

1 **Q. (Reference Application) The Board, in Order No. P.U. 36 (2021)**

2 *"acknowledged the rate pressures which are expected in association with the*
3 *commissioning of the Muskrat Falls Project. The Board believes that, given*
4 *the circumstances, both Newfoundland Power and Hydro should renew their*
5 *efforts to provide evidence which demonstrates that every effort is being*
6 *made to reduce costs for customers while ensuring the continued provision of*
7 *reliable service."*

8 **a) Please explain NP efforts to reduce costs for customers in the 2026 CBA in**
9 **light of rate pressures brought on by Muskrat Falls, NP' s 2025-2026 GRA and**
10 **Hydro's Build Application.**

11 **b) Please provide any documentation from NP senior management to line**
12 **managers with respect to the 2026 CBA relating to budget control,**
13 **prioritization and cost efficiencies in light of current rate pressures brought**
14 **on by the Muskrat Falls Project, NP' s 2025-26 GRA and Hydro's Build**
15 **Application.**

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17 **A.** a) Newfoundland Power manages its capital investments to ensure the delivery of
18 reliable, least-cost service to customers in all operating environments.¹ Balancing the
19 cost and reliability of the service provided to customers is consistent with the
20 provincial power policy and customer service expectations.²

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22 Specific capital projects are prioritized through the capital planning process to reduce
23 overall costs to customers. For information on these projects, please see the
24 response to Request for Information CA-NP-019.

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26 b) With respect to the *2026 Capital Budget Application*, there is no documentation from
27 senior management specifically relating to the budget control, prioritization and cost
28 efficiencies in the light of the rate pressures brought on by the Muskrat Falls Project,
29 Newfoundland Power's 2025/2026 GRA and Hydro's Build Application.

¹ For a fulsome discussion on how Newfoundland Power balances cost and service reliability, see Newfoundland Power's *2026 Capital Budget Application, 2026 Capital Budget Overview, Section 2.3 Balancing Cost and Service*.

² Section 3(b)(iii) of the *Electrical Power Control Act, 1994* requires that customers receive reliable service at the lowest possible cost, in an environmentally responsible manner. Quarterly surveys routinely show that price and reliability are top concerns for customers. For more information on customers' service expectations, see the response to Request for Information CA-NP-019 filed in relation to the Company's *2025 Capital Budget Application*.