

1 Q. **Reference: Project 5: Replace Heavy-Duty Mobile Equipment (2026 - 2028)**

2 Page 10, line 6.

3 “This project also includes \$100,000 in 2026 to address in-service failures for mobile  
4 equipment.”

5 **(a)** Describe the types of in-service failures that would be addressed with this portion of  
6 the budget.

7 **(b)** How were in-service failures described in (a) addressed in capital budgets from 2021  
8 to 2025?

9 **(c)** How does the \$100,000 to address in-service failures for mobile equipment compare  
10 with the average unit cost of this mobile equipment?

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13 A. **a)** In-service failures address premature failures of heavy-duty mobile equipment when  
14 engine hours and/or age of the asset have not reached replacement criteria, and the  
15 repair is not covered under the original equipment manufacturer warranty. These types of  
16 in-service failures include items that disable the unit and are not considered regular  
17 maintenance or replacement items. Such instances would be repairs to major powertrain  
18 components of the chassis, including engines, transmissions, axles, differentials and  
19 undercarriage components. It will also include major repairs or major component  
20 replacement on the mount aerial equipment attached to the chassis, such as hydraulic  
21 levelling components, boom replacement, large hydraulic cylinders, and rotation bearings.

22 **b)** 2025 was the first time that the heavy-duty mobile equipment replacement program  
23 included a dedicated in-service failures budget. Major component failures would have  
24 been either completed without the need for an application as their costs were less than  
25 the legislated threshold amount,<sup>1</sup> utilized the operating budget if appropriate, or, if the

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<sup>1</sup> Historically, this amount was \$50,000, until it was increased to \$750,000 in 2023.

1 equipment was close to retirement and analysis showed the least cost option would be to  
2 retire, the equipment would have been retired without repair.

3 **c)** Newfoundland and Labrador Hydro ("Hydro") maintains 38 heavy-duty assets with  
4 replacement costs ranging between \$200,000 to \$1,400,000, depending on the asset. The  
5 inclusion of an in-service failure allowance within this project began in 2025 with a total of  
6 \$100,000, which was continued in 2026. Hydro will continue to trend and monitor in-  
7 service failures for heavy - duty mobile equipment and adjust future capital budget  
8 estimates accordingly.