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August 19, 2025

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Newfoundland Power Inc.'s 2026 Capital Budget Application – Requests for Information

Please find enclosed Newfoundland and Labrador Hydro's requests for information NLH-NP-001 to NLH-NP-032 in relation to Newfoundland Power Inc.'s 2026 Capital Budget Application.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
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Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
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Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.
Dominic J. Foley
Douglas W. Wright
Regulatory Email

IN THE MATTER OF the *Public Utilities Act* (the "*Act*"); and

IN THE MATTER OF an application by Newfoundland Power Inc. ("Newfoundland Power") for an Order pursuant to Sections 41 and 78 of the *Act:*
(a) approving its 2026 Capital Budget; and
(b) fixing and determining its 2024 rate base.

Newfoundland and Labrador Hydro

Requests for Information

NLH-NP-001 to NLH-NP-032

August 19, 2025

GENERAL

NLH-NP-001 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, 2026 Capital Budget Overview, Appendix C, p. 1.**

> Newfoundland Power does not currently have the software or data necessary to calculate the risk mitigation or reliability improvement values of capital expenditures. Options to derive such values are among the matters being assessed by the Company as part of its ongoing asset management review.

The Capital Budget Application Guidelines (Provisional) outline the requirement for providing values of the risk mitigated per dollar spent for each project and program. Newfoundland Power has not provided risk mitigated per dollar values in its 2026 Capital Budget Application ("CBA"). Noting this, Newfoundland Power has provided risk mitigated values for proposals based on a risk matrix provided within its CBA.

For those proposals for which Newfoundland Power has provided a risk mitigated score, please provide a risk mitigated per million dollars spent using the equation of Risk divided by (budget/1,000,000). Please present this data in a Table similar to that of Table C-2 on page 6 of Appendix C, noting the risk mitigated per million for the proposal with provided risk mitigation scores.

NLH-NP-002 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, 2026 Capital Budget Overview, sec. 2.3.4., p.11, Table 3.**

Please provide a table comparing the average amount of capital investment per kilometer of transmission and distribution line owned and operated by each of Nova Scotia Power, New Brunswick Power, Maritime Electric, and Newfoundland Power for the years 2014 and 2023, presented similar to Table 3.

NLH-NP-003 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, 2026-2030 Capital Plan, sec. 3.3.2., p.16.**

> Refurbishment projects for individual distribution feeders are expected to increase over the forecast period, with annual expenditures increasing from approximately $0.7 million in 2026 to approximately $8.1 million in 2030.

Please provide a breakdown of estimated cost increases by key driver contributing to the increase in annual expenditures from 2026 to 2030.

NLH-NP-004 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, 2026–2030 Capital Plan, p. 19.**

> Increased generation expenditures include the planned refurbishment of the existing Wesleyville gas turbine in 2027 and 2028 and the Greenhill gas turbine in 2028 and 2029. The cost of refurbishing these gas turbines is approximately $40 million and $80 million, respectively.

What is the AACE estimate class and range of estimate accuracy of Newfoundland Power's gas turbine refurbishment estimates?

NLH-NP-005 **Reference: "2025 Capital Budget Application," Newfoundland Power Inc., June 28, 2024, sch. C, 2025 Capital Projects and Programs - $750,000 and Under, p. 4.**

> Newfoundland Power intends for this project to transition to a program in future years.

a) What is the status of the Wood Pole Retreatment project proposed in Newfoundland Power's 2025 CBA?

b) Is this project still expected to transition to a program in future years?

DISTRIBUTION

NLH-NP-006 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, Rebuild Distribution Lines, p. 18.**

Please provide SAIDI and SAIFI statistics for each year from 2020 to 2024 for each line planned under the 2026 program scope in comparison to the company average and the Electricity Canada Region 2 average.

SUBSTATIONS

NLH-NP-007 **"2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.1, Table 1, p. 3.**

How does Newfoundland Power prioritize substations within its Refurbishment and Modernization strategy?

NLH-NP-008 **"2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.1, p. 5.**

> Additionally, power transformers are scheduled for a major overhaul every 12 years.

How did Newfoundland Power determine the frequency of 12 years for major overhaul of power transformers?

NLH-NP-009 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.1, Appendix A, p. 3.**

> The 12.5 kV switches are 44 years old and have deteriorated from exposure to environmental factors and mechanical wear. This deterioration increases the risk of operational failure, necessitating their replacement.

What is the nature of the deterioration noted on the high voltage switches at the Greenspond Substation, and how does this deterioration impact the switch operability and reliability?

NLH-NP-010 **"2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, p. 5, Figure 2.**

Please provide the number of days for each year, 2020-2024 inclusive, in which there were no portable substations available.

NLH-NP-011 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, p. 8.**

> Over 60% of existing spare units are approaching end of life.

a) How does the limited operating time of spare transformers impact the service life, compared to transformers continually in-service?

b) Have industry groups such as CIGRE or CEATI provided guidance on spare transformer service life? If so, please provide details on any such guidance.

c) Does Newfoundland Power complete the same preventative maintenance on its substation spare transformers as its in-service units?

NLH-NP-012 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, p. 8.**

> Newfoundland Power utilizes Electric Power Research Institute's ("EPRI") Power Transformer Expert System ("PTX") to diagnose and assess the condition of its power transformer fleet.

a) Please provide a listing of power transformers in Newfoundland Power's fleet, along with their respective PTX index values.

b) How does Newfoundland Power prioritize Power Transformers for replacement?

NLH-NP-013 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, p. 9, Table 3.**

For utilities identified as having a spare transformer inventory in Table 3, please provide the percentage of in-service power transformers covered by the utilities' spare transformer inventory.

NLH-NP-014 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, p. 11.**

> Four of the 10 power transformers required replacement, while the remaining six were repaired and returned to service.

For each of the six power transformers repaired and returned to service, please provide the timespan in which the transformer was out of service for repairs.

NLH-NP-015 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, Appendix E, p. 3.**

> For comparison, in October 2015, oil samples showed that KBR-T3 was in good health with TJ|H2b indicating that the paper strength was reduced to approximately 50% tensile strength with an estimated DP of 545. [f.n. 6]

a) What tensile strength and DP threshold does Newfoundland Power utilize to trigger replacement?

b) What was the normal degradation index value for KBR-T3 in 2015?

NLH-NP-016 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Substations: 2.2, Appendix E, p. 12.**

> As indicated in Figure E-5, the Normal degradation Index of MOL-T2 is approaching the 0.60 threshold.

a) Based on trending data, when does Newfoundland Power anticipate that MOL-T2 will cross the 0.60 threshold?

b) Has Newfoundland Power considered deferring this project until the 0.60 threshold is met? If not, why not?

TRANSMISSION

NLH-NP-017 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, Transmission Line 100L Rebuild, p. 74.**

> As noted in Newfoundland Power's 2006 Transmission Line Rebuild Strategy, 37 of Newfoundland Power's transmission lines constructed between the 1940s and 1960s were not built to adequate design and construction standards by present day criteria. [f.n. 44]

Has Newfoundland Power's considered reviewing and updating its 2006 Transmission Line Rebuild Strategy? If not, why not?

NLH-NP-018 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Transmission: 3.1, p. 4.**

> A total of 122 of 148, or 82% of H-Frame structures have deteriorated poles, with the majority of these structures having both poles deteriorated. In total, there are 251 poles that require replacement. The deteriorated condition of these poles is to be expected given they have exceeded the typical useful service life of a transmission line wood pole.

What methodology has Newfoundland Power used to determine 82% of H-Frame structures have deteriorated poles? Where the determination was based on visual inspection, was further testing and engineering analysis completed to confirm?

NLH-NP-019 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Transmission: 3.1, p. 4 and 9.**

> Apart from Transmission Line 100L, each of the transmission lines which were originally constructed as part of the long Sunnyside-Gander line have been rebuilt or have a rebuild project currently underway.

and;

> The historical reliability performance of Transmission Line 100L has been reasonable. There have been thirteen outage events since 2013 due to the need to undertake preventative and corrective maintenance.

a) Removing planned outages, the total outage hours for Transmission Line 100L is 80.4 hours from 2013 to 2014. Given that the other Transmission Lines in this corridor have been rebuilt, and the reasonable historical reliability performance of the line, did Newfoundland Power consider deferral of the Transmission Line 100L Rebuild project?

b) Did any of the thirteen outage events result in outages to customers?

NLH-NP-020 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Transmission: 3.1, p. 16.**

> The NPV analysis determined that Alternative 3, which involves rebuilding Transmission Line 100L in a partially re-routed right-of-way, is the lowest cost alternative.

a) Please reconcile the statement that Newfoundland Power's NPV analysis determined that rebuilding Transmission Line 100L in a partially re-routed right-of-way is the lowest cost alternative addressing the factors below which indicate certain costs could be avoided by addressing existing deficiencies through like-for-like replacements of the deteriorated structures, or by rebuilding in a parallel right-of-way:

- The construction of any new 138 kV lines should be designed in accordance with CSA 60826. This standard is much more robust than CSA 22.1 or original design standards and will potentially require the construction of additional structures to meet rigorous strength requirements for the area in question. Refurbishing the existing line does not require meeting the new standard, in conjunction with good operational experience to date.
- Should the conductor be tested and confirmed to not have reached end of life, rebuilding in place would avoid procurement and stringing of new conductor. The cost of conductor is extremely high in today's market and is considered as one of the highest costs associated with Transmission Line procurement and installation.

b) Has the conductor for Transmission Line 100L been tested to determine condition?

NLH-NP-021 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, Transmission Line Maintenance, p. 78.**

> The budget for the Transmission Line Maintenance program is based on a historical average. Historical annual program expenditures over the most recent five-year period are expressed in current-year dollars as Adjusted Costs. The estimate for the budget year is calculated by taking the average of the Adjusted Costs and inflating it using the GDP Deflator for Canada for non-labour costs and the Company's internal labour inflation rate for labour costs.

What impact does Newfoundland Power anticipate that its Rebuild Distribution Lines program will have on the budget for the Transmission Line Maintenance program? Please explain.

INFORMATION SYSTEMS

NLH-NP-022 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, Application Enhancements, pp. 83-86.**

How did Newfoundland Power determine the frequency in which these applications are upgraded?

NLH-NP-023 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, System Upgrades, pp. 94-96.**

a) For the systems with proposed 2026 upgrades, how frequently are these systems typically upgraded, and how was this frequency determined?

b) Were any of the proposed 2026 upgrades deferred from previous years? If so, what factors have changed to require those upgrades to be completed as part of the 2026 CBA?

NLH-NP-024 **"Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, sch. B, System Upgrades, pp. 94-96.**

a) Which of the system upgrades identified for 2026 are for cloud-based technologies? Do any of the proposed upgrades require systems to be transitioned to cloud-based technologies?

b) For any of the systems using cloud-based technology, has Newfoundland Power considered the long-term cost implications of using cloud-based technologies over on-premises solutions, including future update requirements and the balance between operational and capital expenses specific to cloud-based solutions?

c) How will the transition to cloud-based technologies affect the future cost structure of future system maintenance and upgrade activities?

NLH-NP-025 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.1.**

In its CBA presentation on August 12, 2025, Newfoundland Power stated it had surveyed customers on the implementation of the Customer Correspondence Modernization and that customers were in favour of the project.

and;

Newfoundland Power stated in the same presentation that 65% of customers received electronic bills.

a) Please provide the questions and results of customer surveys relating to this project.

b) How were the surveys administered? Were those customers who receive their bill by mail contacted to complete the survey in a manner consistent with their preferred billing method?

c) How did Newfoundland Power ensure an adequate number of customers who received their bill by mail were administered the survey?

NLH-NP-026 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.1, p. 2.**

> In 2023, the Company replaced its legacy Customer Service System, creating an opportunity to evaluate a modernized customer correspondence solution.

a) Was the scope of the Customer Correspondence Modernization project included in the original estimate for the Customer Service System replacement in the 2023 CBA?

b) Did Newfoundland Power consider completing this modernization project as part of the Customer Service System project? If not, why not?

NLH-NP-027 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.1, p. 4.**

> Multiple billing periods are currently sent to customers individually rather than combined in one comprehensive bill due to limitations of the current solution. Enabling this would result in reduced costs and make it easier for customers to understand any changes to their bills.

Please itemize and provide a listing of all cost savings associated with this project.

NLH-NP-028 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.1, p. 5.**

> Of the utilities surveyed, 80 percent had either replaced their bill design solution in the past five years or were planning to do so within the next two to three years.

What systems do these same utilities currently use/used prior to replacement? What systems have they, or will they, replace these same systems with? Is the Customer Correspondence Modernization system Newfoundland Power is proposing of similar functionality and cost as those upgraded systems for other utilities?

NLH-NP-029 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.1, p. 5.**

> The primary concern is the increasing risk of obsolescence and reduced supportability.

a) Is there an immediate risk of obsolescence? When does the service provider anticipate the current solution to become obsolete, and when does it anticipate it will no longer be able to provide support?

b) Has Newfoundland Power considered deferring this project until support is no longer available to replace this system? If not, why not?

NLH-NP-030 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.1, p. 7.**

> The complexity of this project requires resources and expertise above the Company's day-to-day operational capability. Third party consulting assistance will therefore be required throughout the CCM Project if it is approved.

Given that third party consulting assistance will be required throughout the CCM project if approved, why has Newfoundland Power not allocated costs for contract labour or engineering services?

NLH-NP-031 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.2.**

a) Did Newfoundland Power perform a cost-benefit analysis for this project? If so, please provide. If not, why not?

b) How were the detailed cost estimates developed? Did Newfoundland Power receive quotes from vendors? What industry benchmarks and/or internal modelling used in these estimates?

c) What ongoing operating and maintenance costs are anticipated for this project post-implementation? Have those life cycle costs been factored into the decision to proceed with the submission of this project in the 2026 CBA?

NLH-NP-032 **Reference: "2026 Capital Budget Application," Newfoundland Power Inc., June 27, 2025, Supporting Materials, Information Systems: 4.2, p. 8.**

> There are many integrations between GIS and other business systems that have enabled centralization and spatial analysis of data from various functions.

a) Will the GIS upgrade affect current integrations with other business systems? If so, how will they be affected, and has Newfoundland Power considered the cost implications of any required mitigations?

b) Has the existing and future integration with other Newfoundland Power systems been included into the cost estimate of the proposal?

DATED at St. John’s, in the Province of Newfoundland and Labrador this 19th day of August 2025.

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