

WHENEVER. WHEREVER.
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November 13, 2025

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

Re: Newfoundland Power's 2026 Capital Budget Application – Submission of Newfoundland Power Inc.

Please find enclosed the original and 10 copies of the Submission of Newfoundland Power in relation to the Company's *2026 Capital Budget Application*.

If you have any questions, please contact the undersigned.

Yours truly,

Dominic Foley
Legal Counsel

Enclosures

c. Shirley A. Walsh
Newfoundland and Labrador Hydro

Dennis Browne, K.C.
Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.

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

IN THE MATTER OF an application by Newfoundland Power Inc. 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.

**SUBMISSION OF
NEWFOUNDLAND POWER INC.**

November 13, 2025

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TABLE OF CONTENTS

	Page
1.0 INTRODUCTION.....	1
2.0 LEGISLATIVE FRAMEWORK AND COMPLIANCE MATTERS.....	2
2.1 Legislative Framework.....	2
2.2 Compliance Matters	3
3.0 PROCESS.....	4
4.0 RESPONSE TO HYDRO'S SUBMISSION	5
5.0 RESPONSE TO CONSUMER ADVOCATE'S SUBMISSION	7
5.1 General Comments	7
5.2 Specific Recommendations	14
6.0 CONCLUSIONS.....	33
6.1 Capital Expenditures	33
6.2 Rate Base	34

1.0 INTRODUCTION

Newfoundland Power Inc. ("Newfoundland Power" or the "Company") filed its *2026 Capital Budget Application* (the "Application") with the Board of Commissioners of Public Utilities of Newfoundland and Labrador (the "Board") on June 27, 2025.

The Application seeks an order of the Board, pursuant to section 41 of the *Public Utilities Act*, approving single-year 2026 capital expenditures of \$75,158,000 comprising projects and programs costing in excess of \$750,000, single-year 2026 capital expenditures of \$10,212,000 comprising projects and programs costing \$750,000 and under, and multi-year capital expenditures for 2026, 2027 and 2028 totalling \$6,131,000, \$40,848,000 and \$8,040,000, respectively. Including \$46,442,000 in 2026 capital expenditures associated with multi-year projects previously approved by the Board, the 2026 Capital Budget totals \$137,943,000.¹

The Application also seeks an order of the Board, pursuant to section 78 of the *Public Utilities Act*, fixing and determining the Company's average rate base for 2024 in the amount of \$1,357,191,000.

The principal focus of this proceeding is whether Newfoundland Power's 2026 Capital Budget of approximately \$137.9 million is reasonably required to meet the Company's statutory obligations to serve its customers.

¹ Newfoundland Power notes that the Consumer Advocate in its submission filed incorrect figures for total capital expenditures. The Application does not entail capital expenditures totaling \$196,647,000, consisting of \$140,389,000 in new expenditures in 2026, 2027 and 2028 and \$56,258,000 for projects that were previously approved by the Board as stated by the Consumer Advocate on page 1 of its submission.

Newfoundland Power submits that its 2026 Capital Budget of approximately \$137.9 million represents the capital expenditures which are necessary to maintain its electrical system and to continue meeting its statutory obligations.

This submission will: (i) review the legislative framework under which the Application is brought; (ii) summarize the procedural history of the Application; (iii) address issues raised in the submissions of the intervenors; and (iv) conclude with Newfoundland Power's submissions with respect to the Application.

2.0 LEGISLATIVE FRAMEWORK AND COMPLIANCE MATTERS

2.1 Legislative Framework

Section 37(1) of the *Public Utilities Act* states that a public utility shall provide service and facilities which are reasonably safe and adequate and just and reasonable. Section 37(1) is a cornerstone of Newfoundland Power's obligation to serve its customers.

Section 3(b) of the *Electrical Power Control Act, 1994* provides that all sources and facilities for the production, transmission and distribution of power should be managed and operated in a manner that would result in: (i) the most efficient production, transmission and distribution of power; (ii) customers having equitable access to an adequate supply of power; and (iii) power being delivered to customers at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service.

Section 41(1) of the *Public Utilities Act* requires a public utility to submit, for the Board's approval, an annual capital budget of proposed improvements or additions to its property.

Section 41(3), together with Newfoundland and Labrador Regulation 40/23, prohibits the

1 Company from proceeding with an improvement or addition to its property in excess of
2 \$750,000 without the Board's prior approval. Section 54(1) obligates a public utility, under
3 specified conditions, to supply electrical energy to premises on being required by the owner or
4 occupier of the premises to do so.

6 **2.2 Compliance Matters**

7 The Board issued the *Capital Budget Application Guidelines (Provisional)* (the "Provisional
8 Guidelines") on December 20, 2021. The Provisional Guidelines provide direction on the
9 classification, categorization, materiality and evidentiary requirements for proposed capital
10 expenditures. With respect to required information, the Provisional Guidelines permit a utility,
11 where it is not able to provide the information, to provide other "available information".² The
12 Board noted that strict adherence to all aspects of the Provisional Guidelines may not be
13 possible, and that stakeholders should make best efforts to respect the spirit and intent of the
14 Provisional Guidelines.³ The Application complies with the Provisional Guidelines.

16 In Order No. P.U. 27 (2024) (the "2025 Capital Order"), the Board required a status report on
17 2025 capital budget expenditures be filed with the Application. The Application complies with
18 the requirements of the 2025 Capital Order.

20 In Order No. P.U. 3 (2025) (the "GRA Order"), the Board required an update on Newfoundland
21 Power's review of the implementation of Advanced Metering Infrastructure ("AMI") to be filed
22 with the Application. The Application complies with the requirements of the GRA Order.

² Provisional Guidelines, page 13 of 18.

³ Correspondence from the Board *Re: Provisional Capital Budget Application Guidelines*, dated December 20, 2021, page 2.

3.0 PROCESS

On July 25, 2025, the Board issued a schedule of dates for hearing the Application. The schedule provided for, among other items, an introductory presentation, the submission of requests for information ("RFIs"), the filing of intervenor evidence, and written submissions.

Newfoundland Power gave an introductory presentation on the Application on August 12, 2025. Board staff, Newfoundland and Labrador Hydro ("Hydro") and the Consumer Advocate attended the presentation.

On August 13, 2025, Newfoundland Power received 13 RFIs issued by the Board. On August 19, 2025, 32 RFIs were issued by Hydro, and 93 RFIs were issued by the Consumer Advocate. In total, 138 RFIs were received. Newfoundland Power responded to these RFIs on September 9, 2025.

An additional 19 RFIs were received from the Consumer Advocate on the Application on October 1, 2025. Newfoundland Power responded to these RFIs on October 14, 2025. A total of 157 enumerated RFIs have been answered as part of this proceeding.

On November 6, 2025, Hydro filed its written submission on the Application ("Hydro's Submission"). In its submission, Hydro did not object to any of the capital expenditures proposed in the Application; however, Hydro did comment on repair and maintenance strategies. Section 4 of this submission outlines Newfoundland Power's response to Hydro's Submission.

On November 6, 2025, the Consumer Advocate filed its submission on the Application (the "Consumer Advocate's Submission").⁴ Section 5 of this submission outlines Newfoundland Power's response to the Consumer Advocate's Submission.

4.0 RESPONSE TO HYDRO'S SUBMISSION

This section relates to comments made in Hydro's Submission.

Hydro confirmed that it does not object to any of the proposed capital expenditures presented in the Application. However, Hydro stated that "*Hydro maintains that Newfoundland Power should further explore opportunities to enhance repair and maintenance strategies for its assets, which could help reduce or defer the necessity of asset replacements.*"⁵ Hydro did not provide context or support for its submission. Newfoundland Power observes that Hydro's commentary is similar to its submission on the Company's *2025 Capital Budget Application* regarding the repair and replacement of Newfoundland Power's power transformers. Further, a large number of Hydro's RFIs on the 2026 Capital Budget pertained to power transformers.⁶

The Provisional Guidelines require an assessment of alternatives for proposed capital expenditures exceeding \$1 million. For proposed capital projects, prescribed alternatives include deferral, upgrade life extension, like-for-like replacement, pooling and clustering options and alternative strategies.⁷ Newfoundland Power complies with the Provisional Guidelines and

⁴ Newfoundland Power notes that neither Hydro nor the Consumer Advocate filed expert evidence in support of their respective submissions.

⁵ Hydro's Submission, page 1.

⁶ Ten of Hydro's RFIs on the Application related to the substation class, which largely pertained to power transformers. For comparison, one of Hydro's RFIs related specifically to the distribution class.

⁷ Provisional Guidelines, Appendix A, *III. Required Information*, page 15.

1 considers all viable alternatives for a proposed capital project, including repair or refurbishment
2 versus replacement, when assessing alternatives for executing an identified scope of work.⁸

3
4 In the case of power transformers, Newfoundland Power's maintenance strategy includes
5 scheduling preventative maintenance for its power transformers every 12 years. This involves
6 removing the transformer from service to perform electrical testing and to repair deficiencies.⁹
7 Following the replacement of a power transformer, the decommissioned units are assessed and,
8 depending on the condition of a transformer, it may be used for a spare, considered for repair
9 or scrapped.¹⁰ In some instances, repairing power transformer units may not reduce the
10 immediate risks being addressed and may also carry significant costs. For example, the
11 estimated cost to install a portable substation as well as to transport, assess, complete a three-
12 phase rewind, test, and integrate the KBR-T3 transformer back into the system is approximately
13 \$1,700,000. This cost could be upwards of \$2,000,000 if a spare transformer were installed to
14 allow the portable substation to be removed while waiting for the failed transformer to be
15 repaired.¹¹ Undertaking this repair would not provide any guarantee of extended life. Repairing
16 KBR-T3 would require it to be removed from service for 18 to 24 months, requiring the long-
17 term installation of a portable substation or spare power transformer. This would put additional
18 pressure on the Company's emergency response capabilities, creating an unacceptable risk to
19 customers.

⁸ *Schedule B* to the Application provides examples for each asset class where Newfoundland Power considered repair or refurbishment versus replacement. See also the *Application, 2026-2030 Capital Plan, 2.4 Asset Condition Outlook*, which outlines the Company's inspection and maintenance practices for its major asset classes. Newfoundland Power's asset management practices have been found to conform with good utility practice.

⁹ Application, report *2.2 Substation Power Transformer Strategy, Section 2.4 Preventative Maintenance and Condition Assessment*, page 8.

¹⁰ Application, report *2.2 Substation Power Transformer Strategy*, Appendix E, page 8.

¹¹ *Ibid*, page 7.

Newfoundland Power submits that the justification for all proposed capital expenditures in the Application includes the consideration of all reasonable alternatives. When appropriate, the Company considers repair or refurbishment to extend an asset's useful life. Newfoundland Power submits that it is continuously evaluating and improving its asset management practices to ensure a balance in reliability and cost-effectiveness.¹²

5.0 RESPONSE TO CONSUMER ADVOCATE'S SUBMISSION

This section relates to comments made in the Consumer Advocate's Submission. Newfoundland Power observes that the submissions made by the Consumer Advocate are mostly general in nature, with specific recommendations focusing on two proposed capital projects in the Application.¹³ Section 5.1 of this Submission addresses the Consumer Advocate's general comments while section 5.2 addresses the Consumer Advocate's specific recommendations.

5.1 General Comments

This section addresses several comments made in the Consumer Advocate's Submission, none of which directly relate specifically to specific proposed capital projects or programs.

Newfoundland Power notes that many of the general comments in the Consumer Advocate's Submission were previously raised by the Consumer Advocate during the course of the Company's *2025/2026 General Rate Application* (the "2025/2026 GRA"), as well as Newfoundland Power's *2025 Capital Budget Application* (the "2025 Application").¹⁴

¹² See the response to Request for Information CA-NP-045, part a). See also the *Balancing of Cost and Reliability – Scope of Work*, filed with the Board on October 15, 2025.

¹³ See Section 5.2, recommendations 6 and 7 of this submission.

¹⁴ For example, the issues of Newfoundland Power's management control over capital spending and the value customers place on reliability, were canvassed during the 2025/2026 GRA and the 2025 Application. See Board Order No. P.U. 3 (2025) and Order No. P.U. 27 (2024) Reasons for Decision.

Newfoundland Power also observes that several of the comments are inconsistent with the evidence on the record of this proceeding. Newfoundland Power will address certain of the Consumer Advocate's comments with specific rebuttals below. Where Newfoundland Power has not explicitly responded to or addressed a particular general comment of the Consumer Advocate, it should not be construed as Newfoundland Power being accepting of or agreeing with the Consumer Advocate's position or assertion.

The Consumer Advocate asserts that Newfoundland Power initiated its asset management review in 2022 and that, three years later, "*has not introduced a single change to its asset management practices as a result of that review.*"¹⁵ This statement is incorrect and is not reflective of the evidence on the record of this proceeding. Newfoundland Power's asset management practices and strategies evolve over time to respond to asset condition and system needs. For example, the Company has introduced its Substation Power Transformer Strategy in the Application, an evolution of its existing strategy for the management of the Company's substation assets.¹⁶

The Consumer Advocate also claims that the asset management review "*is being undertaken in response to the 'end of vendor support for the current system.'*"¹⁷ This statement misquotes the record and is incorrect. As explicitly stated multiple times on the record of this proceeding, the *Asset Management Technology Replacement* project is being undertaken in response to the end of vendor support for the current system.¹⁸

¹⁵ Consumer Advocate's Submission, page 4.

¹⁶ Application, report 2.2 *Substation Power Transformer Strategy*.

¹⁷ *Ibid.*, page 12.

¹⁸ CA-NP-049, CA-NP-094.

1 The Consumer Advocate claims that Newfoundland Power does not know what risks are on the
2 horizon that will impact customers, and that Newfoundland Power “*will hire a consultant to tell*
3 *it how to plan its system.*”¹⁹ These statements are incorrect and do not reflect the evidence on
4 the record of this proceeding.

5
6 Newfoundland Power files a five-year capital plan as part of its annual capital budget
7 application. The purpose of the five-year capital plan is to provide reasonable visibility of future
8 investment priorities and provides a discussion of key risks to the electrical system. The
9 collection of engineering reports stamped by Professional Engineers, the five-year capital plan,
10 and Newfoundland Power’s comprehensive capital planning process demonstrate the Company
11 is well equipped to address risks to the electrical system and plan its electrical system.

12 Newfoundland Power further notes that the list of distribution five-year plans provided in the
13 Consumer Advocate’s Submission are functionally similar to Newfoundland Power’s five-year
14 capital plan that is filed annually. In addition, the items listed in the appendix to the Consumer
15 Advocate’s Submission can be found throughout the Application.²⁰

16
17 The Consumer Advocate claims that Newfoundland Power agreed to conduct a Load Research
18 Study and a Retail Rate Design Review in 2021, and that “*four years later, NP has yet to offer a*
19 *single new rate design.*”²¹ This statement does not reflect the efforts being made to complete
20 the Load Research Study and Retail Rate Design Review. Newfoundland Power provided its

¹⁹ Consumer Advocate’s Submission, page 6.

²⁰ Item 1 can be found in the *2026 Capital Budget Overview, 2.0 Application Context*, Item 2 can be found jointly in the *2026 Capital Budget Overview, 2.3 Balancing Cost and Service* and the *2026-2030 Capital Plan, 2.0 Planning Context*, Item 3 can be found in the *2026-2030 Capital Plan, 2.0 Planning Context*, Item 4 can be found in the *2026 Capital Budget Overview, 3.0 Summary of 2026 Expenditures* and the *2026-2030 Capital Plan, 3.0 Summary of Planned Expenditures*, Item 5 can be found in the *2026-2030 Capital Plan, 2.3 Operations Outlook*, Item 6 can be found in the *2026 Capital Budget Overview, 2.3 Balancing Cost and Service*, and Item 7 comprises the numerous engineering reports provided in the Application.

²¹ Consumer Advocate’s Submission, page 11.

1 update on these studies on September 30, 2025, in compliance with the GRA Order.²² That
2 update outlined several milestones the Company completed as well as next steps in the studies.
3 The Consumer Advocate is engaged in the Load Research Study and the Retail Rate Design
4 Review.

5
6 Newfoundland Power's response to the Consumer Advocate's submissions regarding AMI
7 technology is provided in section 5.2 of this submission.

8
9 Newfoundland Power's Capital Spending

10 The Consumer Advocate states that Newfoundland Power should consider a longer-term
11 strategy for managing its capital assets and orientating its capital expenditure plans to help
12 mitigate the severe challenges facing the IIS."²³ The Consumer Advocate further states that
13 capital expenditures add to rate base, which adds to costs for customers and those costs are
14 further increased with any increase in Newfoundland Power's approved rate of return on rate
15 base.²⁴

16
17 Newfoundland Power manages its capital expenditures through a comprehensive capital
18 planning process. The Company's capital planning process applies sound engineering and
19 objective data to determine which expenditures are required annually to provide customers with
20 access to safe and reliable service at the lowest possible cost.²⁵ The capital planning process
21 serves to balance the cost and reliability of the service provided to customers.

²² See Board Order P.U. 3 (2025). See also Newfoundland Power's Submission *RE: Load Research and Rate Design Update*.

²³ Consumer Advocate's Submission, pages 3-4.

²⁴ *Ibid*, page 2.

²⁵ Application, *2026 Capital Budget Overview*, page 2.

Capital projects are reviewed and updated annually to reflect the latest condition assessments, forecasts of electrical system load, changes in economic factors or industry requirements, and changes in operational requirements. When it is determined that a capital expenditure may be necessary, Newfoundland Power assesses all viable alternatives for executing the required work where applicable. This includes both alternatives to the scope of a capital expenditure, such as a like-for-like replacement or upgrade, and alternatives that could result in the deferral of capital expenditures. The Application identifies four capital projects that were planned for 2026 but have been deferred to future years.²⁶

The Company's cost management associated with its capital expenditures has been previously recognized by the Board. In Order No. P.U. 36 (2021) Reasons for Decision, the Board stated: *"The record shows that Newfoundland Power's capital planning process is comprehensive and includes reasonable controls on capital spending."*²⁷ Further, in the GRA Order, the Board rejected the Consumer Advocate's repeated submission that targeting lower reliability would result in cost savings for customers.²⁸ Newfoundland Power submits that it continues to focus on managing capital expenditures while maintaining service reliability for customers. The Company has provided information on the record which shows that the Company's capital investments are consistent with other Atlantic Canadian utilities. For example, from 2014 to 2023 Newfoundland Power's capital investment in transmission and distribution assets increased at a lower rate than other Atlantic Canadian Utilities.²⁹

²⁶ Application, *2026 Capital Budget Overview*, page 4.

²⁷ Order No. P.U. 36 (2021) Reasons for Decision, page 45.

²⁸ Order No. P.U. 3 (2025), page 67, lines 30-38.

²⁹ Application, *2026 Capital Budget Overview*, page 11 and NLH-NP-002.

Regarding the Consumer Advocate's submissions on the Company's rate base, changes in the Company's rate base primarily reflect both the change in annual capital expenditures and depreciation expense in each year. Annual capital expenditures are approved by the Board. Depreciation expense is calculated using depreciation rates, which are also approved by the Board as part of general rate applications. Changes in additions to, and deductions from, rate base also affect the calculation of the forecast average rate base. These items include a combination of Board orders, operation of approved regulatory mechanisms and longstanding regulatory practice.

Newfoundland Power observes that the Board's financial consultants, Grant Thornton, have confirmed that Newfoundland Power's 2024 actual average rate base is accurate and in accordance with established practice and Board Orders.³⁰

Finally, the Consumer Advocates suggests that Newfoundland Power's 2026 Capital Budget can be "strategically reduced".³¹ In suggesting a "strategic reduction", the Consumer Advocate relies on broader matters that are outside the record of this proceeding, such as Hydro's Reliability and Resource Adequacy Study, as well as outside the scope of section 41 of the *Public Utilities Act*.

Section 41 of the *Public Utilities Act* focuses the scope of the Board's inquiry to whether the capital expenditures included in the 42 projects and programs in Newfoundland Power's proposed 2026 Capital Budget are justified for the Company to meet its statutory obligations. The Board has recognized that justified capital expenditures contribute to the delivery of least-

³⁰ See section 6.2 for additional information.

³¹ *Ibid.*, page 3.

1 cost service to customers.³² Newfoundland Power submits that the Consumer Advocate's
2 commentary supporting its suggestion that the 2026 Capital Budget can be strategically
3 reduced does not demonstrate that any of the projects or programs contained in the Application
4 are not justified. Further, the Company submits that the Consumer Advocate's suggestion does
5 not fully consider the Board's finding that justified capital expenditures are part and parcel with
6 the delivery of least cost electricity to customers.

7
8 Overall, Newfoundland Power submits that all of the proposed expenditures in the Application
9 are justified for the Company to meet its statutory obligation to provide safe, adequate and
10 reliable service to customers at the lowest possible cost in an environmentally responsible
11 manner and should be approved.

12 13 Newfoundland Power's Substation Refurbishment and Modernization Projects

14 While the Consumer Advocate has not made any specific recommendations regarding the
15 Company's proposed *Greenspond Substation Refurbishment and Modernization* project, the
16 Consumer Advocate's Submission includes broad statements that equipment failure and spill
17 containment are not justification for undertaking the project.³³ Newfoundland Power disagrees
18 with the Consumer Advocate's statements that equipment failure and spill containment do not
19 form part of valid justifications for undertaking the *Greenspond Substation Refurbishment and*
20 *Modernization* project. Substation assets are critical to electrical system reliability and, because
21 of this, substations must be designed and maintained to provide a high degree of reliability.
22 Deteriorated substation assets, if not maintained, increase the risk of equipment failure which

³² See Order No. P.U. 7 (2002-2003), in which the Board stated: "From a regulatory perspective, efficient operations, fully justified capital expenditures, and a low cost capital structure all combine to minimize revenue requirement, and hence provide least cost electricity to ratepayers."

³³ Consumer Advocate's Submission, pages 12-13.

1 exposes all customers, including those served by Greenspond ("GPD") Substation, to the risk of
2 extended outages. Therefore, the risk of equipment failure resulting from deteriorated
3 infrastructure identified through a detailed condition assessment is a valid justification for
4 undertaking capital investment at the GPD Substation to ensure the continued provision of safe
5 and reliable service to customers served by GPD Substation.

6
7 Further, the topic of spill containment has been addressed as part of this proceeding and has
8 been demonstrated to effectively manage the environmental and safety risks from oil spills.³⁴
9 The construction of substation spill containment foundations is recommended by engineering
10 standards. IEEE Standard 980-2021 *Guide for Containment and Control of Oil Spills in*
11 *Substations* recommends spill containment to prevent or mitigate the environmental impacts of
12 an oil release or spill. These impacts can range from the clean-up costs incidental to a spill, to
13 the contamination of water supplies. Additionally, IEEE Standard 979-2012 *Guide for Substation*
14 *Fire Protection* recommends spill containment to minimize the surface area of a spill, which
15 provides fire protection benefits.³⁵ This information has previously been provided to the
16 Consumer Advocate in the response to RFI CA-NP-115 filed in relation to the Company's 2025
17 Capital Budget Application.

18 19 **5.2 Specific Recommendations**

20 The Consumer Advocate's Submission provides seven specific recommendations for the Board
21 to consider in the Application. This section provides an overview of each project or program

³⁴ For example, in February 2023, there was an incident where approximately 500 litres of oil was captured in a transformer spill containment, which prevented environmental contamination related to oil releasing from a power transformer. See the Application, report 2.1 2026 Substation Refurbishment and Modernization, page 16, footnote 47.

³⁵ Application, report 2.1 2026 Substation Refurbishment and Modernization, page 16.

(where applicable), summarizes the Consumer Advocate's comments on each recommendation, and provides the Company's response to those comments.

Recommendation #1

Consumer Advocate's Submission

The Consumer Advocate states that the Board should finalize the Provisional Guidelines, and that Newfoundland Power does not meet the requirements set out therein.³⁶

Newfoundland Power's Response

With respect to the Consumer Advocate's assertion that Newfoundland Power does not currently meet the requirements of the Provisional Guidelines, the Company notes that it has met the information requirements of the Provisional Guidelines when the required information is available. Consistent with section V.A.1.b of the Provisional Guidelines, where the Company is not able to provide the required information, it has provided an explanation as to why the information cannot be provided, as well as the basis upon which the proposals should be approved in its absence.

Part III of Appendix A of the Provisional Guidelines provides that, where a utility is not able to provide required information, it should provide other available information which may be of assistance to the Board. For example, the Provisional Guidelines require that projects and programs classified as Renewal, Service Enhancement or General Plant be evaluated for risk mitigation, and that risk mitigation be calculated in conformance with an internationally recognized standard.³⁷ The Provisional Guidelines also require projects and programs be

³⁶ Consumer Advocate's Submission, pages 4 and 5.

³⁷ Provisional Guidelines, pages 16-17.

provided in the form of a prioritized list with prioritization based on calculations of risk mitigation or reliability improvement.³⁸ Although Newfoundland Power is not able to provide calculations of risk management or reliability improvement, in order to comply with the spirit and intent of the Provisional Guidelines, the Company developed a methodology to provide consistency in its assessment of risk across projects and programs. This methodology uses a risk matrix where priority is determined based on assessments of probability and consequence.³⁹

Regarding the Consumer Advocate's recommendation that the Board should finalize the Provisional Guidelines, Newfoundland Power notes that the Board has established a separate process for consideration of the overall capital budget approval process applicable to both Newfoundland Power and Hydro.⁴⁰ The Board's *Capital Budget Application Guidelines Review* (the "Guidelines Review") was established in 2019. The Guidelines Review resulted in the development and implementation of the Provisional Guidelines in January 2022. The Guidelines Review has not concluded, and the Provisional Guidelines have yet to be finalized. Consequently, the finalization of the Provisional Guidelines is outside of the scope of this proceeding. In correspondence from the Board dated May 23, 2025 the Board stated it had engaged a consultant to assist in an asset management system assessment of Hydro. The Board stated, "*upon completion of the asset management assessment, the Board will advise of next steps in the review of the Capital Budget Application Guidelines.*"⁴¹ Newfoundland Power

³⁸ *Ibid*, page 17.

³⁹ For additional information on the Company's risk matrix methodology, see the Application, *Schedule B*, page iii.

⁴⁰ As noted by the Board in the 2025 Order, the Guidelines Review "*are the subject of separate Board processes and would be more appropriately addressed as part of those processes.*" See Board Order No. P.U. 27 (2024) Reasons for Decision, page 18.

⁴¹ See correspondence from the Board *RE: Capital Budget Application Guideline Review – To Parties – Update on Review Process*, dated May 23, 2025.

has been engaged in the Guidelines Review process since its beginning, and will continue to be engaged in the next steps in the review at the direction of the Board.

Recommendation #2

Consumer Advocate's Submission

The Consumer Advocate states that the Board should require Newfoundland Power to complete a "Strategic Distribution Plan" prior to submission of its 2027 Capital Budget Application.⁴²

Newfoundland Power notes that the Consumer Advocate previously raised this issue during the 2025/2026 GRA, at which time it was fully addressed by the Company, and the Board stated it "is satisfied that it is not appropriate at this time to direct the development of a distribution planning guideline."⁴³ This issue was also thoroughly canvassed during the 2025 Application.⁴⁴

Newfoundland Power's Response

Newfoundland Power's distribution system is planned and constructed in a manner consistent with its *Distribution Planning Guidelines*, *Service and Metering Guide*, and *Schedule of Rates, Rules and Regulations*. The Company's *Distribution Planning Guidelines* contain information on Newfoundland Power's distribution system planning criteria, distribution automation policy, and net metering requirements. The *Distribution Planning Guidelines*, as well as the Company's existing asset management policies and practices, and forecasts for new customer connections and load growth, are used in developing the five-year Capital Plan.⁴⁵ The *Distribution Planning Guidelines* are also consistent with the *Distribution Planner's Manual* produced by the Distribution Line Asset Management Interest Group for the Centre for Energy Advancement

⁴² Consumer Advocate's Submission, page 8.

⁴³ Board Order No. P.U. 3 (2025), page 71, lines 15-17.

⁴⁴ See *Submission of Newfoundland Power RE: 2025 Capital Budget Application*, pages 12-13.

⁴⁵ See the 2025 Application, CA-NP-028.

1 through Technological Innovation, to which Newfoundland Power is a contributor.⁴⁶ The
2 Company's current distribution planning processes further the objectives of providing safe and
3 reliable least-cost service to customers in an environmentally responsible manner.
4
5 Newfoundland Power notes that while the Board determined that it was not appropriate to
6 direct the development of a distribution planning guideline as part of the 2025/2026 GRA, it did
7 direct Newfoundland Power to submit a scope of work for the development of a strategic plan
8 as to its approach to the balancing of cost and reliability, identifying issues and challenges that
9 may have significant implications for its system and customers and potential strategies to
10 address these issues in the short, medium and long term.⁴⁷ Newfoundland Power complied with
11 this directive and submitted its scope of work on October 15, 2025, which was accepted as filed
12 by the Board on October 31, 2025.⁴⁸
13
14 Newfoundland Power submits that its current distribution planning processes, documentation,
15 and participation in industry organizations and peers ensure proper planning of the distribution
16 system. The Company further submits that development of a new or reformatted five-year
17 distribution expansion or strategic plan is not necessary to ensure Newfoundland Power's
18 distribution system is planned and managed in a manner consistent with the *Electrical Power*
19 *Control Act, 1994*. Newfoundland Power further submits that this issue has no direct bearing on
20 the justification of any specific project or program in the Application.

⁴⁶ See the 2025 Application, CA-NP-205.

⁴⁷ Board Order No. P.U. 3 (2025), page 71, lines 25-29.

⁴⁸ See correspondence from the Board *RE: Newfoundland Power Inc. – Balancing Cost & Reliability Over the Long-Term – Scope of Work – Filed in Compliance with Board Order No. 3 (2025) – Accepted as Filed*.

Recommendation #3Consumer Advocate's Submission

The Consumer Advocate recommends that the Board should order Newfoundland Power to move to AMI technology and begin installing AMI as soon as possible before the end of 2026, and that Newfoundland Power should provide an implementation plan to the Board by March 1, 2026.⁴⁹ The Consumer Advocate cites the AMI implementation in New Brunswick as support for its recommendation.⁵⁰

The Consumer Advocate also argues for “a shift in NP’s capital spending towards an immediate plan to implement AMI throughout the IIS.”⁵¹

Newfoundland Power's Response

The Consumer Advocate’s submission does not fully consider: (i) the effort and customer cost of a fulsome AMI business case; (ii) the age and benefits of Newfoundland Power’s AMR technology; (iii) the cost of AMI technology; (iv) metering practices across Canada; and (v) the differing circumstances of the Company compared to those of other Atlantic Canadian provinces at the time of their AMI implementations. Finally, the Consumer Advocate’s argument to shift capital spending from justified capital projects to an AMI implementation is not consistent with the *Public Utilities Act* or the *Electrical Power Control Act, 1994*.

Fulsome business cases for larger projects are lengthy and costly processes that typically occur near the end of life of the current asset so as not to duplicate efforts and customer costs. Newfoundland Power estimates the cost of a fulsome business case for AMI to be approximately

⁴⁹ Consumer Advocate’s Submission, page 10.

⁵⁰ *Ibid.*

⁵¹ *Ibid.*, page 17.

1 \$2.5 million and that it would take roughly 16 months to complete.⁵² The estimate and timeline
2 of a fulsome AMI business case is based on the Company's experience associated with the
3 transition to its modern Customer Information System ("CIS").⁵³

4
5 The Company's implementation of AMR took place between 2013 and 2018 and has provided
6 substantial benefits to customers since that time.⁵⁴ For example, Newfoundland Power
7 estimates that the implementation of AMR meters has resulted in lower meter reading costs of
8 approximately \$28 million over the 2013 to 2024 timeframe.⁵⁵ The Company's AMR technology
9 will require mass replacement in the mid-2030s. Based on current Canadian utility practice,
10 Newfoundland Power anticipates that transitioning to AMI at that time will be a reasonable
11 alternative to re-investing in AMR technology. The Company notes that, unlike the transition to
12 AMR, the transition to AMI requires distinct supporting infrastructure and communications
13 networks and, as such, maintaining and operating two metering technologies concurrently
14 would result in additional customer costs and operational complexities for the Company.⁵⁶

15
16 Currently, the estimated capital cost of implementing AMI technology is \$118 million.⁵⁷ Beyond
17 the upfront network and project costs associated with an AMI implementation, the average cost
18 of an AMI meter is estimated to be \$220 per meter or roughly double the average cost of an
19 AMR meter of \$110 per meter.⁵⁸ In addition, the annual costs associated with operating AMI
20 technology is estimated to be more than 40% higher than the annual costs to operate AMR

⁵² Application, 2026-2030 Capital Plan, AMI Update, footnote 2.

⁵³ CA-NP-095, part g).

⁵⁴ Application, 2026-2030 Capital Plan, AMI Update, section 2.0 Current Metering Technology.

⁵⁵ CA-NP-093, part a).

⁵⁶ Application, 2026-2030 Capital Plan, AMI Update, section 2.0 Current Metering Technology.

⁵⁷ *Ibid.*, section 3.3 Preliminary Cost Estimates.

⁵⁸ *Ibid.*

1 technology.⁵⁹ Transitioning to AMI at this time would increase the costs borne by customers for
2 metering.

3
4 While adoption rates of AMI by electrical utilities have increased, Newfoundland Power notes
5 that AMR and its predecessor technology, electromechanical metering, are both still used by
6 Canadian electrical utilities.⁶⁰ Newfoundland Power completed a jurisdictional scan of 20 utilities
7 across Canada with respect to their metering practices. The scan found that seven utilities have
8 implemented AMI, with one of those utilities transitioning from powerline carrier AMI to AMI,
9 and another five currently transitioning from AMR to AMI. The remaining eight utilities continue
10 to use AMR, electromechanical meters, or a combination of these technologies.⁶¹ The Company
11 has observed that the deployment and realized benefits of AMI projects vary by situation and
12 jurisdiction-specific factors such as the age and type of its existing metering technology,
13 government mandates and funding opportunities, as well as other anticipated benefits.⁶²

14
15 With respect to Nova Scotia Power Inc.'s ("Nova Scotia Power") and New Brunswick Power
16 Corporation's ("New Brunswick Power") AMI projects, Newfoundland Power observes that the
17 utilities applied to their regulators when their existing meters were nearing the end of expected
18 service lives.⁶³ Both utilities were able to realize significant savings from transitioning from
19 electromechanical meters.⁶⁴ Newfoundland Power's current circumstances are different than
20 those of Nova Scotia Power and New Brunswick Power as the Company does not have any

⁵⁹ Application, 2026-2030 Capital Plan, AMI Update, section 4.0 Conclusion.

⁶⁰ Application, 2026-2030 Capital Plan, AMI Update, section 2.0 Current Metering Technology.

⁶¹ Application, 2026-2030 Capital Plan, AMI Update, section 3.1 Jurisdictional Scan.

⁶² *Ibid.*

⁶³ CA-NP-093, part a).

⁶⁴ *Ibid.*

1 electromechanical meters in service and the average age of its AMR meter fleet is an estimated
2 ten years.⁶⁵

3
4 Newfoundland Power's circumstances are generally more comparable to that of Maritime
5 Electric Company Limited ("Maritime Electric") based on the fact it transitioned from a full AMR
6 system to AMI technology. With respect to Maritime Electric, Newfoundland Power observes
7 that it implemented AMR meters in 2005 before applying to its regulator to implement AMI
8 meters beginning in 2024, representing an in-service period of 19 years.⁶⁶ Further, Maritime
9 Electric received \$19 million in federal funding, offsetting the AMI project costs of \$38.6 million
10 by almost 50% to support its transition to AMI technology at that time.⁶⁷

11
12 Based on the foregoing, Newfoundland Power submits that the Consumer Advocate's
13 recommendations regarding the filing of an AMI implementation plan by March 1, 2026 and the
14 installation of AMI meters by the end of 2026 are not reasonable and not supported by the
15 evidence on the record of this proceeding.

16
17 With respect to the Consumer Advocate's argument for a "shift" in proposed capital spending
18 towards the implementation of AMI, Newfoundland Power submits that such an approach would
19 be inconsistent with the *Public Utilities Act* and the *Electrical Power Control Act, 1994*.

20 Newfoundland Power submits that its proposed 2026 capital expenditures are necessary to
21 maintain its electrical system and to continue meeting its statutory obligations. In contrast,
22 transitioning to AMI at this time would increase the costs borne by customers for metering,
23 which is inconsistent with the Company's obligation to provide service to customer at least cost.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

Recommendations #4 and #5Consumer Advocate's Submission

The Consumer Advocate states that the amount paid for by a Contribution in Aid of Construction ("CIAC") is unknown, and that Newfoundland Power should begin recording customer contributions to the specific capital programs with which they are associated.⁶⁸

The Consumer Advocate states that is not unreasonable to have customers pay at least some minimal contribution towards the capital expenditure for its *Extensions, New Services* and *New Meters* programs.⁶⁹ The Consumer Advocate asserts that "*such contributions would not be contrary to NP's legislative obligation... as long as such capital fees are not unreasonable or onerous,*" and that "*to the extent requestors contribute to capital costs of their new service requests, NP's rate base growth would be reduced, which reduces the cost for all customers of funding NP's return on rate base.*"⁷⁰

The Consumer Advocate recommends that: (i) Newfoundland Power should begin recording customer contributions to the specific capital programs with which they are associated; and (ii) Newfoundland Power should develop a set of customer fees to be paid as capital contributions for new capital expenditures based on specific requests and based on the principle that there should be at least a minimum capital contribution.⁷¹

⁶⁸ Consumer Advocate's Submission, page 14.

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*

⁷¹ *Ibid.*

Newfoundland Power's Response

Newfoundland Power disagrees with the Consumer Advocate's statement that CIAC contributions are "unknown", and is not reflective of the evidence on the record of this proceeding. The Company provided its current practice for recording contributions, which is in accordance with long-standing Board-approved practices, and includes: (i) Upon receipt, Newfoundland Power records all contributions directly to a general ledger account within its current System of Accounts approved by the Board; (ii) The total contributions received from customers or government entities as well as the annual amortization calculated on outstanding balances are reconciled and provided in Return 7 of the Company's Annual Reports to the Board, as directed by the Board; and (iii) The total unamortized contribution balance each year is deducted from Newfoundland Power's net plant investment in the calculation of its rate base and reported in Return 3 of the Company's Annual Reports to the Board, as directed by the Board.⁷²

Newfoundland Power submits that recording contributions directly to a specific capital program is not in compliance with current direction from the Board. Therefore, the Consumer Advocate's Recommendation #4 is not appropriate.

Regarding the Consumer Advocate's recommendation that customers pay at least some minimal contribution towards the capital expenditure, effectively, the Consumer Advocate is recommending that customers pay a portion of the capital investment needed to connect them to the electrical system.

⁷² CA-NP-110, part c).

Newfoundland Power disagrees with the Consumer Advocate's assertion that requiring such a contribution would not be contrary to the Company's legislative obligations. The Consumer Advocate does not address how the recommendation is consistent with Newfoundland Power's legislative obligations which require consumers in the province to have equitable, non-discriminatory, and non-preferential access to the electrical system, as required by Section 3 of the *Electric Power Control Act, 1994*. Newfoundland Power's Residential and General Service Contribution in Aid of Construction Policies, which are approved by the Board, require customers to pay a contribution when it is appropriate to do so. The Consumer Advocate also does not address whether it is possible for all customers to obtain the necessary capital and the cost of such capital, nor does it provide a definition of an "unreasonable or onerous" contribution.

The Consumer Advocate recognizes that this recommendation may be a departure from traditional utility practice and provides no examples of other jurisdictions where such a recommendation has been implemented.⁷³

In Newfoundland Power's view, requiring a contribution in this manner is inconsistent with the provision of service in manner that is least cost. Newfoundland Power further submits that the Consumer Advocate's proposal is inconsistent with the principles of regulated rate-setting and contrary to Board-approved policies.

Newfoundland Power submits that, for these reasons, the Consumer Advocate's Recommendation #5 is not appropriate.

⁷³ Consumer Advocate's Submission, page 14.

Recommendation #6

Project Overview

The Application proposes 2026 capital expenditures of \$782,000 in 2026 and \$1,175,000 in 2027, totaling \$1,957,000 for the *Customer Correspondence Modernization* project (the “CCM Project”).⁷⁴

The CCM Project is required to ensure the secure, personalized and efficient communication of customer billing information which is a critical business operation to continue to support customers.⁷⁵

Consumer Advocate’s Submission

The Consumer Advocate states that the results of customer surveys indicate that the majority of its surveyed customers are satisfied with the current bill design, and that customers do not want a change in bill design.⁷⁶ The Consumer Advocate also asserts that Newfoundland Power’s assessment of benefits to customers is not monetary, but to provide a better billing experience, and that net operating savings go to Newfoundland Power and governments.⁷⁷

The Consumer Advocate recommends that the Board reject the *Customer Correspondence Modernization* project.

⁷⁴ Application, *Schedule B*, page 87.

⁷⁵ *Ibid.*, page 89.

⁷⁶ Consumer Advocate’s Submission, page 15.

⁷⁷ *Ibid.*

Newfoundland Power's Response

Newfoundland Power disagrees with the Consumer Advocate's assertion that customers are satisfied with the current bill design and that customers do not want a change in bill design. As provided on the record of this proceedings and as referenced by the Consumer Advocate, Newfoundland Power gathered feedback from customer surveys which indicated that customers feel the current bill lacks clarity and functionality in several key areas, including but not limited to understanding individual energy usage and complex billing calculations.⁷⁸ In addition, the current bill design does not provide options to address individual accessibility requirements or personalization requirements.⁷⁹ Completing the CCM Project will allow Newfoundland Power to continue to adequately serve its entire customer base.

Newfoundland Power disagrees with the Consumer Advocate's assertion that net operating savings go to Newfoundland Power and governments. The Consumer Advocate's assertion is not reflective of the evidence on the record of this proceeding. Newfoundland Power has provided a net-present value analysis to compare the viable alternatives.⁸⁰ The analysis demonstrates that undertaking the CCM Project results in a positive net present value and therefore will lower costs for customers over the life of the project. As stated on the record of this proceeding, operating savings resulting from the CCM Project will be reflected in Newfoundland Power's next general rate application filing.⁸¹

The Consumer Advocate in its assessment of the justification for the CCM Project has not considered the identified deficiencies and upcoming obsolescence of the current bill design

⁷⁸ Application, report 4.1 Customer Correspondence Modernization Project, Section 2.1 Customer Service.

⁷⁹ *Ibid.*, Section 2.2 Accessibility and Personalization.

⁸⁰ *Ibid.*, Appendix A.

⁸¹ CA-NP-019 and CA-NP-074.

platform. The known deficiencies result in hours of daily effort to manually review, correct, and redistribute billing correspondences or to answer customer calls and emails to explain or correct information previously distributed. Examples of known deficiencies with the current bill design include but are not limited to residential tenant interactions, bill corrections, and multiple billing periods on one bill.⁸²

In addition, the current bill design is nearing end of life, with vendor support scheduled to end on December 31, 2028.⁸³ After this date, vendor support for the design software will end and the current system will be obsolete. Allowing support to expire introduces significant risk. Specifically, (i) once a product is no longer sold or maintained, access to reliable fixes and updates becomes severely limited; (ii) unsupported software tends to stagnate, becoming functionally obsolete and increasingly vulnerable to risks such as cybersecurity threats; and (iii) as vendors disengage, their specialized expertise required to resolve issues becomes scarce or unavailable.⁸⁴ To ensure continuity of service and mitigate operational risk, Newfoundland Power does not allow vendor support to lapse for critical systems.

Newfoundland Power submits that the customer correspondence solution is a critical business system in delivering approximately 3.5 million customer communications annually.

Newfoundland Power further submits that proposed 2026 expenditures associated with the *Customer Correspondence Modernization* project are required to provide reliable service at the lowest possible cost and result in more efficient and effective customer service delivery and should be approved.

⁸² Application, report 4.1 *Customer Correspondence Modernization Project*, Section 2.3 *Known Deficiencies*.

⁸³ PUB-NP-008, part c).

⁸⁴ NLH-NP-029, part b).

Recommendation #7

Project Overview

The Application proposes 2026 capital expenditures of \$1,346,000 for the *Distribution Feeder CAB-01 Extension* project⁸⁵ and 2026 capital expenditures of \$150,000 for the *Mount Carmel Pond Dam Fibre* project⁸⁶ (collectively, the “Mount Carmel Gate Projects”).

The Mount Carmel Gate Projects are required as part of the *Mount Carmel Pond Dam Refurbishment* project that was approved in the 2025 Application.⁸⁷ The Mount Carmel Gate Projects involve installing a new fibre optic cable and single-phase distribution line in order to automate the gatehouse.

Consumer Advocate’s Submission

The Consumer Advocate states that the Mount Carmel Gate Projects were not considered in the 2025 Application and must be evaluated on their merits in this Application, and that the rationale for the total proposed expenditures is labour-saving.⁸⁸ The Consumer Advocate submits that the two projects have not been justified and there is no evidence that the benefits of the previously approved Refurbishment Project would be reduced without them.⁸⁹

The Consumer Advocate recommends that the Board reject the *Distribution Feeder CAB-01 Extension* project and the *Mount Carmel Pond Dam Fibre* project.

⁸⁵ Application, *Schedule B*, page 8.

⁸⁶ Application, *Schedule C*, page 6.

⁸⁷ Board Order No. P.U. 27 (2024).

⁸⁸ Consumer Advocate’s Submission, page 16.

⁸⁹ *Ibid.*, page 17.

1 Newfoundland Power's Response

2 While Newfoundland Power agrees that the two proposed projects must be evaluated on their
3 justifications as presented in the Application such that the Board can determined they are
4 required to ensure the delivery of reliable service to customers at least cost, the Company
5 submits that the fulsome justification for the projects has been provided as part of the 2025
6 Application. Newfoundland Power also disagrees with the Consumer Advocate's assertion that
7 the rationale for the two projects is solely labour-saving.

8
9 As part of the *Mount Carmel Pond Dam Refurbishment* project approved as part of the 2025
10 Application,⁹⁰ a lifecycle cost analysis was completed which included the capital costs associated
11 with the Mount Carmel Gate Projects.⁹¹ The lifecycle cost analysis demonstrated that
12 undertaking the projects, including the Mount Carmel Gate Projects, provided a net benefit for
13 customers of between 7.12 ¢/kWh and 7.28 ¢/kWh. The differences between costs and benefits
14 suggest any reasonable variance in the estimates will support continued operation of the
15 development.

16
17 Newfoundland Power also provided a condition assessment of the outlet gate structure as part
18 of the *Mount Carmel Pond Dam Refurbishment* project, which demonstrated that while the
19 gatehouse structure is in good condition, the outlet gate system, including the gate operator, is
20 in poor condition and is not suitable for future automation.⁹²

⁹⁰ Board Order No. P.U. 27 (2024).

⁹¹ See report 4.1 *Mount Carmel Pond Dam Refurbishment* as filed in Newfoundland Power's 2025 Capital Budget Application.

⁹² *Ibid.*, pages 8-9.

1 Newfoundland Power submits that the proposed Mount Carmel Gate Projects as identified in the
2 2025 Application are fully justified. The Island Interconnected System is capacity constrained.⁹³
3 As such, there is a need for least-cost capacity additions on the Island Interconnected System.
4 Automation of the outlet gate, to be accomplished by the proposed Mount Carmel Gate
5 Projects, is necessary to enable efficient and precise discharge of water from the Mount Carmel
6 Pond reservoir and to maximize generation during the winter peak season when customers
7 need it most.⁹⁴ Automation of the Mount Carmel Pond Dam provides a least-cost opportunity for
8 Newfoundland Power to increase peak capacity provided by the Cape Broyle and Horse Chops
9 hydroelectric plants by approximately 1.5 MW.⁹⁵
10
11 Contrary to the Consumer Advocate's submission, the Mount Carmel Gate Projects enhance the
12 benefits of the previously approved Mount Carmel Pond Dam Refurbishment Project. The Mount
13 Carmel Gate Projects will enable remote operation of the gate which is expected to occur
14 multiple times a day during the winter season. It provides Newfoundland Power the ability to
15 discharge water and maximize generation capacity during the morning and evening peak
16 periods and store water during off-peak periods.

⁹³ See Hydro's *Application for Capital Expenditures for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine – Redacted*, March 21, 2025, Schedule 1: Application Overview – Bay d'Espoir Unit 8 and Avalon Combustion Turbine, page 4, lines 1-11.

⁹⁴ The Cape Broyle – Horse Chops hydroelectric development, of which the Mount Carmel Pond outlet gate forms a part of, represents approximately 14.5 MW of capacity and accounts for 18.7% of the total normal hydroelectric production of Newfoundland Power, providing capacity to the Island Interconnected System, particularly on the Avalon Peninsula. See report *4.1 Mount Carmel Pond Dam Refurbishment* as filed in Newfoundland Power's *2025 Capital Budget Application* and the response to Request for Information CA-NP-042.

⁹⁵ See the 2025 Application, CA-NP-134. The capital cost to automate the gate structure at the Mount Carmel Pond Dam was estimated at approximately \$2.2 million or \$1,467 / kW. This compares to the capital costs of hydroelectric resource options detailed in Hydro's *Reliability and Resource Adequacy Study* ranging from \$3,345 / kW for Bay d'Espoir Unit 8 to \$19,055 / kW for Round Pond. At the time of filing the 2025 Application, the projects were considered a lower cost of capacity compared to Bay d'Espoir Unit 8. Since that time, Hydro has filed its *2025 Build Application* with an updated cost for Bay d'Espoir Unit 8 estimated at \$1.08 billion, or \$7,200 / kW (\$1,080,000,000 / 150,000 kW = \$7,200 / kW). This further demonstrates the cost effectiveness of the Mount Carmel Pond Gate Projects.

1 The benefits gained by automating the Mount Carmel Pond Gate cannot be achieved through
2 manual labour as submitted by the Consumer Advocate. The Mount Carmel Pond Dam is
3 located in a remote location that is 22 km along Route 10 from the nearest district office and a
4 further 13 km along a road that requires an off-road vehicle in the winter.⁹⁶ There are no
5 accommodations for employees at this remote location and to achieve the same benefits as
6 automation, travel and gate adjustments would be required during all hours during the winter
7 season. This would introduce health and safety concerns for Newfoundland Power employees
8 tasked with operating the gate. During winter peak conditions or system emergencies,
9 Newfoundland Power employees may be prohibited from safely travelling to the Mount Carmel
10 Pond Dam to operate the gate throughout the peak period. This could impede the ability of
11 Newfoundland Power to provide necessary capacity during winter peak conditions.

12
13 As detailed above, the Consumer Advocate's submission to reject the Mount Carmel Gate
14 Automation project is inconsistent with Section 3(b) of the *Electrical Power Control Act, 1994*
15 which requires that all sources and facilities for the production, transmission and distribution of
16 power be managed and operated in a manner that would result in the most efficient production
17 of power and for that power to be delivered to customers at the lowest possible cost, in an
18 environmentally responsible manner, consistent with reliable service.⁹⁷

19
20 Newfoundland Power submits that the *Distribution Feeder CAB-01 Extension* project and the
21 *Mount Carmel Pond Dam Fibre* project have been fully justified and should be approved.

⁹⁶ CA-NP-042.

⁹⁷ *Electrical Power Control Act, 1994*, Section 3(b)(i) and 3(b)(iii).

6.0 CONCLUSIONS

6.1 Capital Expenditures

The projects and programs proposed in the Application are necessary to: (i) respond to customer growth and changes in customer requirements; (ii) replace deteriorated, deficient or failed equipment; (iii) respond to mandatory requirements; (iv) address safety and environmental issues; or (v) maintain or improve operational efficiencies and customer service levels.

Hydro does not object to any of the capital expenditures proposed in the Application. The submission of the Consumer Advocate does not provide the evidence to refute the need or justification of any project or program proposed in the Application. The record of this proceeding together with this submission have fully addressed the general and specific issues raised in the Consumer Advocate's submission.

The Company submits that its justifications for proposed capital projects and programs are based on sound engineering judgments that have not been contradicted by any evidence on the record. The 2026 Capital Budget includes consideration of all reasonable alternatives and demonstrates that the proposed projects and programs are necessary to maintain safe and adequate facilities, and to provide electrical service that is least cost, reliable and environmentally responsible.

Newfoundland Power submits that pursuant to section 41 of the *Public Utilities Act*, single-year 2026 capital expenditures of \$75,158,000 comprising projects and programs costing in excess of \$750,000, single-year 2026 capital expenditures of \$10,212,000 comprising projects and programs costing \$750,000 and under, and multi-year capital expenditures of \$6,131,000 in

2026, \$40,848,000 in 2027 and \$8,040,000 in 2028 should be approved. Including \$46,442,000 in 2026 capital expenditures associated with multi-year projects previously approved by the Board, the 2026 Capital Budget of \$137,943,000 represents the capital expenditures required in 2026 to meet Newfoundland Power's statutory obligations, including the delivery of reliable service to its customers at the lowest possible cost, in an environmentally responsible manner.

6.2 Rate Base

Newfoundland Power has requested that the Board fix and determine the Company's 2024 average rate base. Schedule D to the Application shows Newfoundland Power's actual average rate base for 2024.

The Board's financial consultants, Grant Thornton, have reviewed the calculation of Newfoundland Power's 2024 actual average rate base and confirmed that it is accurate and in accordance with established practice and Board Orders.⁹⁸

Based upon the evidence before the Board, and pursuant to Section 78 of the *Public Utilities Act*, the Board should fix and determine Newfoundland Power's average rate base for 2024 at \$1,357,191,000.

⁹⁸ Grant Thornton, Letter to the Board *Re: Newfoundland Power Inc. - 2026 Capital Budget Application*, dated September 5, 2025.

- 1 **RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 13th day of
- 2 November, 2025.



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