

1 Q. **Reference: Application, 2025 Capital Expenditures Overview, pages 3 to 5**

2 It appears that capital work on Holyrood TGS exceeds estimates on most every project
3 undertaken by Hydro. Has Hydro modified its project cost estimating process for Holyrood given
4 this experience and the age of the Holyrood plant?

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7 A. At the time of filing the 2025 Capital Expenditures Overview, as part of the 2026 Capital Budget
8 Application, Newfoundland and Labrador Hydro ("Hydro") identified 3 of 14 programs and
9 projects for the Holyrood Thermal Generating Station ("Holyrood TGS") that are forecast to
10 exceed their individual total budgets by more than 10% and \$100,000¹. Since the preparation of
11 the 2025 Capital Expenditures Overview, Hydro has identified 3 additional programs and
12 projects for the Holyrood TGS that are forecast to exceed their budgets by more than 10% and
13 \$100,000, for a total of 6 of 14. The primary driver of over-expenditures for these 6 projects and
14 programs is unanticipated additional scope identified through condition assessments. The full
15 extent of refurbishment work for some of Hydro's projects and programs at the Holyrood TGS
16 can only be determined after the assets are removed from service and disassembled for
17 inspection.

18 Hydro incorporates information from the execution of projects into its future year estimate
19 through inclusion of feedback from work execution and project management staff in the current
20 capital budget cycle estimate review. However, estimates are finalized in the first quarter of the
21 year prior to the year of execution and as such any feedback will not have an impact on the
22 estimates for the year immediately following.

23 Please refer to Hydro's response to CA-NLH-069 of this proceeding for further information.

¹ Explanations of annual and project expenditures which meet this variance threshold as of year-end will be included within Hydro's 2025 Carryover and Capital Expenditures Report to be filed with the Board of Commissioners of Public Utilities on April 1, 2026.