

1 Q. **Reference: Application, Capital Programs and Projects, Perform Facilities Refurbishments**
2 **(2026), Appendix D, page 36 of 110**

3 Did Hydro challenge the cost estimates included in the consultant's report? For example, it is
4 stated that "*A fire extinguisher should be provided - \$300*" and "*Install receptacle faceplates for*
5 *the storage shed receptacles - \$300*". These estimates appear to be extraordinarily high, and
6 they are before the 10% contingency has been added.

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9 A. The estimates contained in the consultant's report are intended to provide order of magnitude
10 construction costs only. The estimates include appropriate contractor overhead, design
11 contingency and location factors.

12 Newfoundland and Labrador Hydro ("Hydro") did not challenge the consultant's estimate on a
13 per item basis, but rather considered the confidence level in compiled costs for the various
14 facility refurbishment scopes. As noted in its application, Hydro applied a depreciation value of
15 2% against its current building systems inflation-adjusted original cost to establish a prudent
16 threshold for its refurbishment expenditures. The estimates provided in the consultant reports
17 were not used to develop the project budget but rather serve to select the scope of work to be
18 executed under the approved project.