

1 Q. **Reference: Application, Five Year Capital Plan (2026 -2030) Appendix B, page B-1)**

2 What were the main drivers of the high capital expenditures (\$162.9 million) in 2025?

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5 A. As noted in the Five-Year Capital Plan in Newfoundland and Labrador Hydro's ("Hydro") 2026  
6 Capital Budget Application ("CBA"), projected expenditures in the Renewal asset category for  
7 2025 are an estimated \$162.9 million. As Hydro's assets age, its capital investment strategy aims  
8 largely to sustain current system-level reliability by renewal-driven capital investment;  
9 therefore, expenditures in this area make up the majority of its capital budget projections,  
10 consistent with previous years.

11 Expenditures in this asset category are primarily driven by the Penstock Life Extension – Phase 1  
12 (2023–2025) Project with anticipated spend, totaling \$58.0 million for the year. Other key  
13 renewal expenditures for thermal plant assets include overhaul of the Unit 3 turbine and valves  
14 (\$15.9 million) and continuation of the Perform Boiler Condition Assessment and Miscellaneous  
15 Upgrades Program (\$4.9 million). Key drivers of hydraulic generation renewal investment  
16 include refurbishment of the control structure at Ebbegunbaeg (\$6.2 million), the rewind of the  
17 generator stator at the Hinds Lake Hydroelectric Generating Station (\$5.9 million), and the  
18 continuation of the Overhaul Hydraulic Units Program (\$4.9 million).

19 Hydro's forecasted renewal expenditures in 2025 account for just over two-thirds of Hydro's  
20 total 2025 capital investment. Excluding the costs of the Penstock Life Extension – Phase 1  
21 (2023–2025) Major Project, Hydro's forecast expenditures for the 2025 Renewal asset category  
22 is approximately \$104.9 million, which is in line with actual Renewal expenditures in the  
23 previous year (\$108.1 million).