Q. **Reference: CA-NLH-061 p2; CA-NLH-046 p3; Volume II, Project 2 pp2,6**

For the $4.410 million boiler internal-component amount, distinguish identified work from provision for future findings. Show the cost and expected service period of identified work, and how 2024-2025 actual costs support that amount. Explain how it differs from contingency and in-service-failure funding, and what approval and reporting controls apply if the assessment changes the scope.

A. The $4.41 million referenced in Table 1 of CA-NLH-061 is the budgeted amount for currently unidentified work, which includes a provision for future findings. This budgeted amount was estimated based on the average actual costs of the Boiler Condition Assessment projects completed at the Holyrood Thermal Generating Station ("Holyrood TGS") in 2024 and 2025, including the identified work and findings for both years. Over the past two years, the average cost of identified work accounted for approximately 85% of the combined total cost of identified work and future findings.

The cost of $4.41 million includes a percentage of approximately 85% for work that is anticipated to be identified in the 2026 Boiler Condition Assessment, and 15% for work associated with future findings anticipated to be identified in the 2027 Condition Assessment. The final list of identified work for the 2027 project scope will be prepared by the boiler service contractor in early 2027, incorporating the findings from the 2026 Condition Assessment. Future findings will be identified based on the outcomes of the 2027 inspection and condition assessment. The expected service period of identified work is at least until the end of steam generation. These allocations differ from contingency and in-service failure funding in that they identify a historical trend in miscellaneous upgrade expenditures specifically related to the Boiler Condition Assessment project, and provide a more fulsome view on the expenditures related to those assets. Contingency is included in the estimate to account for uncertainty in the value of future findings, and the risk that costs associated with future findings in 2027 may increase compared to those in 2024 and 2025. The Thermal In-Service Failures budget is used in situations where immediate refurbishment or replacement must be completed due to the

occurrence of an actual failure, the identification of an incipient failure, or the identification of faster-than-anticipated equipment deterioration required to maintain the safe and reliable operation of the Holyrood TGS.

For unplanned scope items identified and executed in 2027 that individually exceed $750,000 and meet capitalization criteria, Newfoundland and Labrador Hydro ("Hydro") will implement and communicate these items to the Board of Commissioners of Public Utilities in its 2027 Capital Expenditures and Carryover Report.[1]

[1] Hydro's 2027 Capital Expenditures and Carryover Report is to be filed on or before April 1, 2028.