

1 Q. **Reference: Application, 2026 Capital Budget Overview, page 10**

2 Does Hydro anticipate that capital expenditures will return to the 2015 – 2024 historical average
3 following the very high expenditures forecast for 2026 to 2030?

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6 A. The projects identified for 2026–2030 are primarily related to system growth and renewal-
7 driven capital, and Newfoundland and Labrador Hydro (“Hydro”) anticipates these types of
8 projects will continue driving capital investment in the future. Renewal expenditures are largely
9 driven by the age of Hydro’s assets, requiring prudent sustaining capital investment to ensure
10 their continued safe and reliable operation. Projects and programs classified as “system growth”
11 are those that are required to modify Hydro’s system to meet forecast changes in customers’
12 electricity resource requirements.

13 Hydro addresses its plan to meet resource adequacy and system reliability requirements as part
14 of the ongoing *Reliability and Resource Adequacy Study Review* proceeding before the Board of
15 Commissioners of Public Utilities. In addition to the Major Projects (i.e., capital expenditures
16 over \$50 million) outlined in Schedule 8 of Hydro’s 2026 Capital Budget Application, future
17 capital expenditures beyond 2030 will largely be driven by the outcome of Hydro’s next resource
18 adequacy plan update, which will determine an expansion plan to meet Hydro’s expected case
19 within the ten-year study period. The addition of new generating resources on the Island
20 Interconnected System will ultimately result in the retirement of steam generation at the
21 Holyrood Thermal Generating Station, in-part offsetting capital expenditures related to the
22 addition of new assets.