Newfoundland Power Inc.

2026 Capital Budget Application
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WHENEVER. WHEREVER.
We'll be there.

NEWFOUNDLAND POWER
A FORTIS COMPANY

2026 Capital Budget Application

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Outline

Background

2026 Capital Budget

Capital Project Overview

Background

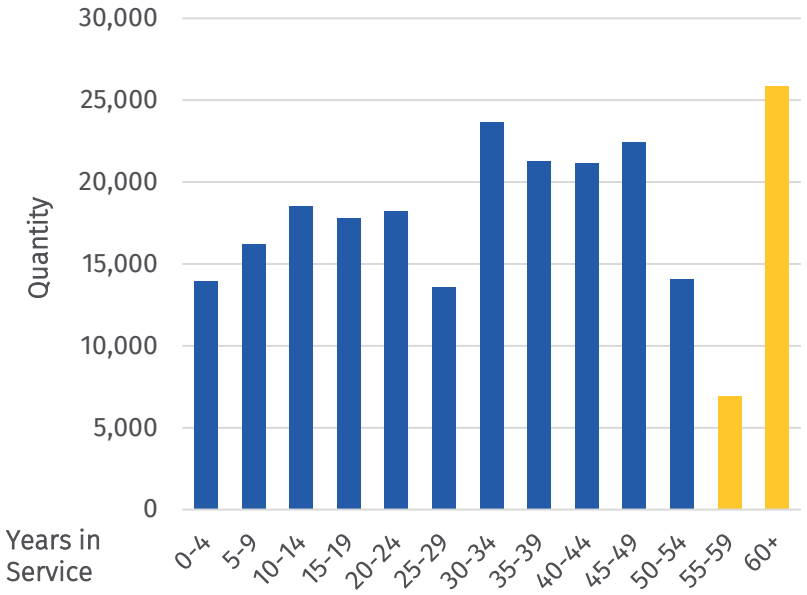
Capital Planning at Newfoundland Power

- Comprehensive process determines scope, necessity and timing of capital expenditures
- Based on sound engineering and objective data:
  - Customer connections
  - System growth
  - Asset condition
  - Economic factors
  - Industry standards
  - Operational requirements
- Expenditure alternatives assessed, including deferral, modification or advancement

Deferred/Modified/Advanced Expenditures	
Previously deferred/modified projects proposed for 2026	0
Projects planned for 2026 but deferred to subsequent years	4
Projects advanced to 2026	1

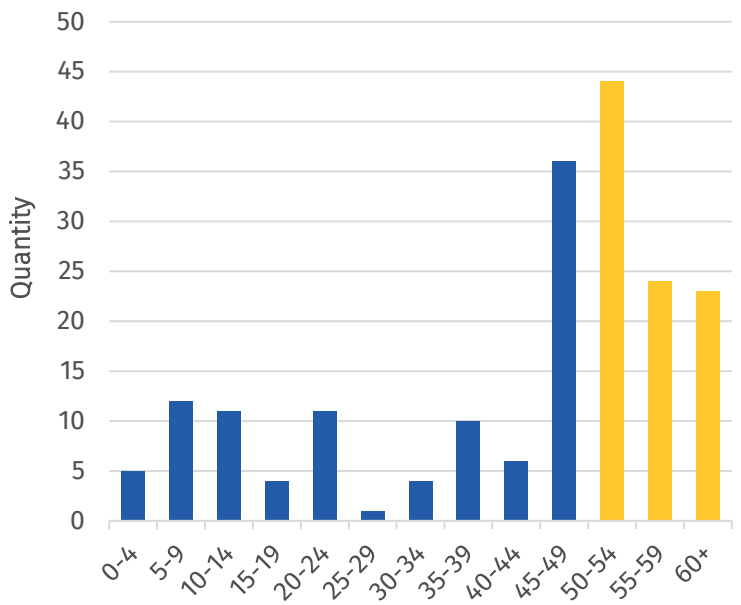
Aging Electrical System

Distribution Wooden Support Structures



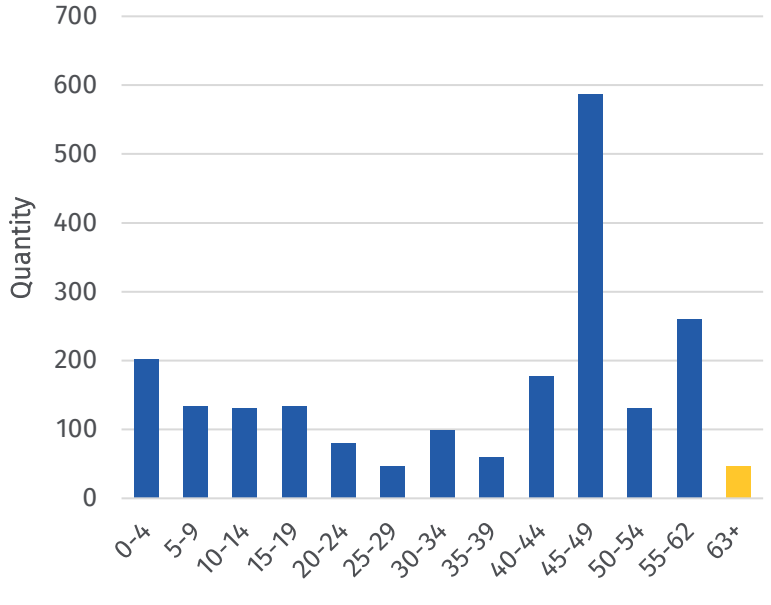
Expected Service Life: 54 Years

Substation Power Transformers



Expected Service Life: 30-50 Years

Transmission Overhead Conductor



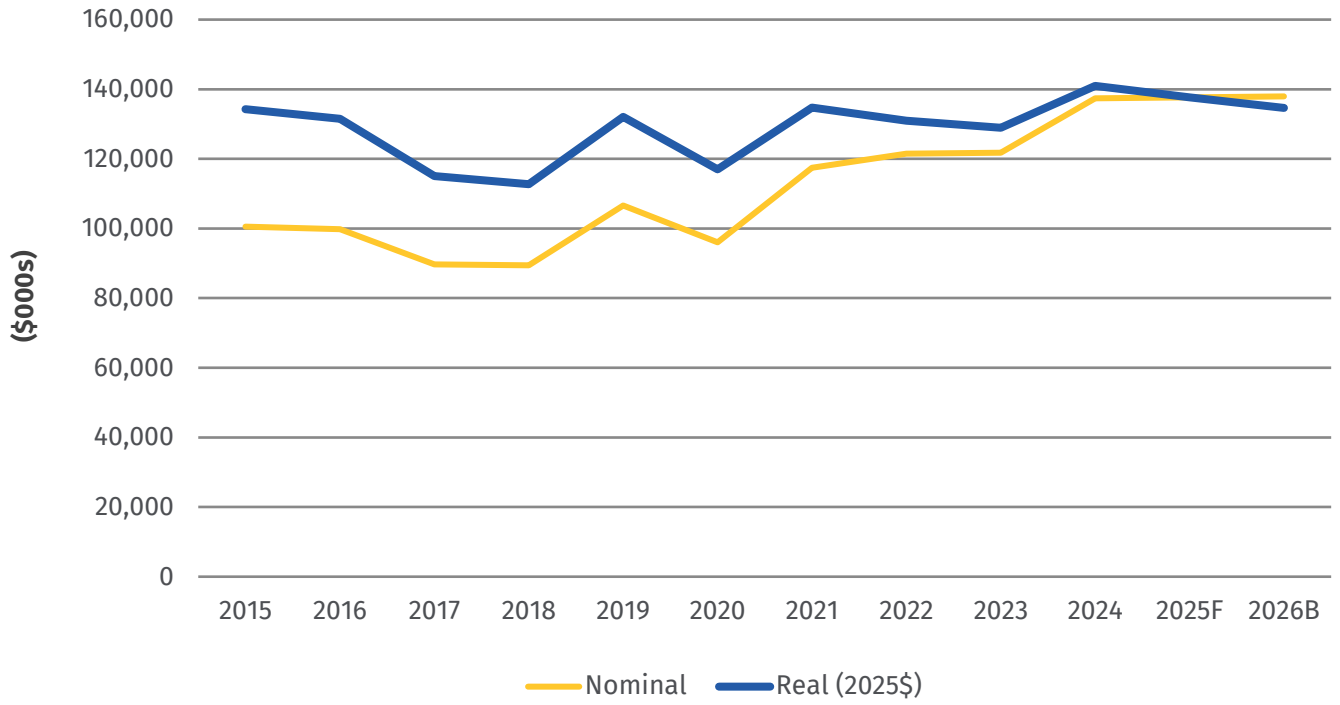
Expected Service Life: 63 Years

2026 Capital Budget

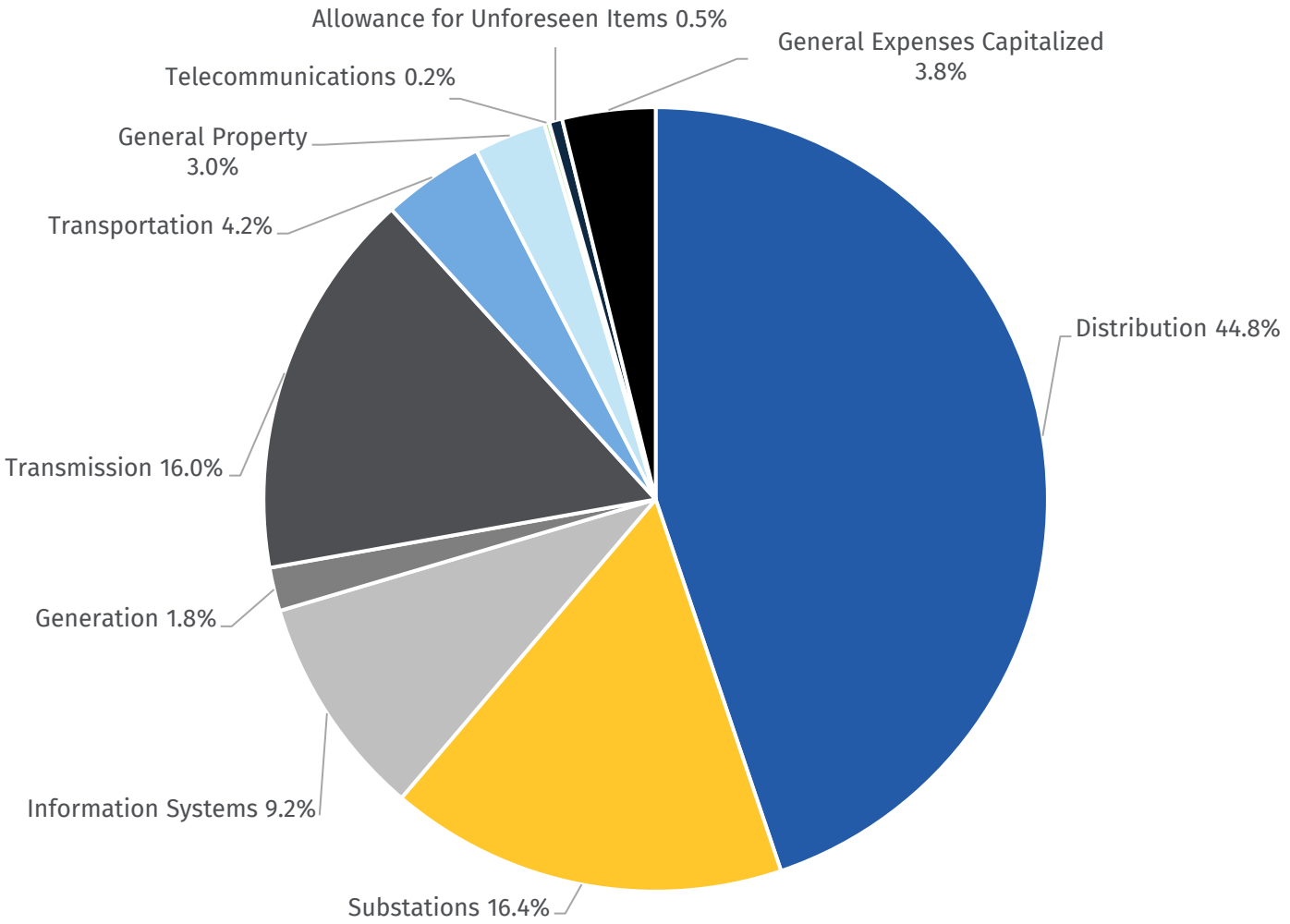
2026 Capital Budget

Expenditure Type	2026 Budget ($000s)
Single-Year > $750,000	75,158
Single-Year < $750,000	10,212
New Multi-Year	6,131
Subtotal	91,501
Previously Approved Multi-Year	46,442
Total	**137,943**

Historical Capital Expenditures



2026 Capital Budget by Asset Class



Distribution Investments

- 2,865 forecasted customer connections
- System maintenance
  - Two maintenance programs
  - One feeder refurbishment
- Service enhancements
  - LED streetlights
  - Feeder automation
- Load growth
  - Deer Lake 03

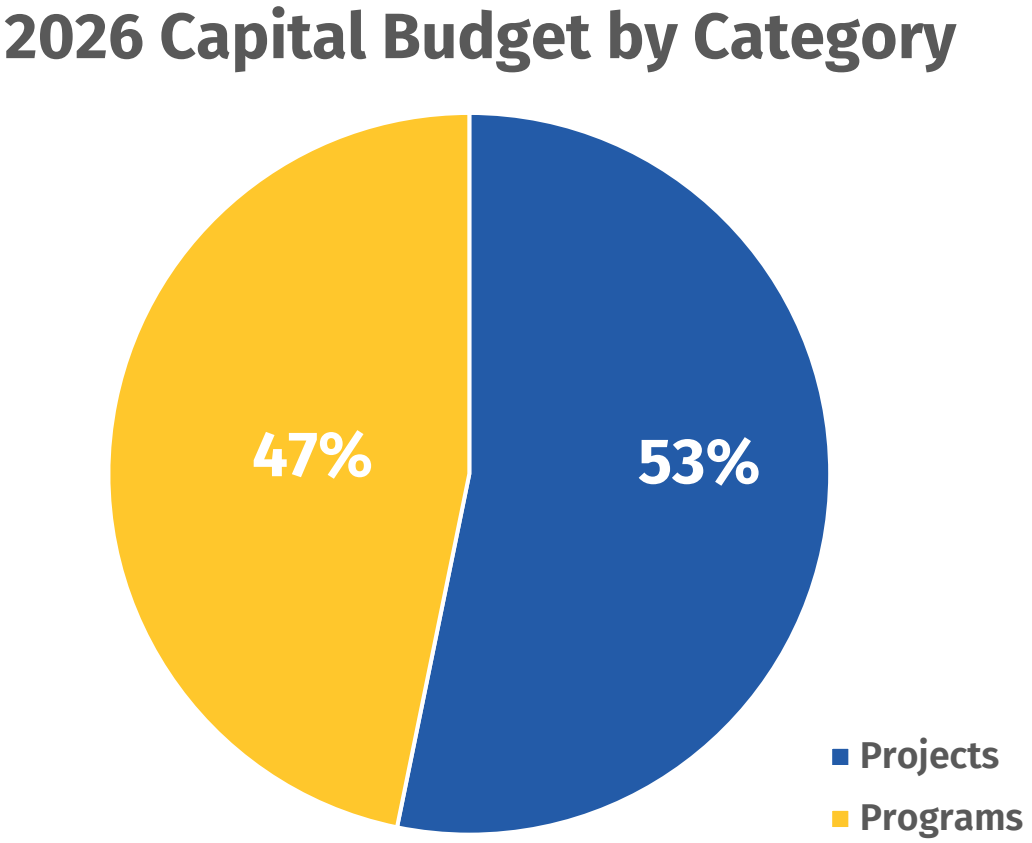
2026 Capital Budget by Category

42 Projects

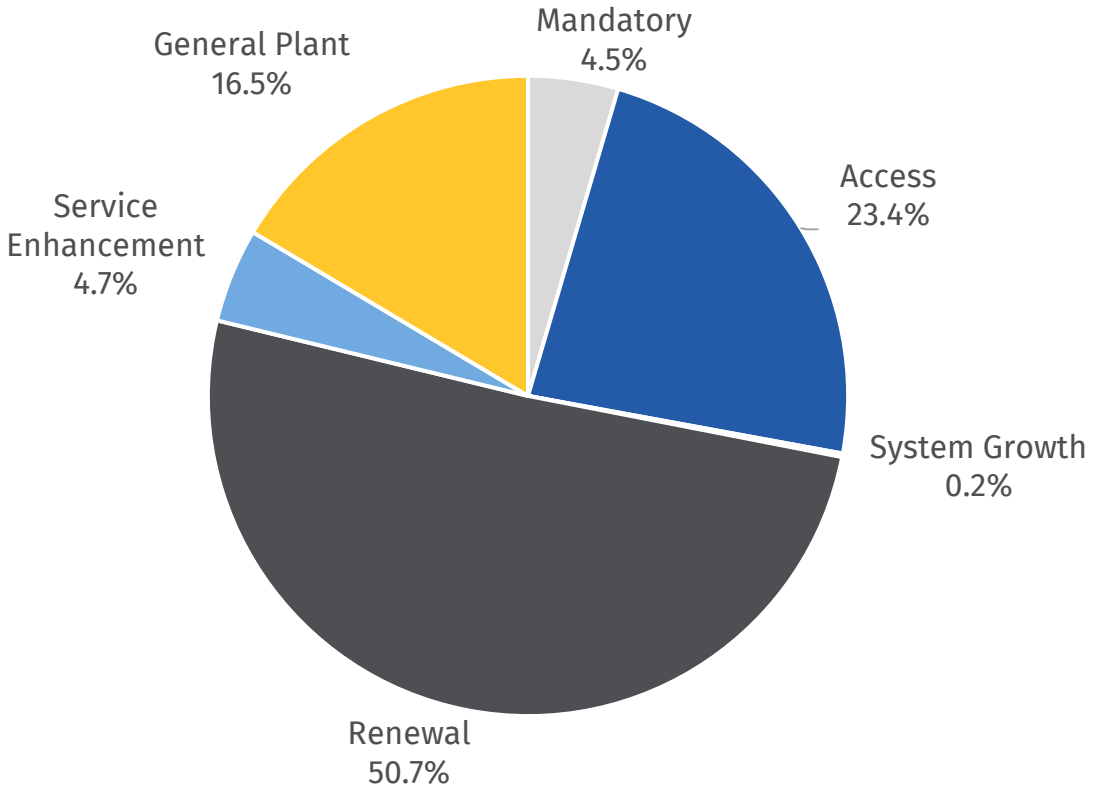
- Defined schedule, scope and budget based on detailed engineering estimates

22 Programs

- High volume, repetitive and ongoing work. Budget based on historical averages.



2026 Capital Budget by Investment Classification



Renewal Investments

- Primarily condition-based
- Corrective and preventive maintenance programs
- Proposed refurbishment projects
  - Three power transformer replacements
  - One transmission line rebuild

2026 Capital Budget by Materiality

Threshold	Quantity of Projects/Programs	Percentage of Total Expenditures
Less than $1 million	28	12%
$1 million – $5 million	23	36%
Greater than $5 million	13	52%
Total	64	100%

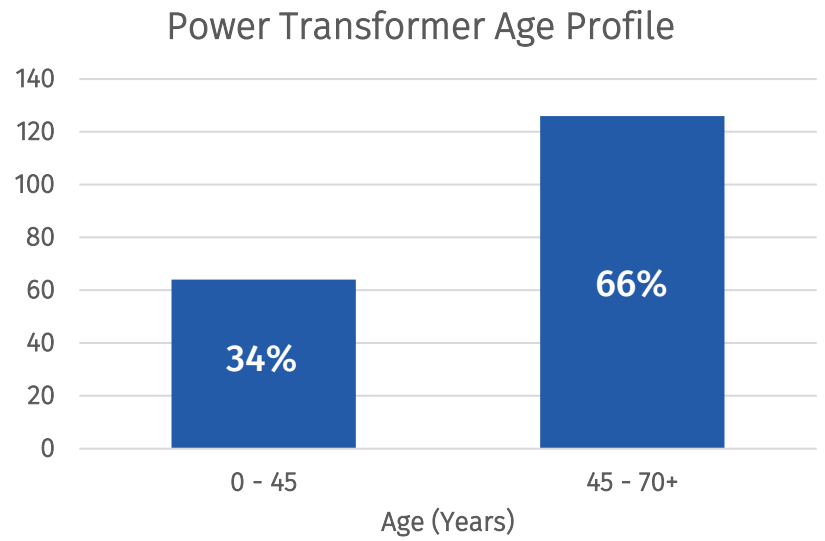
Examples of Projects over $5 million

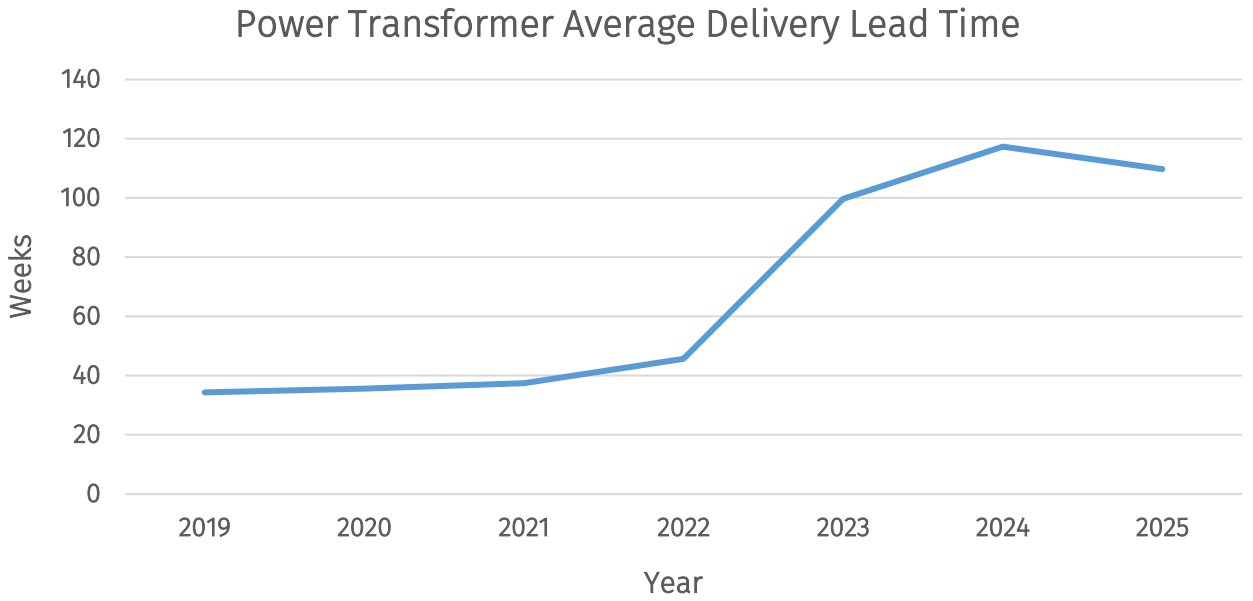
- Transmission Line 100L Rebuild
- Geographic Information System Upgrade
- Lewisporte-Boyd's Cove 138 kV Conversion

Capital Project Overview

Substation Power Transformer Strategy

- Most critical substation equipment
- Aging fleet
- Increased delivery lead times
- Limited emergency response resources





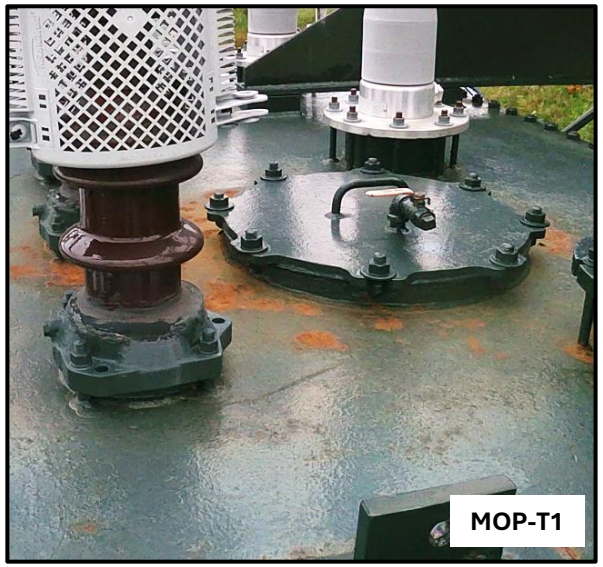
2026 Substation Power Transformers ($12.3M)

Transformer Replacements

- King's Bridge T3
  - Manufactured in 1976
  - Insulation deteriorating, rust, corrosion
- Molloy's Lane T2
  - Manufactured in 1976
  - Insulation deteriorating, rust, corrosion, leaking radiators
- Mobile Plant T1
  - Manufactured in 1951
  - Insulation deteriorating, rust, corrosion

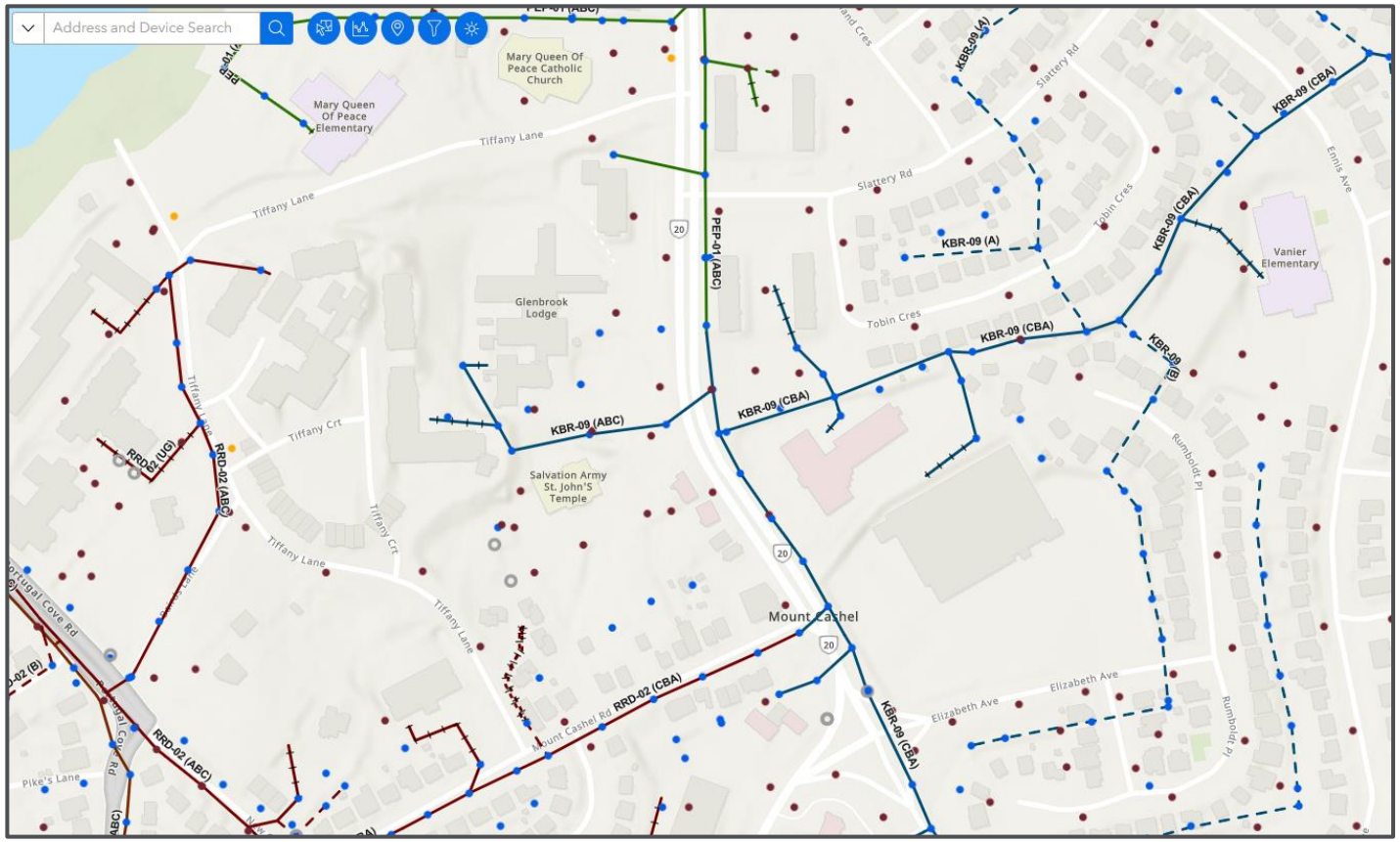
Spare Transformer

- 25 MVA, 138 – 25/12.5 kV
- Backup for 17 units with no existing spare



Geographic Information System Upgrade ($8.3M)

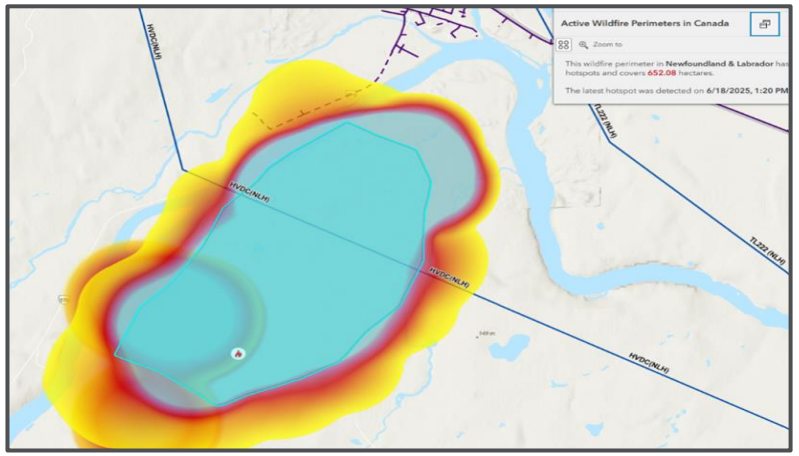
- Central location for over 1 million company assets
- Electrical connectivity
- Outage location
- Customer engagement



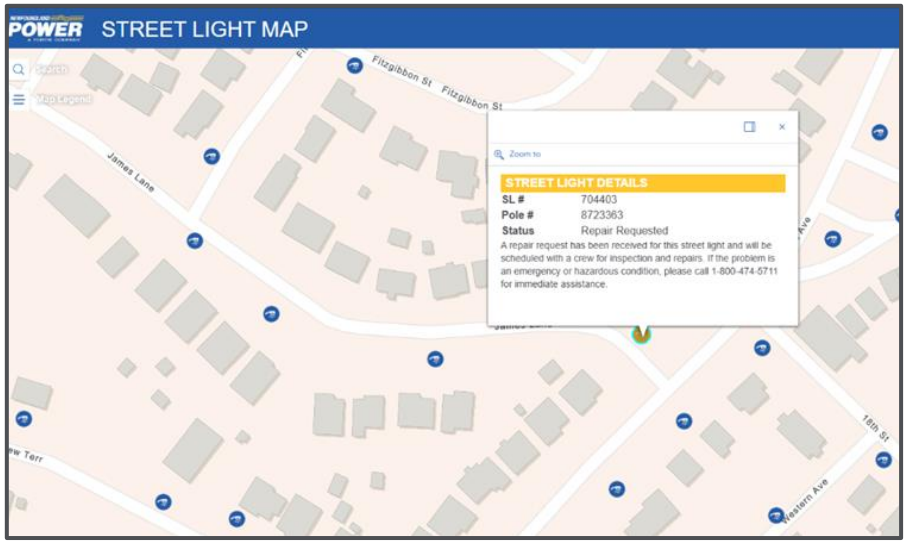
Geographic Information System Upgrade ($8.3M)

Outage Management

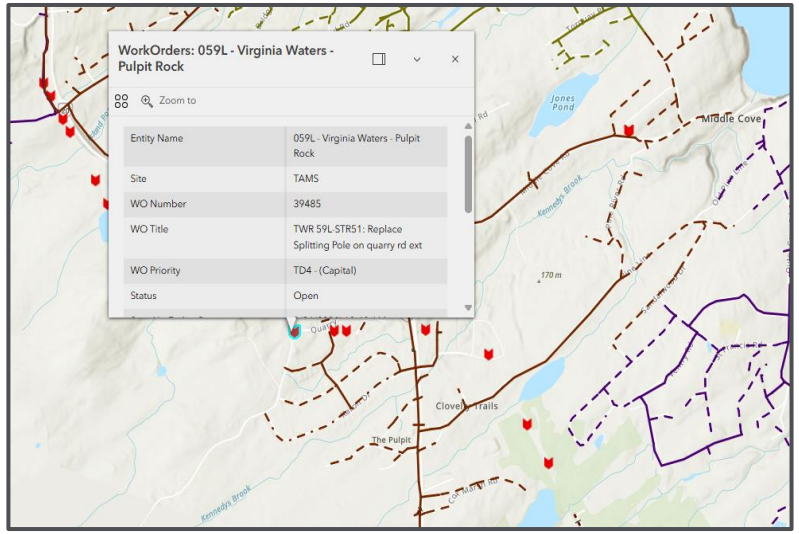
Provincial Wildfires



Street Light Management



Work Orders



Geographic Information System Upgrade ($8.3M)

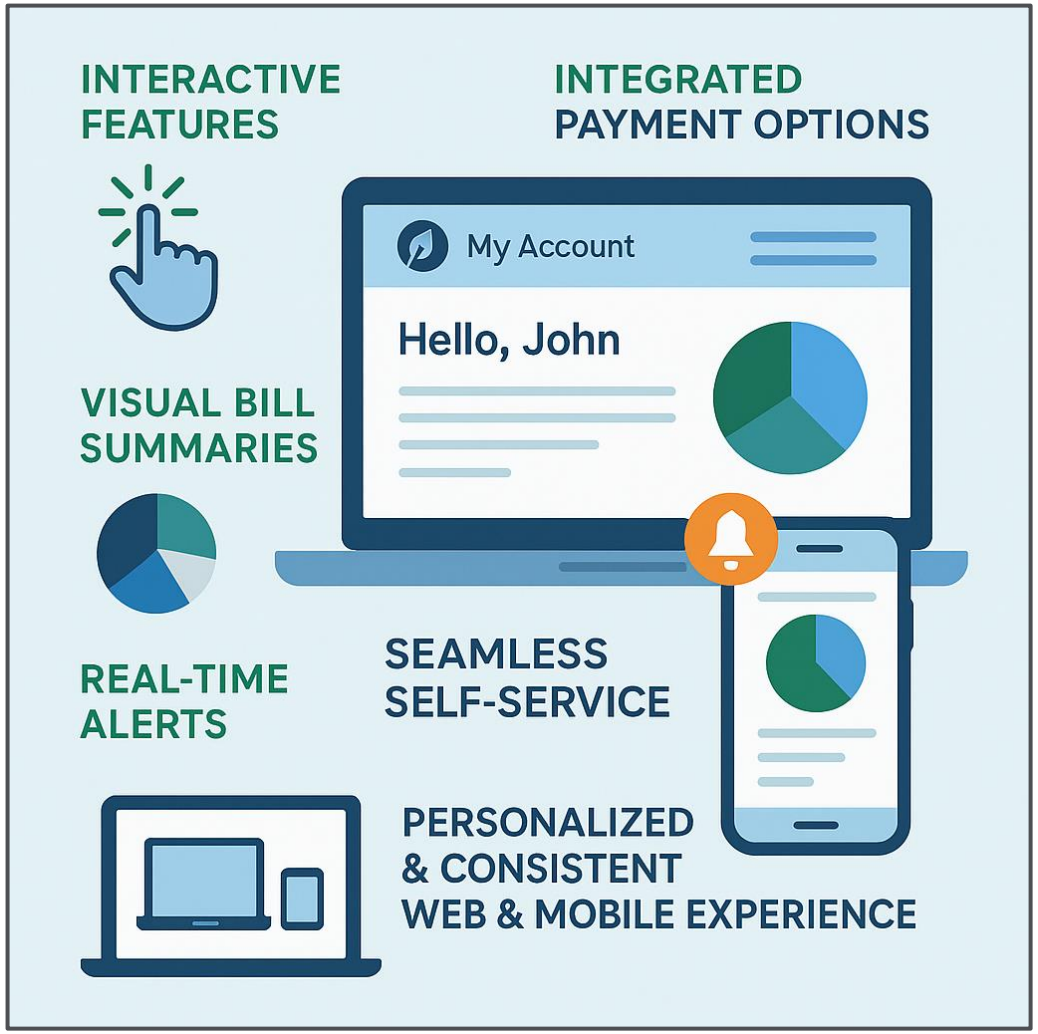
- Operational efficiencies
- Improved customer service offerings
- Critical software integrations
- End of Vendor support – Q1 2028

Customer Correspondence Modernization ($2.0M)

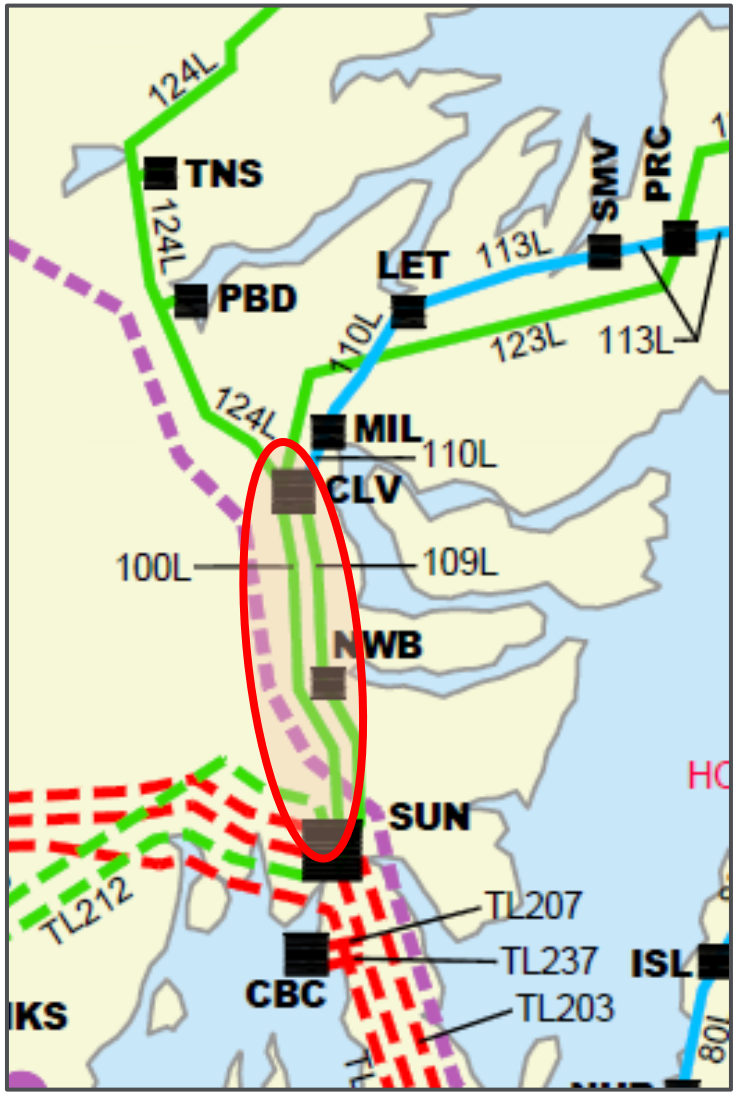
- Cost-Effective
- Legacy billing solution delivering over three million customer bills annually
- More informative bills

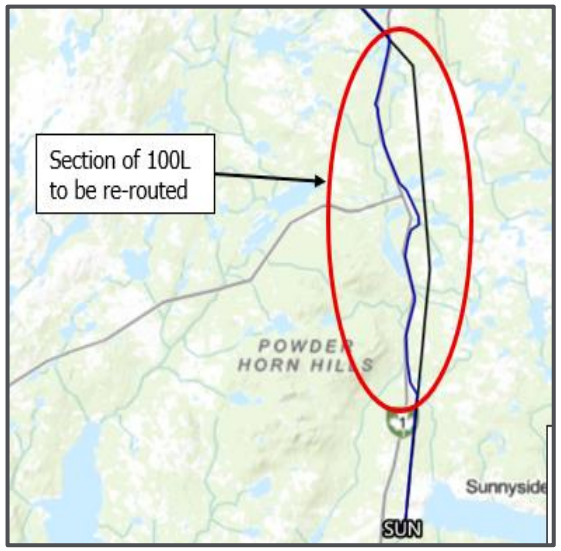
Customer Correspondence Modernization ($2.0M)

- Enhanced Digital Experience with Personalized Communication
- Improved Accessibility



Transmission Line 100L Rebuild ($13.7M)

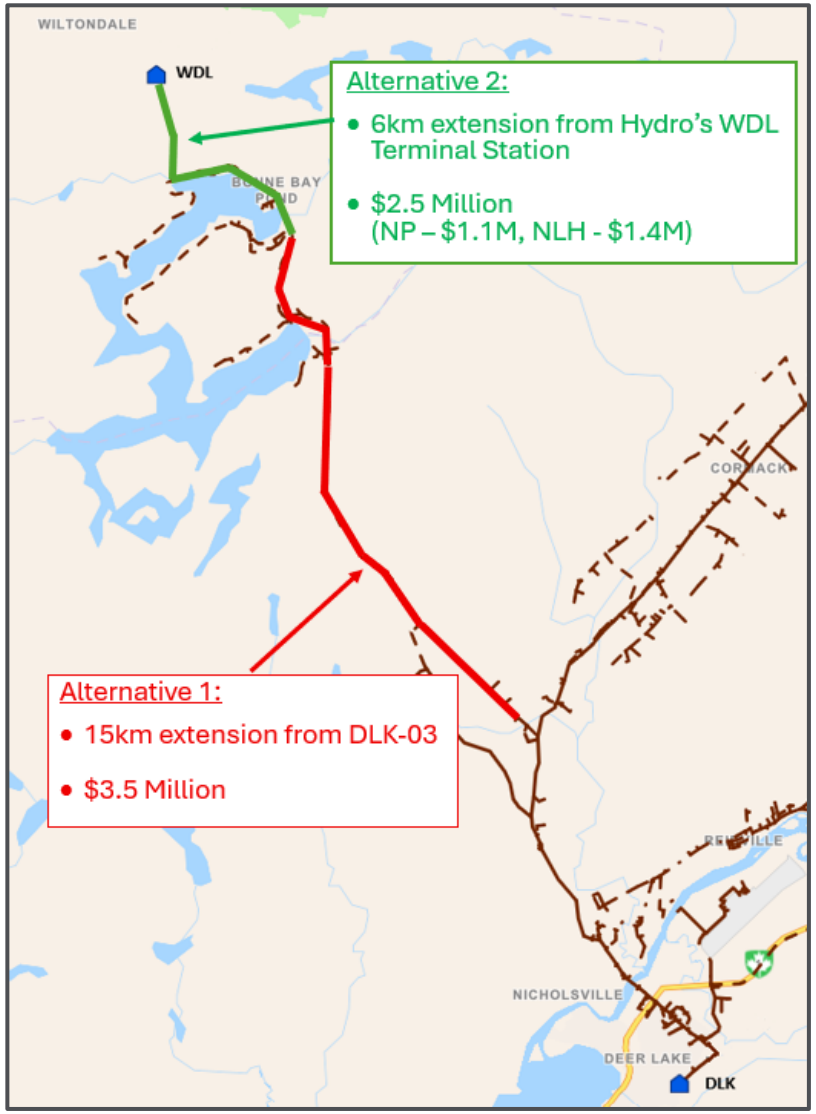




- Constructed in 1964
- Critical to Central Newfoundland 138 kV looped transmission system
- 82% of H-frame structures have deficiencies
- 251 poles requiring replacement
- Partially re-routed rebuild is least cost with reduced risk

Feeder Additions for Load Growth DLK-03 ($1.1M)

- Serves 1,490 customers
- Conductor overloads and reduced voltage
- Evaluated alternatives:
  - 3-phase upgrade ($3.5 Million)
  - Load transfer to Wiltondale ($2.5 Million)
    - NLP - $1.1 Million
    - NLH – $1.4 Million
- New supply point at Wiltondale Terminal Station



Advanced Metering Infrastructure Update

- Preliminary Assessment
  - Jurisdictional Scan
  - Preliminary Cost Estimates
  - Government Funding Opportunities
- Current AMR technology remains least cost for customers
- Continued evaluation of AMI

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