

Bay d'Espoir Penstock 1 Life Extension Project Update

January 15, 2026

A report to the Board of Commissioners of Public Utilities



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1.0 Progress to Date

Newfoundland and Labrador Hydro (“Hydro”) has successfully completed penstock commissioning activities, allowing the penstock to be released for service on December 17, 2025. This final project report outlines the status of key project plans, engineering deliverables, penstock fabrication progress, and site works through project completion.

1.1 Site Works

All site work associated with the replacement and refurbishment of Penstock 1 has been completed.

The placement and compaction of all backfill material, placement of topsoil, removal of interior bracing, weld repairs, reinstatement of temporary openings, and all interior and exterior coating work were completed. Commissioning activities started on December 11, 2025, and the penstock was successfully released for service on December 17, 2025, upon completion of all required checks to return the penstock to normal operation.

Minor deficiencies and punch list items, including final site cleanup, final grading of laydown and access roads, application of hydroseed, and minor coating touch-ups, have been identified. These activities are planned to be completed as soon as conditions allow, as part of project closeout.

Figure 1 and Figure 2 show typical completed site works.



Figure 1: Completed Penstock – Replacement Section



Figure 2: Completed Penstock – End of Replacement Section

2.0 Project Risks and Mitigations

With construction complete and the penstock returned to service, all previously identified project risks have been successfully mitigated and closed.

3.0 Project Schedule

The Contractor’s Project Schedule Milestone Table is provided in Appendix A.

Earlier schedule impacts experienced during execution, primarily related to sandblasting and coating challenges within the refurbishment section of the penstock, were successfully mitigated to enable completion of penstock commissioning activities, allowing the penstock to be released for service, as previously noted.

Rectification of minor deficiencies and punch list items will be completed as soon as conditions allow. Administrative project closeout activities, including the completion of general project documentation handover, is currently forecasted to be completed in the third quarter of 2026.

4.0 Project Budget

Hydro’s initial application for approval of capital expenditures for section replacement and weld refurbishment for the Penstock 1 Life Extension Project was approved by the Board of Commissioners of Public Utilities (“Board”) in Order No. P.U. 6(2023). Subsequent to the Board’s approval, Hydro and its consultant completed a refresh of the project budget based on several factors, including the completion of detailed engineering, refinement of scope, and updated market factors such as commodity pricing and inflation. The review resulted in an increase to the initial estimated cost of \$50,606,700. On October 16, 2024, Hydro requested authorization to proceed with the Penstock 1 Life Extension Project with refinements in the scope of work and a revised budget. The Board approved a revised project budget of \$65,876,021 in Order No. P.U. 26(2024).

In December 2025, the project was delivered to meet approved cost targets, and based on expenditures incurred to date and remaining close-out activities, total project expenditures are forecast to remain within the approved project budget.

Hydro continues through closeout to actively manage outstanding activities to maintain compliance with all regulatory requirements.

5.0 Project Expenditures

Construction activities for the project are complete. Based on expenditures incurred to date and remaining close-out activities, total project expenditures are forecast to remain within the approved project budget.¹

Overall project closeout, including final documentation and reporting, is forecasted to be completed in the third quarter of 2026, after completion of the remaining punch list and deficiency items. Final project costs will be confirmed and reported through Hydro’s annual Capital Expenditures and Carryover Report, in accordance with established capital reporting processes and Board requirements.

Appendix B provides further detailed cost information, including an overview of costs incurred to November 30, 2025, and the contributors to the variance between the current forecast and the approved budget.

6.0 Conclusion

The Penstock 1 Life Extension Project has been successfully completed, achieving all project objectives and deliverables, and based on expenditures incurred to date and remaining close-out activities, total project expenditures are forecast to remain within the approved project budget.

¹ Settlement of final invoices with the primary contractor are ongoing, with finalization anticipated in first half of 2026.

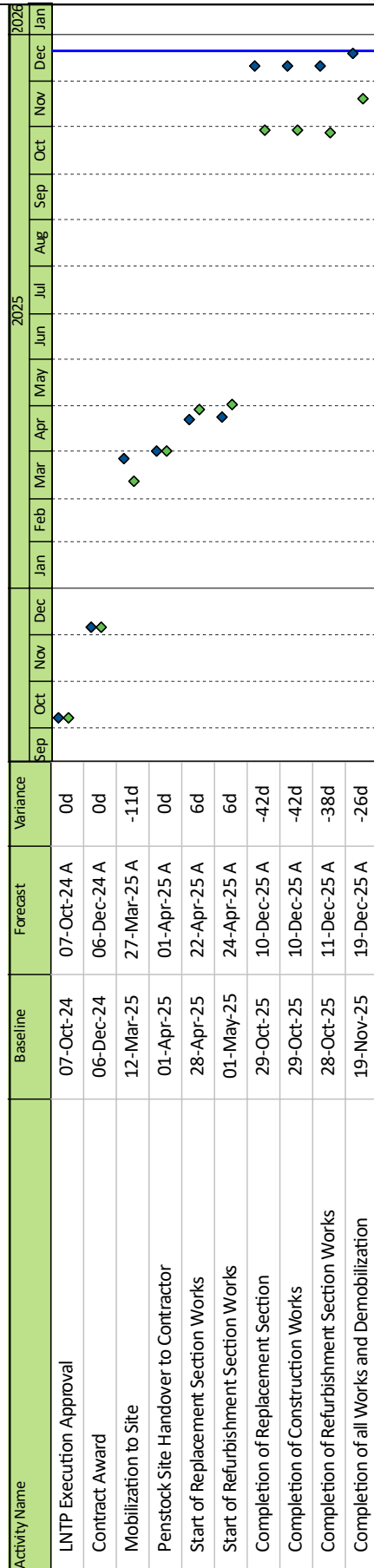
Appendix A

Project Schedule Milestone Table





Bay d'Espoir Penstock 1 Life Extension Project Schedule Milestones



Notes:

- 1 The Project Schedule Report presents a forecast that indicates a variance against the baseline. Forecasts are data-driven and subject to fluctuation as the project evolves. The variance represents a snapshot of the project's schedule status at a specific point in time.
- 2 Blue line in the milestone schedule represents the project status date.
- 3 As of the time of this report filing, overall construction works have been completed. Project closeout is forecasted to conclude in the third quarter of 2026.

◆ Milestone
◆ Baseline MS

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Appendix B

Detailed Cost Information



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