

1 Q. **Reference: 2026 Capital Budget Application, Program 9, Perform Facilities Refurbishments,**
2 **page 2, lines 1 to 4.**

3 Hydro states *"To establish a prudent threshold for its refurbishment expenditures, Hydro applied*
4 *a depreciation value of 2% against its current building systems inflation-adjusted original cost of*
5 *\$274.0 million. This approach suggests an estimated annual renewal expenditure of*
6 *approximately \$5.5 million is required in 2026 to adequately maintain Hydro's building assets."*

7 a) Why has Hydro selected this estimating methodology based on inflation adjusted book
8 value and a depreciation calculation? In the response, please explain how depreciation,
9 an accounting method to allocate cost of a tangible asset over its useful life, implies the
10 investments necessary to adequately maintain an asset?

11 b) Has Hydro conducted a jurisdictional review of capital programs or other regulatory
12 mechanisms used by other utilities to address deteriorated properties? If so, please
13 provide the results. If not, why not?

14 c) Provide the calculation completed to calculate the "inflation adjusted original cost"
15 referenced on page 2.

16 d) Please provide a table showing Hydro's total capital spending on facilities
17 refurbishments in each of the last 10 years.

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20 A. a) Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to PUB-NLH-020 of
21 this proceeding.

22 b) Please refer to Hydro's response to PUB-NLH-020 of this proceeding.

23 c) Please refer to Hydro's response to PUB-NLH-020 of this proceeding.

24 d) Hydro has analyzed up to six years of historical data in preparing its program to Perform
25 Facilities Refurbishments. For data from 2019–2025, please refer to Hydro's response to
26 PUB-NLH-023 of this proceeding.

1 While data prior to 2019 may provide additional context for comparison, such granularity
2 comes at the cost of significantly more time and effort required. Hydro aims to strike a
3 balance in its utilization of historical data to provide meaningful value for decision-making
4 around capital investments while considering the complexity and cost in the interest of
5 ratepayers.