WHENEVER. WHEREVER.
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NEWFOUNDLAND POWER
A FORTIS COMPANY

April 1, 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: 2024 Capital Expenditure Report

Enclosed please find Newfoundland Power Inc.'s 2024 Capital Expenditure Report (the "Report"). The Report is presented in compliance with enumerated paragraph 5 of Order No. P.U. 2 (2024)[1] of the Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board") and pursuant to section 41 of the *Public Utilities Act*.

The Report provides information on capital expenditures approved in Order Nos. P.U. 2 (2024), P.U. 14 (2023), P.U. 38 (2022), P.U. 36 (2021) and P.U. 12 (2021), including actual expenditures to December 31, 2024 and variances between actual and budgeted expenditures by project. The Report also provides an explanation of the components that contributed to the overall budget variance.

Variances of more than 10% of approved expenditures and $100,000 or greater are explained in the Notes contained in Appendix 'A' to the Report. A discussion of approved capital expenditures in 2024 which were modified, re-prioritized, deferred, re-paced or cancelled is provided in Appendix 'B'. Summaries of Key Performance Indicators in 2023 are provided in Appendix 'C'.

If you have any questions on the enclosed materials, please contact the undersigned at your convenience.

Yours truly,

Doug Wright

Douglas Wright
Senior Legal Counsel

Enclosure

ec. Shirley Walsh
Newfoundland & Labrador Hydro

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

[1] See Order P.U. 2 (2024), page 4.

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2024 Capital Expenditure Report

April 1, 2025

Newfoundland Power Inc.

2024 Capital Expenditure Report

Explanatory Note

This report is filed in compliance with Order No. P.U. 2 (2024) of the Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board").

Pages one through four of the *2024 Capital Expenditure Report* provides an overview of the 2024 capital expenditures and outlines variances from budget of the capital expenditures approved by the Board in Order Nos. P.U. 2 (2024), P.U. 14 (2023), P.U. 38 (2022), P.U. 36 (2021) and P.U. 12 (2021). The tables on pages five through 17 provide additional detail on capital expenditures in 2024, and also include information on capital projects approved for prior years that were not completed prior to 2024. Page 17 provides additional detail on multi-year projects.

Consistent with the variance criteria outlined in the *Capital Budget Application Guidelines (Provisional)* (the "Provisional Guidelines"), variances of more than 10% of approved expenditure and $100,000 or greater are explained in Appendix A.

For multi-year capital projects, total expenditures to date are reported, compared to total approved budget to date. Variances for multi-year capital projects will be reported in the capital expenditure report in the year following project completion.

Consistent with section V.C of the Provisional Guidelines, a discussion of approved capital expenditures in 2024 which were modified, re-prioritized, deferred, re-paced or cancelled is provided in Appendix B.

Consistent with section V.C of the Provisional Guidelines, summaries of Key Performance Indicators in 2024 are provided in Appendix C.

2024 Capital Expenditures Overview

Newfoundland Power's actual 2024 capital expenditures were $137.4 million, resulting in a total variance of $21.6 million, or 18.6%, from the 2024 capital budget amount of $115.8 million. Of the total variance, $16.3 million, or 14.1%, relates to the distribution class with the remaining $5.3 million, or 4.5%, relating to all other asset classes.

The distribution class variance of $16.3 million is largely the result of (i) higher than anticipated new customer connections, (ii) higher transformer expenditures to ensure adequate inventory levels are maintained, and (iii) higher than average contribution in aid of construction ("CIAC") extension work in 2024.

New Customer Connections
Newfoundland Power's new customer connections were 3,052 in 2024, which is 49% higher than the 2,053 new customer connections underpinning the 2024 capital budget. New customer connections have a direct impact on the necessary capital expenditures in the *Extensions*, *New Services* and *New Meters* capital programs.[1]

Table 1 provides the budget variance associated with these programs and analyzes the impact the higher than anticipated new customer connections had on the budget variance.

Table 1:
New Customer Connections Analysis
($000s)

		2,053 New Customer Connections		3,052 New Customer Connections	
Project	2024 Actual	2024 Approved Budget	Budget Variance	2024 *Pro Forma* Budget	*Pro Forma* Budget Variance
Extensions	19,600	11,640	7,960	18,047	1,553
New Services	3,661	2,847	814	4,233	(572)
New Meters	780	302	478	449	331
Total	24,041	14,789	9,252	22,729	1,312

The total budget variance associated with the *Extensions, New Services and New Meters* capital programs was $9.3 million. If the 2024 budget included the 3,052 new customer connections actually experienced in 2024, the total budget variance associated with these programs would have been $1.3 million. The direct impact of the higher customer connections on the total budget variance is therefore estimated to be $8.0 million, or 6.9%.

[1] Each of these programs are determined based on a forecast of new customer connections. New customer connections also impact other capital programs and projects expenditures, such as the *New Transformers* program.

Transformer Expenditures
In its *2024 Capital Budget Expenditure Status Report* filed with the Board as part of its *2025 Capital Budget Application*, Newfoundland Power provided an updated forecast for its 2024 *Replacement Transformers* and *New Transformers* capital programs. Similar to the justification for the 2025 transformer programs, which were approved by the Board in Order No. P.U 27 (2024) Reasons for Decision, the updated forecast was higher than the original budget largely due to supply chain issues resulting in material cost increases and the necessity to ensure adequate transformer inventories.

Table 2 provides the 2024 capital expenditure for these programs compared to the budget amount and the updated forecast provided to the Board in June 2024.

Table 2:
Transformer Programs Analysis
($000s)

		Original Budget		Updated Forecast	
Project	2024 Actual	2024 Approved Budget	Budget Variance	Updated Forecast	Forecast Variance
Replacement Transformers	6,038	3,681	2,357	5,802	236
New Transformers	5,153	3,264	1,889	5,145	8
Total	11,191	6,945	4,246	10,947	244

The total budget variance associated with the *Replacement Transformers* and *New Transformers* capital programs was $4.2 million, or 3.6% of the total budget. Based on the updated forecast, the budget variance associated with these programs would have been $0.2 million, or 0.2% of the total budget.

In 2024, Newfoundland Power purchased 1,940 distribution transformers, an increase of 440 units compared to the previous five-year average of 1,500 units. Based on the budget unit cost of $4,630, $2.0 million, or roughly half, of the total $4.2 million transformer program variance can be attributed to increased transformer purchases.[2] The remaining variance of $2.2 million can be attributed to an increase in material costs.[3]

In 2024, 1,936 distribution transformers, representing effectively the total transformer purchases in 2024, were installed to either replace failed/rusty transformers or to connect new customers to the electricity system.[4]

[2] Budget unit cost: $6,945,000 / 1,500 units = $4,630 per unit. $4,630 x 440 units = $2,037,200.
[3] Actual unit cost: $11,191,000 / 1,940 units = $5,769 per unit. $5,769 - $4,630 = $1,139 increase in unit costs x 1,940 units = $2,209,660.
[4] The increased replacement of rusty transformers in 2024 also resulted in an increase to the *Reconstruction* program, due to the labour and associated materials required to replace a transformer.

CIAC Extensions
The *Extensions* capital program includes CIAC extension work, notably for cabin area developments or larger commercial projects such as the Corner Brook Hospital CIAC in 2021 and 2022. Based on the five-year average, the 2024 capital budget included an estimated $0.5 million related to larger CIAC extension work. 2024 actual capital expenditures related to larger CIAC extension work was $4.2 million, or $3.7 million higher than average.[5]

Summary
Table 3 summarizes the primary drivers of the distribution class variance of $16.3 million, or 14.1%, as explained above.

Table 3:
Distribution Class Variance Drivers

	Variance ($millions)	*Variance (%)*
New customer connections	$8.0M	6.9%
Transformer expenditures	$4.2M	3.6%
Higher than average CIAC extensions	$3.7M	3.2%
Total	$15.9M	13.7%

Of the total distribution class variance, $15.9 million, or 13.7% is due to higher than anticipated new customer connections, higher transformer expenditures to ensure adequate inventory levels, and higher than average CIAC extension work in 2024.

See Appendix A for further information on the distribution class budget variances.

Managing the 2024 Capital Expenditures
As outlined above, $15.9 million, or 13.7% of the total capital budget variance relates to the Company's obligation to provide customers with access to electricity services and to maintain adequate transformer inventory levels. With respect to transformer inventories, the Board recognized in Order No. P.U 27 (2024) Reasons for Decision that maintaining a sufficient inventory of transformers is necessary to enable routine corrective and preventative maintenance and connect new customers to the electricity system.[6]

Excluding the distribution class variance drivers, the remaining budget variance is $5.7 million, or 4.9%. As detailed in Appendix A, the remaining variance is primarily due to higher than anticipated contractor and material costs related to generation, substation and transmission work. A common reason for higher than anticipated contractor and material costs, as demonstrated by the *Substation Spare Transformer Inventory Project*, is higher actual costs compared to the pricing quotes used to prepare the budget estimates. In recent years, the timeline between receiving a pricing quote during capital budget preparation and procuring the necessary work following Board approval has been up to or exceeding a year.

[5] The larger CIAC extension developments in 2024 were primarily related to the Joe Batt's Pond cabin area development, which was ongoing at the end of 2024. CIAC extension work occurs ahead of customer connections.

[6] See page 7, line 30 to page 8, line 4 of Order No. P.U. 27 (2024) Reasons for Decision.

Overall, Newfoundland Power's annual capital expenditures reflect the capital additions, replacements and refurbishments necessary each year to provide safe and reliable service to customers at the lowest possible cost. As provided in the Company's capital budget applications, Newfoundland Power assesses all viable alternatives for executing the required capital work and defers capital expenditures for a given year to the extent possible.[7] As such, ensuring contractor and material costs are procured in a least cost manner provides the greatest avenue to ensure capital cost pressures compared to budget estimates can be mitigated.[8] Newfoundland Power's contract procurement uses a tender process to ensure the least cost options for qualified contractors are utilized. For example, at least three bids are requested for procurement of any goods and services exceeding $3,000. The Company may also mitigate higher than expected contractor costs by evaluating the structure of the request for proposal and tender, awarding partial contracts, or negotiating with contractors to manage costs. With respect to higher transformer costs, the Company continues to refurbish distribution transformers, where possible, to mitigate supply chain issues and the associated high replacement cost.[9]

Adjustments to Newfoundland Power's capital budget amounts also provide an avenue to reduce capital budget variances. With respect to the distribution class variance drivers, the Company has determined the 2025 budget for *New Transformers* and *Replacement Transformers* based on a 3-year average expenditure, along with an additional 11% cost increase to mitigate larger variances going forward. In the preparation of future capital budgets, the Company will assess anticipated CIAC extension work compared to historical averages. Finally, Newfoundland Power will provide an update on the impact of its latest new customer connection forecast as part of its *2025 Capital Budget Expenditure Status Report* to be filed with the Board as part of the Company's *2026 Capital Budget Application*.

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7 As provided as part of the *2024 Capital Budget Application*, seven capital projects were deferred in 2024 to a subsequent year. In Order No. P.U. 36 (2021), the Board recognized that Newfoundland Power's capital planning process is comprehensive and includes reasonable controls on capital spending. See page 45, lines 15-17 of that order.

8 Internal labour cost increases for 2024 were consistent with forecast.

9 The ability to refurbish transformers locally is limited. Newfoundland Power has engaged a local supplier to refurbish distribution transformers removed from service. In 2024, Newfoundland Power received 182 refurbished distribution transformers from this supplier, which represents 9.4% of distribution transformers purchased in 2024 (182/1,940 = 0.0938). This saved over $0.6 million dollars in transformer costs in 2024.

Newfoundland Power Inc. 2024 Capital Budget Variances ($000s)			
	Approved[10]	Actual	Variance
Generation - Hydro	5,329	7,422[11]	2,093
Generation - Thermal	311	418	107
Substations	22,171	23,676[12]	1,505
Transmission	15,064	17,277[13]	2,213
Distribution	54,865	71,138[14]	16,273
General Property	2,340	2,401[15]	61
Transportation	3,806	3,630[16]	(176)
Telecommunications	502	425	(77)
Information Systems	6,180	6,316[17]	136
Unforeseen Allowance	750	0	(750)
General Expenses Capitalized	4,500	4,701	201
Total	**115,818**	**137,404**	**21,586**
Projects carried forward from prior years		8,453	

[10] Approved in Order Nos. P.U. 2 (2024), P.U. 14 (2023), P.U. 38 (2022), P.U. 36 (2021) and P.U. 12 (2021).

[11] Includes forecast expenditure of $1,325,000 for *Mobile Hydro Plant Refurbishment*, $478,000 for *Mobile Hydro Plant Surge Tank Refurbishment* and $198,000 for *Hydro Facility Rehabilitation* carried forward into 2025.

[12] Includes forecast expenditure of $414,000 for *Gambo Substation Refurbishment and Modernization*, $1,033,000 for *Memorial Substation Refurbishment and Modernization* and $247,000 for *Old Perlican Substation Refurbishment and Modernization* carried forward into 2025.

[13] Includes forecast expenditure of $901,000 for *Transmission Line 55L Rebuild*, $691,000 for *Transmission Line 24L Relocation*, $751,000 for *Transmission Line 146L Rebuild*, and $1,447,000 for T*ransmission Line 94L Rebuild* carried forward into 2025.

[14] Includes forecast expenditure of $1,336,000 for *Feeder Additions for Load Growth*, $193,000 for *Distribution Feeder BIG-02 Relocation* and $303,000 for *Distribution Reliability Initiative (SUM-01)* carried forward into 2025.

[15] Includes forecast expenditure of $35,000 for *Gander Building Renovation* carried forward into 2025.

[16] Includes forecast expenditure of $184,000 for *Replace Vehicles and Aerial Devices 2024-2025* and $2,207,000 for *Replace Vehicles and Aerial Devices 2023-2024* carried forward into 2025.

[17] Includes forecast expenditures of $215,000 for *Application Enhancements* and $82,000 for *Shared Server Infrastructure* carried forward into 2025.

2024 Capital Expenditure Report
(000s)

	Capital Budget			Actual Expenditure				
	2021 - 2023	2024	Total	2021 - 2023	2024	Carryover	Total	Variance
	A	B	C	D	E	F	G	H
2024 Projects and Programs	$ -	$ 115,818	$ 115,818	$ -	$ 125,365	$ 12,039	137,404	$ 21,586
2021-2023 Projects and Programs	78,486	-	78,486	67,037	6,796	1,657	75,490	(2,996)
Grand Total	**$ 78,486**	**$ 115,818**	**$ 194,304**	**$ 67,037**	**$ 132,161**	**$ 13,696**	**$ 212,894**	**$ 18,590**

Column A	Approved Capital Budget for 2021, 2022 and 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2021, 2022 and 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Generation - Hydro

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Mobile Hydro Plant Surge Tank Refurbishment	$ -	$ 977	$ 977	$ -	$ 499	$ 478	$ 977	$ -	
Hydro Facility Rehabilitation	-	794	794	-	596	198	794	$ -	
Hydro Plant Replacements Due to In-Service Failures	-	716	716	-	636	-	636	$ (80)	
	$ -	$ 2,487	$ 2,487	$ -	$ 1,731	$ 676	$ 2,407	$ (80)	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Generation - Thermal

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Thermal Plant Replacements Due to In-Service Failures	$ -	$ 311	$ 311	$ -	$ 418	$ -	$ 418	$ 107	1
	$ -	$ 311	$ 311	$ -	$ 418	$ -	$ 418	$ 107	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Substations

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Gambo Substation Refurbishment and Modernization	$ -	$ 5,267	$ 5,267	$ -	$ 5,021	$ 414	$ 5,435	$ 168	
Substation Replacements Due to In-Service Failures	-	4,797	4,797	-	5,841	-	5,841	1,044	2
Memorial Substation Refurbishment and Modernization	-	4,351	4,351	-	3,318	1,033	4,351	-	
Old Perlican Substation Refurbishment and Modernization	-	3,356	3,356	-	3,149	247	3,396	40	
Substation Protection and Control Replacements	-	635	635	-	696	-	696	61	
Substation Ground Grid Upgrades	-	580	580	-	386	-	386	(194)	3
PCB Removal	-	544	544	-	577	-	577	33	
Oxen Pond Substation Bus Upgrade	-	451	451	-	364	-	364	(87)	
Oxen Pond Substation Switch Replacements	-	316	316	-	281	-	281	(35)	
	$ -	$ 20,297	$ 20,297	$ -	$ 19,633	$ 1,694	$ 21,327	$ 1,030	
2023 Projects and Programs									
Walbournes Substation Refurbishment and Modernization	$ 4,955	-	$ 4,955	$ 4,835	$ 235	$ -	$ 5,070	$ 115	
Molloy's Lane Substation Refurbishment and Modernization	4,827	-	4,827	4,325	178	-	4,503	(324)	
Substation Spare Transformer Inventory	1,500	-	1,500	1	144	1,657	1,802	302	4
	$ 11,282	$ -	$ 11,282	$ 9,161	$ 557	$ 1,657	$ 11,375	$ 93	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Transmission

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Transmission Line Maintenance	$ -	$ 2,651	$ 2,651	$ -	$ 2,826	$ -	$ 2,826	$ 175	
Transmission Line 24L Relocation	-	701	701	-	10	691	701	-	
	$ -	$ 3,352	$ 3,352	$ -	$ 2,836	$ 691	$ 3,527	$ 175	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Distribution

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
LED Street Lighting Replacement	$ -	$ 5,541	$ 5,541	$ -	$ 5,945	$ -	$ 5,945	$ 404	
Feeder Additions for Load Growth	-	2,811	2,811	-	1,648	1,336	2,984	173	
Distribution Feeder Automation	-	888	888	-	890	-	890	2	
Distribution Reliability Initiative	-	900	900	-	961	-	961	61	
Distribution Feeder BIG-02 Relocation	-	196	196	-	3	193	196	-	
Distribution Feeder GDL-02 Refurbishment	-	667	667	-	638	-	638	(29)	
Distribution Feeder OXP-01 Refurbishment	-	840	840	-	966	-	966	126	5
Allowance for Funds Used During Construction	-	260	260	-	298	-	298	38	
Extensions	-	11,640	11,640	-	19,600	-	19,600	7,960	6
Reconstruction	-	6,953	6,953	-	8,633	-	8,633	1,680	7
Rebuild Distribution Lines	-	4,974	4,974	-	5,253	-	5,253	279	
Relocate/Replace Distribution Lines for Third Parties	-	3,766	3,766	-	3,905	-	3,905	139	
Replacement Transformers	-	3,681	3,681	-	6,038	-	6,038	2,357	8
New Transformers	-	3,264	3,264	-	5,153	-	5,153	1,889	9
New Services	-	2,847	2,847	-	3,661	-	3,661	814	10
New Street Lighting	-	2,429	2,429	-	2,666	-	2,666	237	
Replacement Street Lighting	-	863	863	-	890	-	890	27	
Replacement Meters	-	571	571	-	340	-	340	(231)	11
Replacement Services	-	457	457	-	386	-	386	(71)	
New Meters	-	302	302	-	780	-	780	478	12
	$ -	$ 53,850	$ 53,850	$ -	$ 68,654	$ 1,529	$ 70,183	$ 16,333	
2023 Projects and Programs									
Distribution Feeder Automation	$ 1,054	$ -	$ 1,054	$ 579	$ 418	$ -	$ 997	$ (57)	
	$ 1,054	$ -	$ 1,054	$ 579	$ 418	$ -	$ 997	$ (57)	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: General Property

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Energized Conductor Support Tools	$ -	$ 539	$ 539	$ -	$ 514	$ -	$ 514	$ (25)	
Physical Security Upgrades	-	401	401	-	473	-	473	72	
Additions to Real Property	-	655	655	-	642	-	642	(13)	
Tools and Equipment	-	570	570	-	597	-	597	27	
	$ -	$ 2,165	$ 2,165	$ -	$ 2,226	$ -	$ 2,226	$ 61	
2023 Projects and Programs									
Company Building Renovations	$ 741	$ -	$ 741	$ 726	$ 108	$ -	$ 834	$ 93	
	$ 741	$ -	$ 741	$ 726	$ 108	$ -	$ 834	$ 93	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Telecommunications

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Communications Equipment Upgrades	$ -	$ 122	$ 122	$ -	$ 151	$ -	$ 151	$ 29	
Fibre Optic Cable Build	-	380	380	-	274	-	274	(106)	13
	$ -	$ 502	$ 502	$ -	$ 425	$ -	$ 425	$ (77)	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Information Systems

	Capital Budget			Actual Expenditure					
	2023	2024	Total	2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
2024 Projects and Programs									
Application Enhancements	$ -	$ 1,892	$ 1,892	$ -	$ 1,680	$ 215	$ 1,895	$ 3	
Shared Server Infrastructure	-	964	964	-	860	82	942	(22)	
System Upgrades	-	957	957	-	981	-	981	24	
Cybersecurity Upgrades	-	930	930	-	992	-	992	62	
Network Infrastructure	-	420	420	-	429	-	429	9	
Personal Computer Infrastructure	-	720	720	-	761	-	761	41	
	$ -	$ 5,883	$ 5,883	$ -	$ 5,703	$ 297	$ 6,000	$ 117	
2023 Projects and Programs									
Application Enhancements	$ 1,538	$ -	$ 1,538	$ 1,529	$ 123	$ -	$ 1,652	$ 114	
Shared Server Infrastructure	1,176	-	1,176	968	319	-	1,287	111	
System Upgrades	962	-	962	581	389	-	970	8	
Network Infrastructure	419	-	419	329	62	-	391	(28)	
	$ 4,095	$ -	$ 4,095	$ 3,407	$ 893	$ -	$ 4,300	$ 205	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

2024 Capital Expenditure Report
(000s)

Category: Unforeseen Allowance

	Capital Budget		Actual Expenditure				
	2024	Total	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	
2024 Projects and Programs							
Allowance for Unforeseen Items	$ 750	$ 750	$ -	$ -	$ -	$ (750)	14
	$ 750	$ 750	$ -	$ -	$ -	$ (750)	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2024
Column B	Total of Column A
Column C	Actual Capital Expenditure for 2024
Column D	Capital Projects Carried Forward to 2025
Column E	Total of Columns C and D
Column F	Column E less Column B

2024 Capital Expenditure Report
(000s)

Category: General Expenses Capitalized

	Capital Budget		Actual Expenditure				
	2024	Total	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	
2024 Projects and Programs							
General Expenses Capitalized	$ 4,500	$ 4,500	$ 4,701	$ -	$ 4,701	$ 201	
	$ 4,500	$ 4,500	$ 4,701	$ -	$ 4,701	$ 201	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2024
Column B	Total of Column A
Column C	Actual Capital Expenditure for 2024
Column D	Capital Projects Carried Forward to 2025
Column E	Total of Columns C and D
Column F	Column E less Column B

2024 Capital Expenditure Report
Multi-Year Projects
(000s)

Category: Multi-Year Projects

	Capital Budget			Actual Expenditure					
	2021 - 2023	2024	Total	2021 - 2023	2024	Carryover	Total	Variance	Notes*
	A	B	C	D	E	F	G	H	
Substations									
MUN-T2 Power Transformer Replacement	$ 48	$ 1,566	$ 1,614	2	$ 1,496	$ -	$ 1,498	$ (116)	
Islington Substation Refurbishment and Modernization	-	$ 308	308	-	900	-	900	592	
Transmission									
Transmission Line 55L Rebuild	5,328	5,284	10,612	3,106	9,052	901	13,059	2,447	15
Transmission Line 94L Rebuild	8,819	4,276	13,095	7,899	1,880	1,447	11,226	(1,869)	
Transmission Line 146L Rebuild	-	2,152	2,152	-	1,401	751	2,152	0	
Distribution									
Distribution Reliability Initiative (SUM-01)	656	1,015	1,671	708	652	303	1,663	(8)	
Generation - Hydro									
Mobile Hydro Plant Refurbishment	1,666	2,480	4,146	431	3,532	1,325	5,288	1,142	16
Sandy Brook Plant Penstock Replacement	5,094	-	5,094	4,830	130	-	4,960	(134)	
Lookout Brook Hydro Plant Refurbishment	-	362	362	-	508	-	508	146	
General Property									
Gander Building Renovation	-	175	175	-	140	35	175	-	
Transportation									
Replace Vehicles and Aerial Devices 2024-2025	-	1,940	1,940	-	772	184	956	(984)	
Replace Vehicles and Aerial Devices 2023-2024	2,833	1,866	4,699	1,519	618	2,207	4,344	(355)	
Replace Vehicles and Aerial Devices 2022-2023	5,224	-	5,224	5,149	1,536	-	6,685	1,461	
Information Systems									
Microsoft Enterprise Agreement	-	297	297	-	316	-	316	19	
Customer Service System Replacement	31,646	-	31,646	29,520	924	-	30,444	(1,202)	
	$ 61,314	$ 21,721	$ 83,035	$ 53,164	$ 23,857	$ 7,153	$ 84,174	$ 1,139	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2021, 2022 and 2023
Column B	Approved Capital Budget for 2024
Column C	Total of Columns A and B
Column D	Actual Capital Expenditure for 2021, 2022 and 2023
Column E	Actual Capital Expenditure for 2024
Column F	Capital Projects Carried Forward to 2025
Column G	Total of Columns D, E and F
Column H	Column G less Column C

APPENDIX A:

Variance Notes

Generation – Thermal

1. *Thermal Plant Replacements Due to In-Service Failures:*
Budget: $311,000 Actual: $418,000 Variance: $107,000

The actual expenditures for the *Thermal Plant Replacements Due to In-Service Failures* program were $107,000, or 34%, higher than the budget estimate.

The *Thermal Plant Replacements Due to In-Service Failures* program budget estimate is determined based on the five-year historical average. This increase is largely due to increased required work being identified through inspections and engineering assessments, as compared to the five-year average.[1]

Substations

2. *Substation Replacements Due to In-Service Failures:*
Budget: $4,797,000 Actual: $5,841,000 Variance: $1,044,000

The actual expenditures for the *Substation Replacements Due to In-Service Failures* program were $1,044,000, or 22%, higher than the budget estimate.

The *Substation Replacements Due to In-Service Failures* program budget estimate is determined based on the five-year historical average. The increase is primarily due to material cost increases and additional inventory received in 2024 to maintain adequate equipment levels associated with circuit breakers and reclosers.[2]

Since 2021, circuit breakers and reclosers have been subject to supply chain issues. In addition, lead times are now ranging from 14 to 24 months. Over the 2021 to 2023 period, only ten circuit breakers and reclosers were received.[3] From 2022 to 2023, the Company ordered 43 units to maintain adequate inventory levels of circuit breakers and reclosers. As a result of supply chain delays, all 43 units ordered by Newfoundland Power from 2022 to 2023 were received by the Company in 2024.

3. *Substation Ground Grid Upgrades*
Budget: $580,000 Actual: $386,000 Variance: ($194,000)

The actual expenditure for the *Substation Ground Grid Upgrades* project was $194,000, or 33%, lower than the budget estimate. This decrease is largely due to a reduction in scope at the Greenhill Substation.

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1 For example, Newfoundland Power's Wesleyville Thermal Generating facility incurred a failure to a combustor discharge nozzle that required replacement.

2 The cost associated with the circuit breakers and reclosers received in 2024 is approximately $2.7 million. This increase is partially offset by lower-than average costs in 2024 associated with voltage regulators and transformers.

3 On average, eight circuit breakers and reclosers require replacement annually.

4. *Substation Spare Transformer Inventory (2023 Project):*
Budget: $1,500,000 Actual: $1,802,000 Variance: $302,000

The actual expenditure for the *Substation Spare Transformer Inventory* project was $1,802,000, or 20%, higher than the budget estimate, primarily due to higher-than-expected purchase costs for the transformer.

The original budget estimate for this project was completed early in 2022 based on pricing quotes provided by the supplier at that time. The project was proposed in the 2023 *Capital Budget Application* and the procurement process began following project approval in Order No. P.U. 38 (2022) issued by the Board in late 2022. The actual cost of the power transformer increased 32% from the time the estimate was completed in 2022 to the time the contract to procure the equipment was completed in 2023.

Distribution

5. *Distribution Feeder OXP-01 Refurbishment:*
Budget: $840,000 Actual: $966,000 Variance: $126,000

The actual expenditure for the *Distribution Feeder OXP-01 Refurbishment* project was $126,000, or 15% higher than the budget estimate. This increase is largely due to higher-than-expected contractor costs.

Newfoundland Power renewed its contracts for pole installation services and pole materials in May 2024. These contract renewals resulted in an average increase of 9% in pole installation costs and 6% in pole material costs, as compared to 2023 values.[4]

6. *Extensions:*
Budget: $11,640,000 Actual: $19,600,000 Variance: $7,960,000

The actual expenditure for the *Extensions* program was $7,960,000, or 68%, higher than the budget estimate.

The *Extensions* program budget is determined based on the forecast number of new customer connections and the average historical cost of constructing extensions. As outlined in the *2024 Capital Expenditures Overview* section, the budget variance is largely due to higher than anticipated customer connections and CIAC extension work in 2024.

[4] The increase in 2024 costs from 2023 would have been based the GDP Deflator for Canda forecast in the *2024 Capital Budget Application*. The GDP Deflator for Canda increase from 2023 to 2024 was forecast to be 2.1%.

7. Reconstruction:
Budget: $6,953,000 Actual: $8,633,000 Variance: $1,680,000

The actual expenditure for the *Reconstruction* program was $1,680,000, or 24%, higher than the budget estimate.

The *Reconstruction* program budget estimate is determined based on the five-year historical average. This increase is largely due to additional work being required as a result of major events in 2024,[5] as well as increased replacement of rusty transformers.[6]

8. Replacement Transformers:
Budget: $3,681,000 Actual: $6,038,000 Variance: $2,357,000

The actual expenditure for the *Replacement Transformers* program was $2,357,000, or 64%, higher than the budget estimate.

The *Replacement Transformers* program budget estimate is determined based on the five-year historical average. As outlined in the *2024 Capital Expenditures Overview* section, this increase is largely due to supply chain issues resulting in material cost increases and the necessity to ensure an adequate supply of inventory.

9. New Transformers:
Budget: $3,264,000 Actual: $5,153,000 Variance: $1,889,000

The actual expenditure for the *New Transformers* program was $1,889,000, or 58%, higher than the budget estimate.

The *New Transformers* program budget estimate is determined based on the five-year historical average. As outlined in the *2024 Capital Expenditures Overview* section, this increase is largely due to supply chain issues resulting in material cost increases and the necessity to ensure an adequate supply of inventory.

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5 Major events in 2024 included a landslide in the Corner Brook area that required a geotechnical investigation and relocation of a distribution line and an ice storm affecting the Trepassey area. These events combined for a total approximate expenditure of $600,000.

6 455 transformers were replaced due to rust in 2024, whereas the planned amount was 366, representing a 24% increase. While the transformer material cost associated with this work is captured in the Replacement Transformer program, other associated materials and labour costs related to the replacement of rusty transformers is included in the Reconstruction program.

10. New Services:
Budget: $2,847,000 Actual: $3,661,000 Variance: $814,000

The actual expenditure for the *New Services* program was $814,000, or 29%, higher than the budget estimate.

The *New Services* program budget estimate is determined based on the forecast number of new customer connections, and the average historical cost of connecting a new customer. As outlined in the *2024 Capital Expenditures Overview* section, the increase is due to higher than anticipated customer connections.

11. Replacement Meters:
Budget: $571,000 Actual: $340,000 Variance: ($231,000)

The actual expenditure for the *Replacement Meters* program was $231,000, or 40%, lower than the budget estimate.

The *Replacement Meters* program budget was based on the five-year historical average. This decrease is due largely to Newfoundland Power replacing fewer meters than anticipated.

12. New Meters:
Budget: $302,000 Actual: $780,000 Variance: $478,000

The actual expenditure for the *New Meters* program was $478,000, or 158% higher, than the budget estimate.

The *New Meters* program budget was based on the forecast number of new customer connections and the five-year historical average cost. As outlined in the *2024 Capital Expenditures Overview* section, the increase is primarily due to higher than anticipated customer connections as well as higher than anticipated material costs.[7]

Telecommunications

13. Fibre Optic Cable Build
Budget: $380,000 Actual: $274,000 Variance: ($106,000)

The actual expenditure for the *Fibre Optic Cable Build Program* was $106,000, or 28%, lower than the budget estimate.

This decrease is largely due to reduced contractor costs. The *Fibre Optic Cable Build* project was able to utilize pole work completed by a joint use partner that had not been identified when the project was proposed. As a result, less pole work was required, and the cable was constructed on a slightly shorter path than planned.

[7] Metering material costs in 2024 have increased on average 27% when compared to 2023.

Unforeseen Allowance

14. Allowance for Unforeseen Items:
Budget: $750,000 Actual: $0 Variance: ($750,000)

No expenditures were required in 2024.

Multi-Year Projects

15. Transmission Line 55L Rebuild (2023-2024 Multi-Year Project)
Budget: $10,612,000 Actual: $13,059,000 Variance: $2,447,000

The *Transmission Line 55L Rebuild* project was a multi-year project that commenced in 2023. Actual capital expenditures on the project were $13,059,000, including a $901,000 carryover to 2025, or 23% higher than budget. The increase was largely associated with higher-than-expected contractor and material costs.

The budget estimate for the *Transmission Line 55L Rebuild* project was completed in early 2022. The budget estimate largely reflected the cost to complete the Company's most recent transmission line project, the *Transmission Line 363L Rebuild* project in 2020, with annual contractor cost increases of 8% to reflect higher contractor costs being experienced in 2021 and 2022. In 2024, contractor costs are approximately 100% higher than 2020, reflecting an average annual increase of 25%. Similarly, material costs have increased, on average, by 12% from 2020 to 2024. This compared to the 2.3% annual increase for material costs from 2020 to 2024 used in the budget estimate.

16. Mobile Hydro Plant Refurbishment (2023-2024)
Budget: $4,146,000 Actual: $5,288,000 Variance: $1,142,000

The *Mobile Hydro Plant Refurbishment (2023-2024)* project is a multi-year project that commenced in 2023. Actual capital expenditures incurred to date are $5,288,000, including $1,325,000 carried over into 2025. The overall increase in expenditure of $1,142,000 associated with the *Mobile Hydro Plant Refurbishment* project is largely due to worse than anticipated condition of mechanical components and longer lead times associated with the governor, switchgear and generator refurbishment.

The governor was originally estimated at a cost of $225,000 in 2022. When pricing was received in 2024, the cost increased to $441,000. Similarly, the cost of switchgear equipment increased from $270,000 to $405,000 during the same period.

The turbine refurbishment costs increased from an estimated $230,000 to $696,000. This increase was largely due to an increase in material costs and unforeseen repairs that were identified once the unit was disassembled, and the inspection of the interior components completed.

APPENDIX B:

Discussion of Capital Expenditures

Newfoundland Power's Capital Planning Process

Newfoundland Power's annual capital expenditures are the product of a comprehensive capital planning process. The Company's capital planning process applies sound engineering and objective data to determine which expenditures are required annually to provide customers with access to safe and reliable service, in an environmentally responsible manner, at the lowest possible cost.

Newfoundland Power's annual capital expenditures include a combination of recurring programs and specific projects. The capital planning process for programs and projects is described below.

Capital Program Planning

Programs include capital investments related to high-volume, repetitive work that is required on an ongoing basis. Programs include:

(i) Capital work required to connect new customers to the electrical system, such as the installation of services and meters;
(ii) Corrective and preventative maintenance programs necessary to maintain the electrical system, including the replacement of equipment that has failed or deteriorated; and
(iii) Capital expenditures necessary to replace or add specific materials used in providing service to customers, such as personal computers, tools and equipment.

Programs required to connect new customers to the electrical system are generally budgeted on the basis of forecast customer requirements. Each year, Newfoundland Power updates its capital plan to reflect its most recent Customer, Energy and Demand Forecast. The Customer, Energy and Demand Forecast estimates new customer connections that are expected over the next five years based on economic inputs from the Conference Board of Canada, such as forecast housing starts. This data is then used to determine forecast expenditures to connect new customers, including forecast expenditures for meters, services, and extensions to the distribution system.

Programs required to complete corrective and preventative maintenance of the electrical system are generally budgeted on the basis of historical expenditures and forecast inflation.[1] Capital requirements for corrective and preventative maintenance programs tend to be reasonably stable over time. Each year, the Company updates its forecast expenditures for these programs based on the most recent five-year average of expenditures and the latest forecast of inflation. This budgeting methodology helps to ensure forecast expenditures reflect the Company's most recent experience with maintaining the electrical system.

[1] Inflation is calculated on the basis of the GDP Deflator for Canada for non-labour costs and the Company's internal labour inflation rate for labour costs.

Capital expenditures for programs required to replace or add specific materials used in providing service to customers are generally budgeted based on a combination of historical expenditures, forecast inflation, and identified operational requirements. For example, identified operational requirements could include the need to purchase a specific quantity of personal computers.

In forecasting program expenditures, Newfoundland Power reviews any recent variances in actual costs from approved budgets and the reasons for those variances. If significant variances are observed in consecutive years, an analysis is undertaken to determine whether a different budgeting methodology would be more reflective of forecast requirements.[1]

Capital Project Planning

Projects include capital investments for identifiable assets where the required work has a defined schedule, scope and budget based on detailed engineering estimates.

Forecast expenditures related to projects are updated annually to reflect the latest:

(i) Condition assessments of electrical system assets. Information on asset condition is obtained through annual inspection programs, engineering reviews and recent operating experience. This information identifies equipment that is deteriorated, deficient, or has failed and requires replacement or refurbishment to extend its useful service life.

(ii) Forecasts of electrical system load. System load forecasts are produced annually using computer modelling to determine any areas where capital expenditures are required to respond to customers' changing electrical system requirements.

(iii) Changes in economic factors or industry requirements. This may include changes in engineering standards, regulatory requirements, or economic factors, such as marginal system costs, that could affect requirements for capital expenditures.

(iv) Changes in operational requirements. This may include changes affecting Company information systems, such as obsolescence or cybersecurity requirements, as well as opportunities identified to enhance operational efficiency or effectiveness.

[2] For example, Newfoundland Power adjusted its budget for forecasting expenditures under its *Street Lighting* program as part of its *2022 Capital Budget Application* in response to previous variances.

2024 Capital Expenditures Overall

Approved capital expenditures in 2024 totaled $115.8 million. Actual expenditures were $137.4 million, including forecast expenditures of $12.0 million carried forward into 2025. Actual expenditures were $21.6 million, or 18.6% higher than the total approved capital budget of $115.8 million. As detailed in the *2024 Capital Expenditure Report*, $15.9 million, or 13.7% of the total capital budget variance relates to the Company's obligation to provide customers with access to electricity services and maintaining transformer inventory levels.

For additional information on Newfoundland Power's 2024 capital expenditures, see the 2024 Capital Expenditures Overview on pages one to four of the *2024 Capital Expenditure Report.*

2024 Capital Project Changes

Transmission Line (55L) Rebuild

A portion of the scope of the *Transmission Line (55L) Rebuild* was not completed as approved. During the execution of the Project, Newfoundland Power was unable to secure the required approvals from the Department of Transportation and Infrastructure to construct the transmission line as proposed across the Trans Canada Highway near the town of Whitbourne. In conversations with the department on these approvals, uncertainties with the final design of an upcoming highway twinning project were cited as the main reason for the delay in approvals on the transmission lines construction.

Due to not receiving these approvals, Newfoundland Power did not construct a 5km section of this line, instead tying the new line into a segment of the existing 55L transmission line. This decision was made to mitigate the risk of having to relocate the new line shortly after construction due to the upcoming highway twinning project. Upon completion of the twinning project, Newfoundland Power will reassess the available alternatives to rebuild the remaining section of line. *Transmission Line (55L) Rebuild* project was submitted in the *2023 Capital Budget Application*. This project was approved by the Board in Order No. P.U. 38 (2022).

Transmission Line (94L) Rebuild

The *Transmission Line (94L) Rebuild* project was a multi-year project that commenced in 2022. The 2022 scope of work was executed in 2023, due in part to environmental assessment and permitting delays.

Newfoundland Power has reviewed the remaining scope of work for the *Transmission Line (94L) Rebuild* project due to increased contract prices to complete the work. A revised *Transmission Line (94L) Rebuild* project was submitted in the *2025 Capital Budget Application*. Future expenditures related to this project were approved by the Board in Order No. P.U. 27 (2024).

APPENDIX C:

Key Performance Indicators

A summary in table and graphical format of variance metrics for capital projects and programs is provided below in accordance with the Provisional Guidelines.[1]

2024 Capital Projects

In 2024, Newfoundland Power had a total of 39 capital projects, 18 of which were fully completed in 2024.[2] The approved budget of the 18 completed capital projects totaled $21,029,000 and the final cost was $20,693,000.

Table 1 provides the number of capital projects planned compared to the number of capital projects completed, presented by investment classification and materiality threshold.

Table 1
2024 Capital Projects
Planned and Completed

Investment Classification	Materiality Threshold	Planned	Completed
Access	<$1 million	-	-
	$1 million to $5 million	-	-
	>$5 million	-	-
Total Access		**-**	**-**
General Plant	<$1 million	8	5
	$1 million to $5 million	3	-
	>$5 million	-	-
Total General Plant[3]		**11**	**5**
Mandatory	<$1 million	3	3
	$1 million to $5 million	1	1
	>$5 million	-	-
Total Mandatory		**4**	**4**

1 As this is a new requirement, Newfoundland Power is only providing variance metrics for 2024 and 2023 at this time. In the future, as Newfoundland Power executes its annual capital program, it will report on additional years of variance metrics to provide graphical data in addition to tabular data.

2 Projects not completed include six multi-year capital projects that commenced in 2024 and continued in 2025. An additional 15 2024 capital projects had forecast carryover expenditures into 2025.

3 Of the six capital projects not completed in 2024, three projects are ongoing multi-year projects with expenditures in 2025. Two capital projects are substantially complete, with small carryovers forecasted in 2025. One capital project with a carryover forecasted in 2025 is anticipated to be completed in 2025 because of vendor delays.

Table 1 2024 Capital Projects Planned and Completed			
Investment Classification	Materiality Threshold	Planned	Completed
Renewal	<$1 million	10	4
	$1 million to $5 million	7	1
	>$5 million	2	-
Total Renewal[4]		**19**	**5**
Service Enhancement	<$1 million	2	2
	$1 million to $5 million	-	-
	>$5 million	1	1
Total Service Enhancement		**3**	**3**
System Growth	<$1 million	1	1
	$1 million to $5 million	1	-
	>$5 million	-	-
Total System Growth[5]		**2**	**1**
Overall	<$1 million	24	15
	$1 million to $5 million	12	2
	>$5 million	3	1
Total Overall		**39**	**18**

4 Of the 14 capital projects not completed in 2024, three projects are ongoing multi-year projects with expenditures in 2025. An additional three multiyear capital projects are substantially complete with small carryovers forecasted into 2025 to accommodate delivery times of materials or to complete work scopes under favourable weather and loading conditions. A final multiyear capital project has been resubmitted and approved in Newfoundland Power's 2025 Capital Budget Application. The remaining seven single year capital projects with carryovers into 2025 are forecast to be completed by mid-2025.

5 One capital project was not completed in 2024. This capital project with a carryover forecasted in 2025 is anticipated to be completed in 2025 due to delays associated with environmental assessments.

Table 2 provides the approved 2024 budget amount of the capital projects that were completed in 2024 compared to the final cost of the project, presented by investment classification and materiality threshold.

Table 2
2024 Capital Projects Completed
Budget and Final Costs
($000s)

Investment Classification	Materiality Threshold	Approved Budget	Final Cost
Access	<$1 million	-	-
	$1 million to $5 million	-	-
	>$5 million	-	-
Total Access		**-**	**-**
General Plant	<$1 million	3,226	3,190
	$1 million to $5 million	-	-
	>$5 million	-	-
Total General Plant		**3,226**	**3,190**
Mandatory	<$1 million	1,554	875
	$1 million to $5 million	4,500	4,701
	>$5 million	-	-
Total Mandatory		**6,054**	**5,576**
Renewal	<$1 million	2,723	2,846
	$1 million to $5 million	1,556	1,496
	>$5 million	-	-
Total Renewal		**4,289**	**4,342**
Service Enhancement	<$1 million	1,468	1,276
	$1 million to $5 million	-	-
	>$5 million	5,541	5,945
Total Service Enhancement		**7,009**	**7,221**

Table 2 2024 Capital Projects Completed Budget and Final Costs ($000s)			
Investment Classification	Materiality Threshold	Approved Budget	Final Cost
System Growth	<$1 million	451	364
	$1 million to $5 million	-	-
	>$5 million	-	-
Total System Growth		**451**	**364**
Overall	<$1 million	9,422	8,551
	$1 million to $5 million	6,066	6,197
	>$5 million	5,541	5,945
Total Overall		**21,029**	**20,693**

2024 Capital Programs

In 2024, Newfoundland Power had four capital programs whose budgets were determined based on forecast customer connections or forecast units to be replaced. These include the *Extensions* program, *New Services* program, *New Meters* program, and *Replacement Meters* program.

Table 3 provides the approved budget and final cost, number of units planned and completed, as well as the estimated average unit cost and actual average unit cost by materiality threshold.

Table 3
2024 Capital Programs

Materiality Threshold	Program	Approved Budget ($000s)	Final Cost ($000s)	Number of Planned Units[6]	Actual Number of Units[7]	Estimated Average Unit Cost ($)	Actual Average Unit Cost ($)
<$1 million	New Meters	302	780	2,053	3,052	147	256
	Replacement Meters	571	340	3,884	775	147	439[8]
$1 million to $5 million	New Services	2,847	3,661	2,053	3,052	1,387	1,200
>$5 million	Extensions	11,640	19,600	2,053	3,052	5,670	6,422[9]

6 For the *New Meters, New Services,* and *Extensions* programs, planned units reflect the forecasted customer connections. For the *Replacement Meters* program, planned units reflect the sum of forecast replacement meters, Compliance Sampling Orders ("CSOs") and Government Retest Orders ("GROs").

7 For the *New Meters, New Services,* and *Extensions* programs, actual units reflect the actual number of customer connections. For the *Replacement Meters* program, actual units reflect the sum of meters replaced, CSOs, and GROs.

8 The metering material required to complete the planned units in 2024 was received but less than planned were replaced. As well, metering material costs in 2024 have increased on average 27% when compared to 2023. Reduced units completed combined with the material being received at a higher than anticipated cost resulted in an increased unit cost for 2024.

9 As outlined in the *2024 Capital Expenditures Overview* section of the report, 2024 actual capital expenditures related to larger CIAC extension work was $4.2 million, or $3.7 million higher than average. CIAC extension work occurs ahead of customer connections, for example, Joe Batt's Pond extension work was ongoing at the end of 2024. As a result, there was only one customer connection associated with the larger CIAC developments in 2024. Removing the impact of the larger-than-average CIACs on the 2024 *Extensions* program unit cost would reduce the unit cost to $5,211 (($19,600,000-$3,700,000)/3,051=$5,211).

Comparative Project Data

Table 4 provides a comparison of the number of capital projects planned compared to the number of capital projects completed, presented by investment classification and materiality threshold for the years 2023 and 2024.

Table 4
Capital Projects
Planned and Completed

Investment Classification	Materiality Threshold	2023 Planned	2023 Completed	2024 Planned	2024 Completed
Access	<$1 million	-	-	-	-
	$1 million to $5 million	2	2	-	-
	>$5 million	-	-	-	-
Total Access		**2**	**2**	**-**	**-**
General Plant	<$1 million	6	3	8	5
	$1 million to $5 million	5	2	3	-
	>$5 million	2	-	-	-
Total General Plant		**13**	**5**	**11**	**5**
Mandatory	<$1 million	3	3	3	3
	$1 million to $5 million	1	1	1	1
	>$5 million	-	-	-	-
Total Mandatory		**4**	**4**	**4**	**4**

Table 4
Capital Projects
Planned and Completed

Investment Classification	Materiality Threshold	2023 Planned	2023 Completed	2024 Planned	2024 Completed
Renewal	<$1 million	5	4	10	4
	$1 million to $5 million	6	1	7	1
	>$5 million	3	-	2	-
Total Renewal		**14**	**5**	**19**	**5**
Service Enhancement	<$1 million	1	1	2	2
	$1 million to $5 million	1	-	-	-
	>$5 million	1	1	1	1
Total Service Enhancement		**3**	**2**	**3**	**3**
System Growth	<$1 million	1	1	1	1
	$1 million to $5 million	-	-	1	-
	>$5 million	-	-	-	-
Total System Growth		**1**	**1**	**2**	**1**
Overall	<$1 million	16	12	24	15
	$1 million to $5 million	15	6	12	2
	>$5 million	6	1	3	1
Total Overall		**37**	**19**	**39**	**18**

Table 5 compares the approved budget amount of the capital projects planned in 2023 and 2024 that were completed into the final cost of the project in each respective year, presented by investment classification and materiality threshold.

Table 5
Capital Projects Completed
Budget and Final Costs
($000s)

Investment Classification	Materiality Threshold	2023 Approved Budget	2023 Final Cost	2024 Approved Budget	2024 Final Cost
Access	<$1 million	-	-	-	-
	$1 million to $5 million	6,003	5,543	-	-
	>$5 million	-	-	-	-
Total Access		**6,003**	**5,543**	**-**	**-**
General Plant	<$1 million	1,703	1,878	3,226	3,190
	$1 million to $5 million	2,351	1,900	-	-
	>$5 million	-	-	-	-
Total General Plant		**4,054**	**3,778**	**3,226**	**3,190**
Mandatory	<$1 million	1,422	738	1,554	875
	$1 million to $5 million	4,000	5,100	4,500	4,701
	>$5 million	-	-	-	-
Total Mandatory		**5,422**	**5,838**	**6,054**	**5,576**
Renewal	<$1 million	2,659	2,609	2,723	2,846
	$1 million to $5 million	1,577	1,556	1,566	1,496
	>$5 million	-	-	-	-
Total Renewal		**4,236**	**4,165**	**4,289**	**4,342**
Service Enhancement	<$1 million	563	511	1,468	1,276
	$1 million to $5 million	-	-	-	-
	>$5 million	5,453	5,953	5,541	5,945
Total Service Enhancement		**6,016**	**6,464**	**7,009**	**7,221**

Table 5
Capital Projects Completed
Budget and Final Costs
($000s)

Investment Classification	Materiality Threshold	2023 Approved Budget	2023 Final Cost	2024 Approved Budget	2024 Final Cost
System Growth	<$1 million	670	732	451	364
	$1 million to $5 million	-	-	-	-
	>$5 million	-	-	-	-
Total System Growth		**670**	**732**	**451**	**364**
Overall	<$1 million	7,017	6,468	9,422	8,551
	$1 million to $5 million	13,931	14,099	6,066	6,197
	>$5 million	5,453	5,953	5,541	5,945
Total Overall		**26,401**	**26,520**	**21,029**	**20,693**

Comparative Program Data

Table 6 and Table 7 provide a comparison of the number of capital projects planned compared to the number of capital projects completed, presented by investment classification and materiality threshold for the years 2023 and 2024.

Table 6
Capital Programs
Number of Units by Materiality Threshold

Materiality Threshold	Program	2023 Number of Planned Units[10]	2023 Actual Number of Units[11]	2024 Number of Planned Units	2024 Actual Number of Units
<$1 million	New Meters	2,185	2,372	2,053	3,052
	Replacement Meters	4,877	2,898	3,884	775
$1 million to $5 million	New Services	2,185	2,372	2,053	3,052
>$5 million	Extensions	2,185	2,372	2,053	3,052

Table 7
Capital Programs
Cost per Unit by Materiality Threshold ($)

Materiality Threshold	Program	2023 Planned Cost per Unit	2023 Actual Cost per Unit	2024 Planned Cost per Unit	2024 Actual Cost per Unit
<$1 million	New Meters	136	215	147	256
	Replacement Meters	136	183	147	439
$1 million to $5 million	New Services	1,335	1,374	1,387	1,200
>$5 million	Extensions	5,592	6,385	5,670	6,422

10 For the *New Meters, New Services,* and *Extensions* programs, planned units reflect the forecasted customer connections. For the *Replacement Meters* program, planned units reflect the sum of forecast replacement meters, CSOs and GROs.

11 For the *New Meters, New Services,* and *Extensions* programs, actual units reflect the actual number of customer connections. For the *Replacement Meters* program, actual units reflect the sum of meters replaced, CSOs, and GROs.