

1 Q. **Reference: Schedule 7: Capital Programs and Projects, Program 9: Perform Facilities**
2 **Refurbishments (2026)**

3 Page 13, line 14.

4 “Additionally, the program includes a \$250,000 “Facilities In-Service Failures”
5 allowance ...”

6 How does the In-Service Failures allowance fit within the overall approach by Hydro to set the
7 program budget at 2% of inflation-adjusted original cost less other facilities-related
8 expenditures outside of this program?

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11 A. Newfoundland and Labrador Hydro (“Hydro”) has included a \$250,000 Facilities In-Service
12 Failures allowance within this program to address failures or incipient failures that are identified
13 during the year of execution, that may occur within the facilities for which condition
14 assessments have been provided, or in other facilities that are required to support Hydro’s
15 operations. This allowance allows Hydro to address high-risk items that were not known at the
16 time of the proposal, but must be addressed in a timely manner to ensure safe, reliable, and
17 environmentally responsible operation of its facilities and core assets. This allowance is included
18 within the 2% of inflation-adjusted original cost investment target, such that Hydro’s total
19 planned facilities investment remains within this target.