Q. **Reference: Application, 2026 Capital Budget Overview, page 9**

It is stated *"Hydro's average capital expenditure from 2015 through 2024 was approximately $154.1 million annually, which was driven primarily by expenditures on asset renewal; from 2025 to 2030 the anticipated average expenditure increases to approximately $525.5 million annually. Accordingly, Hydro's primary investment driver also changes from asset renewal to system growth. Hydro recognizes that these expenditures are significant, and feedback from customers has been very clear. The cost of living, including electricity rates, is a concern. Hydro is diligently reviewing its proposed capital expenditures and is continuing to recommend only the work scopes that absolutely and urgently must be completed to support reliability and begin to prepare for load growth."*

a) How is increasing annual capital spending from $154.1 million to $525.5 million consistent with customer concerns about the cost of living and electricity rates? Is Hydro claiming that tripling annual capital spending will result in electricity rate decreases?

b) Given that customers place greater weighting on electricity rates than reliability, has Hydro relaxed its reliability criteria relating to the generation, transmission and distribution components of its business?

c) What programs are being pursued by Hydro in an effort to give customers a measure of control over the inevitable increases in electricity rates or is Hydro relying on the government to mitigate rate increases?

d) What is the forecast annual growth in demand and energy for each year from 2025 to 2035 on each of the Island and Labrador systems?

e) Please provide a list of complaints received by Hydro from customers relating to reliability.

f) Are Newfoundland Power efforts to maintain current levels of reliability that are consistent with Canadian averages in the case of SAIFI and 40% better than Canadian averages in the case of SAIDI consistent with Hydro's effort to provide a better balancing of costs and reliability?

g) What percentage of SAIDI and SAIFI are attributable to each component of Hydro's business: generation, transmission and distribution?

A. **a)** As discussed in Newfoundland and Labrador Hydro's ("Hydro") 2026 Capital Budget Application, the primary drivers of Hydro's capital expenditures are related to (i) asset renewal and (ii) system growth. Investment in asset renewal is required to maintain Hydro's aging assets and is directly related to Hydro's legislated mandate to provide safe, reliable service in an environmentally responsible manner at the lowest possible cost.

Further, under the *Public Utilities Act*, Hydro has a legal obligation to supply electrical energy to customers.[1] As electricity demand grows, Hydro needs to both construct and contract new sources of electricity generation to ensure an adequate supply for the provincial electricity grid. As a regulated utility, Hydro is under the oversight of the Board of Commissioners of Public Utilities ("Board"), which reviews and determines whether the electricity rates and capital expenditures proposed by Hydro are prudent.

As Hydro noted in the quoted passage, Hydro is aware of customer concerns regarding the cost of living and electricity rates. Hydro balances its requirement to meet its legislated mandate with the acknowledgement of the customer concerns by recommending only the work scopes that absolutely and urgently must be completed to support reliability and begin to prepare for load growth.

b) Hydro completed a digital public engagement survey in January 2024 with questions eliciting some insight into how customers prioritize cost and system reliability. Themes from that engagement indicated that reliability is non-negotiable; however, generally, customers do not want to pay more for fewer or shorter outages.[2]

[1] *Public Utilities Act*, RSNL 1990, c P-47, s 37.

[2] "2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study," Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024), Appendix D.

Hydro's system planning criteria is a subject of the *Reliability and Resource Adequacy Study Review* Proceeding, currently under review by the Board. It is Hydro's opinion that the information requested is not necessary for a satisfactory understanding of the matters to be considered in the 2026 Capital Budget Application as required by the *Board of Commissioners of Public Utilities Regulations, 1996.*

c) Hydro is fully supportive of cost-effective Conservation and Demand Management ("CDM") as a means to operate the electrical system more efficiently and provide benefits to customers. Hydro's full suite of CDM programming is detailed in its annual ECDM report.[3] Hydro will propose new CDM programming within its upcoming 2026-2030 Electrification, Conservation and Demand Management Plan to be submitted to the Board in the fourth quarter of 2025.

d) Please refer to Table 1 to Table 4 for the forecast annual growth in demand and energy for the Island and Labrador Interconnected Systems, based on Hydro's 2024 Load Forecast.

Table 1: Island Interconnected System Customer Coincident Demand (MW)[4]

Year	Demand (MW)	Annual Variance
2025	1,707	-
2026	1,742	2.1%
2027	1,757	0.8%
2028	1,778	1.2%
2029	1,807	1.6%
2030	1,819	0.6%
2031	1,837	1.0%
2032	1,855	1.0%
2033	1,881	1.4%
2034	1,902	1.1%
2035	1,928	1.3%

[3] Please refer to "Electrification, Conservation and Demand Management Report for the Year Ended December 31, 2024," Newfoundland and Labrador Hydro, April 10, 2025.
[4] Exclusive of transmission losses.

Table 2: Island Interconnected System Energy Requirements (GWh)[5]

Year	Energy (GWh)	Annual Variance
2025	8,067	-
2026	8,197	1.6%
2027	8,215	0.2%
2028	8,346	1.6%
2029	8,510	2.0%
2030	8,595	1.0%
2031	8,648	0.6%
2032	8,702	0.6%
2033	8,802	1.1%
2034	8,912	1.2%
2035	9,035	1.4%

Table 3: Labrador Interconnected System Customer Coincident Demand (MW)[6]

Year	Demand (MW)	Annual Variance
2025	449	-
2026	451	0.5%
2027	453	0.4%
2028	454	0.3%
2029	455	0.2%
2030	473	4.0%
2031	474	0.2%
2032	476	0.3%
2033	477	0.3%
2034	479	0.3%
2035	481	0.4%

[5] Exclusive of transmission and distribution losses, and station service.
[6] Exclusive of transmission losses.

Table 4: Labrador Interconnected System Energy Requirements (GWh)[7]

Year	Energy (GWh)	Annual Variance
2025	2,663	-
2026	2,670	0.3%
2027	2,675	0.2%
2028	2,679	0.1%
2029	2,713	1.3%
2030	2,768	2.0%
2031	2,773	0.2%
2032	2,779	0.2%
2033	2,785	0.2%
2034	2,793	0.3%
2035	2,778	-0.5%

e) Hydro does not maintain historical records of individual customer complaints; however, the 2024 customer engagement related to the *Reliability and Resource Adequacy Study Review* found that 80% of respondents believe that the system is reliable.[8] Customer satisfaction is also regularly assessed through biennial surveys conducted with both residential and commercial customers. Results from the 2024 residential survey indicate that 93% of customers remain highly satisfied with service reliability. Similarly, the 2023 commercial survey reported a 93% satisfaction rate in this area. The next commercial customer satisfaction survey is scheduled for fourth quarter of 2025.

f) It is Hydro's opinion that the information requested is not necessary for a satisfactory understanding of the matters to be considered in the 2026 Capital Budget Application as required by the *Board of Commissioners of Public Utilities Regulations, 1996*.

g) System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") targets are reliability metrics used by Hydro to determine its distribution business reliability performance. T-SAIDI[9] and T-SAIFI[10] are reliability metrics used by Hydro to determine its transmission business reliability performance. Hydro's

[7] Exclusive of transmission and distribution losses, and station service.
[8] *Supra*, f.n. 2.
[9] Transmission System Average Interruption Duration Index.
[10] Transmission System Average Interruption Frequency Index.

reliability performance is broken down on a quarterly basis by end consumer SAIDI and SAIFI, service continuity SAIDI and SAIFI, T-SAIDI, and T-SAIFI, which are reported in the Quarterly Regulatory Report to the Board.[11] and are posted on the Board website.[12]

[11] For the most recent report, please refer to "Quarterly Regulatory Report for Quarter ending June 30, 2025," Newfoundland and Labrador Hydro, August 19, 2025.
[12] http://www.pub.nl.ca/indexreportspages/quarterlyregulatory.php