replaced over the past 5 years.

PUB-NLH-014 Page 6, Table 1 shows that the post implementation impact is reduced to 1. Explain the factors that have led to this estimated reduction.

Program 4: Replace Heavy-Duty Vehicles (2026 - 2028)

PUB-NLH-015 Hydro has identified seven heavy-duty vehicles for replacement with units to be requisitioned in 2026, with delivery expected in 2027 and 2028. With a three-year delivery time frame for heavy-duty vehicles, what steps has Hydro taken to ensure that the actual condition of the vehicle is still considered when a replacement milestone is met?

PUB-NLH-016 Page 8, lines 4-6. The program includes a budget to address in-service failures for fleet vehicles.

(a) How much of the proposed budget is allocated to address in-service failures for heavy-duty fleet vehicles?

(b) Describe the types of in-service failures that would be addressed with this portion of the budget.
(c) How were these in-service failures for heavy-duty fleet vehicles dealt with in capital budgets from 2021 to 2025?

Program 5: Renew Circuit Breakers (2026 - 2028)

PUB-NLH-017 Page 10, lines 18-22.

"Hydro's five-year plan for the Renew Circuit Breakers program is provided in Appendix A. Based on current condition and asset data, Hydro plans to replace six circuit breakers and refurbish one circuit breaker under this program scope, with completion scheduled by the end of 2028."

Reconcile the seven circuit breakers to be replaced or refurbished referenced above with the fifteen circuit breakers listed on page A-1, Appendix A.

Program 8: Replace Light-Duty Vehicles (2026 - 2027)

PUB-NLH-018 Page 7, lines 16-17.

"This program also includes $100,000 in 2026 to address in-service failures for fleet vehicles."

(a) Describe the types of in-service failures that would be addressed with this portion of the budget.
(b) How were these in-service failures for light-duty fleet vehicles dealt with in capital budgets from 2021 to 2025?

Program 9: Perform Facilities Refurbishments (2026)

PUB-NLH-019 How does this program compare to Newfoundland Power's approach to the refurbishment of its facilities?

PUB-NLH-020 Page 2, lines 1-2. In creating the budget estimate for this program Hydro started by applying a depreciation value of 2% against its current building systems inflation-adjusted original cost of $274.0 million.
(a) Explain how this approach is consistent with the Capital Budget Application Guidelines.
(b) Has Hydro previously proposed this methodology for estimating a project or program budget for approval by the Board?
(c) Is Hydro aware of other Canadian regulatory jurisdictions where this methodology is used by utilities for estimating a project or program budget?
(d) Why were historical estimates or condition assessment estimates not used to create the budget estimate for this program?

PUB-NLH-021 Given the age of some of the condition assessments, did Hydro consider that additional work or repairs not previously identified may now be required and consider how this will impact the program budget and scope of work?

PUB-NLH-022 Has Hydro undertaken any studies into the future operational requirements for buildings identified in the 2026 scope of work? If yes, please provide any documentation available.

PUB-NLH-023 Provide the historical capital expenditures for the years 2020 through 2024 and 2025 Forecast for performing facilities refurbishments.

PUB-NLH-024 Hydro owns, operates and maintains 342 buildings. Provide a breakdown by building type (e.g., office building, garage, shed, storage facility, accommodations, etc.).

PUB-NLH-025 In the past 5 years, has Hydro conducted any evaluations to determine if efficiency improvements can be achieved by reducing the number of facilities it owns? If yes, please provide any documentation available.

PUB-NLH-026 Page 12, lines 3-5. Has Hydro evaluated the alternative of either renting or sharing facilities?

PUB-NLH-027 Page 13, line 14.

"Additionally, the program includes a $250,000 "Facilities In-Service Failures" allowance ..."

How does the In-Service Failures allowance fit within the overall approach by Hydro to set the program budget at 2% of inflation-adjusted original cost less other facilities-related expenditures outside of this program?

PUB-NLH-028 Page 15, Table 2, Stephenville Main Office Building, Garage and Warehouse.

a) Describe Hydro's vehicle maintenance operations at the Stephenville Main Office garage detailing the types of maintenance activities completed in-house versus those contracted out to vehicle service operators.

b) Provide the cost benefit analyses completed by Hydro or a third party into completing vehicle maintenance in-house versus completing vehicle maintenance by local service centres. If one has not been completed, explain the grounds on which the refurbishment work is based.

PUB-NLH-029 The condition assessments in appendices D through G identify numerous safety and environmental hazards. Have these safety and environmental hazards been addressed? If not, why not?

PUB-NLH-030 Has Hydro identified which of its remaining facilities will be refurbished in each year from 2027 through 2030?

Program 12: Replace Disconnects (2026 - 2028)

PUB-NLH-031 Page 1, lines 17-21 and page 2, Chart 1. Hydro identifies in excess of forty disconnect switches that meet the service life of 60 years, regardless of condition replacement criteria. At the current pace of replacement, when does Hydro anticipate all existing disconnect switches that meet the criteria of the service life of 60 years being replaced?

PUB-NLH-032 Page 6, Table 1 shows that post implementation Likelihood remains unchanged at a score of 5 and Impact is reduced from a score of 3 to a score of 1. Explain the factors that have led to this risk mitigation when the Likelihood remains unchanged and there is a reduction in post implementation Impact.

Program 13: Overhaul Diesel Units (2026)

PUB-NLH-033 Page 1, lines 18-20.

"This program is required to maintain the reliable operation of the components of these stations. Hydro has maintained overhauls at 20,000 operating hours for 1,800 rpm engines and has moved to 30,000 operating hours for 1,200 rpm engines…"

(a) Complete the table below for the 1,800 rpm engines using the most recent data available:

Table 1
Number of 1,800 RPM Gensets by Operating Hours

Operating Hours	Prime Power Remote Sites	Other Sites
Less than 10,000		
10,000 to 20,000		
More than 20,000		
Total		
Data effective this date:		

(b) Complete the table below for the 1,200 rpm engines using the most recent data available:

Table 2 Number of 1,200 RPM Gensets by Operating Hours		
Operating Hours	**Prime Power Remote Sites**	**Other Sites**
Less than 10,000		
10,000 to 20,000		
20,000 to 30,000		
More than 30,000		
Total		
Data effective this date:		

Project 2: L23/24 Steel-Tower Transmission Line Renewal (2026 - 2029)

PUB-NLH-034 Page 1, lines 6-7.

"Maintenance inspections were completed in 2020 by Hydro operations crews, which were followed up with an inspection by Stantec in 2023 as a result of various deficiencies identified."

Why was there a three-year delay between the Hydro maintenance inspections and the Stantec inspections?

PUB-NLH-035 Page 1, lines 7-9.

"In 2024, Stantec completed another, more extensive assessment to review additional deficiencies identified during the 2023 inspection."

In 2024, did Stantec inspect the condition of the conductor? If yes, what was the condition of the conductor? If not, why not?

PUB-NLH-036 Page 3, lines 12.

"This project involves targeted capital maintenance/refurbishment to extend the asset's useful life."

What is the estimated impact of the 2026 to 2029 renewal project on the useful life of transmission lines L23 and L24?

PUB-NLH-037 Page 3, line 14-15.

"That the only alternative to repairing the identified deficiencies on L23 and L24 would be to construct new lines between Churchill Falls and Wabush and decommission L23 and L24."

(a) Explain the basis for Hydro's determination that a new transmission line(s) would be much more costly. Was a net present value ("NPV") analysis of the life extension alternative and the construction of a new transmission lines alternative completed? If yes, provide the NPV analysis. If not, why not?

(b) Are there any related projects in the near term that will require new transmission lines to serve growth in Labrador West? If yes, will these projects impact the future need for Transmission Lines L23 and L24?

Project 4: Upgrade Worst-Performing Distribution Feeders (2026 - 2027)

PUB-NLH-038 Page 3, lines 3-5.

"Due to the length of the LAL-L1 feeder, the CHIKM and CIKM indices are not relevant and have been removed from this report to simplify the analysis."

Provide the CHIKM and CIKM indices for the worst performing feeders in the Hydro distribution system similar to what is provided in Appendix A for CHI, SAIDI and SAIFI.

Project 5: Replace Heavy-Duty Mobile Equipment (2026 - 2028)

PUB-NLH-039 Page 8, lines 27-29.

(a) Has Hydro explored opportunities to rent tracked units with aerial devices from Newfoundland and Labrador companies that contract to undertake transmission line maintenance and construction? If not, why not?

(b) Provide a cost benefit analysis for the rental of mobile equipment compared to owning this mobile equipment.

PUB-NLH-040 Page 10, line 6.

"This project also includes $100,000 in 2026 to address in-service failures for mobile equipment."

(a) Describe the types of in-service failures that would be addressed with this portion of the budget.

(b) How were in-service failures described in (a) addressed in capital budgets from 2021 to 2025?

(c) How does the $100,000 to address in-service failures for mobile equipment compare with the average unit cost of this mobile equipment?

Project 6: Relocate Section of Line - TL220 (2026 - 2028)

PUB-NLH-041 Page 8, Table 4 shows that post implementation impact is reduced from a score of 5 to a score of 3. Explain the factors that have resulted in a reduction in post implementation impact.

PUB-NLH-042 Page 9, Table 6, Project Schedule. Will the section of line constructed in 2027 be placed in service immediately becoming used and useful in 2027? If not, what is the interest during construction being charged to this asset during the remainder of 2027 and all of 2028?

Project 8: Widen Right of Way (2026 - 2028) Gros Morne National Park

PUB-NLH-043 Provide a copy of Hydro's Vegetation Management standards or practices.

PUB-NLH-044 Page 2, lines 3-5.

"Trees at the edges of ROWs tend to fall toward TLs when they become unstable due to erosion of the cleared area. In narrow ROWs, these trees often fall onto the energized lines, resulting in forced outages, potential forest fires, and risks to public safety. Such occurrences are known as tree contacts."

How does Hydro deal with trees at the edges of ROWs for transmission lines in other parts of its service territory?

PUB-NLH-045 In other parts of Hydro's service territory is the removal of trees at the edges of ROWs for existing transmission lines a capital or operating expense?

PUB-NLH-046 Attachment 1, page 15 of 112.

"Project planning and development has been ongoing for more than a decade."

With planning ongoing for more than a decade, was this project included in previous 5-year capital plans? If not, why not?

Project 9: Overhaul Major Pumps (2026)

PUB-NLH-047 Reference: Page 4, line 2.

"The Unit 1 East CW Pump is one of two identical vertical pumps (Figure 2) inside Pumphouse 1."

Will Board Order No. P.U. 29(2025) approving a Level 2 Condition Assessment for only Pumphouse 2 impact Hydro's ability to complete the Pumphouse 1 scope of work for 2026?

Project 11: Upgrade Power Transformers (2026 - 2027)

PUB-NLH-048 Page 5, Table 2. BDE T6.

"High Voltage Bushing Replacements: The existing bushing is the same make and model that failed on BDE T5 and BDE T6 in 2022 and 2023, respectively, and must be replaced with the OEM recommendation."

Were the BDE-T6 high voltage bushings that failed in 2023 replaced? If yes, why are they being replaced again in 2026-2027? If not, why not?

Project 12: Overhaul Hydraulic Units (2026)

PUB-NLH-049 Page 7, lines 7-9.

"To align work with other capital projects and provide operational synergies, Hydro recommends a delayed proceeding with the planned PM9 inspection and associated refurbishments on the reduced pace of a seven-year interval for the PM9 inspection on Bay d'Espoir Unit 7 and Hinds Lake Unit 1."

What impacts, if any, are there for future planned PM9 inspections and associated refurbishments of hydraulic units elsewhere in the Hydro system due to the reduced pace of a seven-year interval on Bay d'Espoir Unit 7 and Hinds Lake Unit 1?

Programs and Projects Under $750,000
Procure Accommodations (2026) – Makkovik

PUB-NLH-050
(a) Since the filing of the 2024 Capital Budget Application has Hydro further evaluated options within the community of Makkovik for the purchase and/or lease of personnel accommodations? If not, why not?
(b) In which other remote communities in Labrador does Hydro maintain personnel accommodations?
(c) What is Hydro's overall approach to providing personnel accommodations for remote communities in Labrador?

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per

Jo-Anne Galarneau
Executive Director and Board Secretary