
Newfoundland and Labrador
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

IN THE MATTER OF THE
2025 CAPITAL BUDGET APPLICATION
FILED BY
NEWFOUNDLAND AND LABRADOR HYDRO

Decision and Order of the Board
ORDER NO. P.U. 28(2024)

BEFORE:

Kevin Fagan
Chair and Chief Executive Officer

John O'Brien, FCPA, FCA, CISA
Commissioner

Christopher Pike, LL.B., FCIP
Commissioner

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.U. 28(2024)

IN THE MATTER OF the Electrical Power Control Act, 1994, SNL 1994, Chapter E-5.1 (the “EPCA”) and the **Public Utilities Act**, RSNL 1990, Chapter P-47 (the “Act”), as amended, and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for an Order pursuant to sections 41 and 78 of the **Act**:

- (a) approving its capital budget for 2025;
- (b) approving its proposed capital purchases and construction projects for 2025;
- (c) approving contributions by certain customers for contributions towards the cost of improvements to certain property; and
- (d) fixing and determining its average rate base for 2023.

BEFORE:

Kevin Fagan
Chair and Chief Executive Officer

John O’Brien, FCPA, FCA, CISA
Commissioner

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1 **1. DECISION SUMMARY**

2

3 The Board approves Newfoundland and Labrador Hydro's ("Hydro") 2025 Capital Budget in the
4 amount of \$135,712,800¹ which includes expenditures of:

- 5 • \$75,548,200 for projects and programs in excess of \$750,000 which require Board
6 approval;
7 • \$11,123,200 for projects and programs \$750,000 and under which do not require Board
8 approval; and
9 • \$49,041,300 for ongoing multi-year projects with expenditures in 2025 previously
10 approved by the Board.²

11

12 The Board is satisfied that the proposed expenditures are justified based on the evidence filed by
13 Hydro which shows that these expenditures are reasonable and necessary.

14

15 The 2025 Capital Budget of \$135,712,800 reflects customer contributions related to transmission
16 assets that serve only one Hydro customer.

17

18 The Board fixes and determines Hydro's 2023 average rate base in the amount of \$2,329,352,000
19 on the basis that it complies with established practice and relevant Board Orders.

20

21 **2. BACKGROUND**

22

23 Section 41 of the **Act** requires a public utility to submit an annual capital budget of proposed
24 improvements or additions to its property for approval of the Board no later than December 15th
25 in each year for the next calendar year. A utility must also include an estimate of contributions
26 toward the cost of improvements or additions to its property which it intends to demand from
27 its customers.

28

29 Subsection 41(3) of the **Act** prohibits a utility from proceeding with the construction, purchase
30 or lease of improvements or additions to its property without the prior approval of the Board
31 where the cost of the construction or purchase or lease is in excess of the amount prescribed in
32 the regulations. Section 3 of **Public Utilities Regulations**, NLR 40/23, sets the threshold for Board
33 approval at \$750,000.

34

35 Section 78 of the **Act** gives the Board the authority to fix and determine the rate base for the
36 service provided or supplied by a utility and also gives the Board the power to revise the rate
37 base. Section 78 also guides the Board on the elements included in a utility's rate base.

¹ The Board notes that the proposed 2025 expenditures total \$135,712,700; however Hydro states in its Application that the proposed numbers may not add due to rounding.

² This includes multi-year projects less than \$750,000 that were previously approved as part of the overall capital budget in prior years.

1 The process to be followed for capital budget applications is set out in the Board’s Capital Budget
2 Application Guidelines (Provisional), January 2022 (the “Guidelines”).³ The Board conducted this
3 proceeding pursuant to the Guidelines.

4

5 **3. APPLICATION**

6

7 Hydro filed its 2025 Capital Budget Application with the Board on July 16, 2024 and filed revisions
8 on July 29, 2024 and August 22, 2024 (the “Application”). The Application requested that the
9 Board make an order:

- 10 (a) approving Hydro’s 2025 capital budget of \$135.7 million;
- 11 (b) approving Hydro’s 2025 capital purchases and construction projects in excess of
12 \$750,000;
- 13 (c) approving a contribution by identified customers of an amount equal to the capital
14 cost of the work related to assets which solely serve the identified customer; and
- 15 (d) fixing and determining Hydro’s average rate base for 2023 in the amount of
16 \$2,329,352,000.

17

18 **3.1. Process**

19

20 Notice of the Application, including an invitation to participate, was published on July 24, 2024.
21 Details of the Application and supporting documentation were posted on the Board’s website.

22

23 Newfoundland Power Inc. (“Newfoundland Power”), a group of industrial customers (the “Island
24 Industrial Customer Group”),⁴ and the Consumer Advocate, Dennis Browne, KC (the “Consumer
25 Advocate”) intervened (the “Intervenors”) in the Application.

26

27 On August 13, 2024 Hydro provided an overview of the Application in a presentation to Board
28 staff and the Intervenors. This process afforded participants with an opportunity to ask questions
29 or raise areas of concern with respect to the Application.

30

31 The Board, Newfoundland Power, the Island Industrial Customer Group, and the Consumer
32 Advocate issued 172 Requests for Information (“RFIs”) to Hydro. Hydro responded to these
33 requests on September 16, 2024.

34

35 On October 4, 2024 Grant Thornton LLP, the Board’s financial consultant, filed a report on its
36 review of the calculation of Hydro’s 2023 average rate base. The Board provided this report
37 to the parties.

³ The Capital Budget Application Guidelines were established in 2007. The provisional Guidelines established in 2022 are being reviewed in a separate Board process.

⁴ Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) LP and Vale Newfoundland and Labrador Limited are the members of the Island Industrial Customer Group.

1 The Board, Newfoundland Power, and the Consumer Advocate issued an additional 22 RFIs
2 related to the Application. Hydro responded to these requests on October 25, 2024.

3

4 Newfoundland Power and the Consumer Advocate filed written submissions on November 19,
5 2024. On November 20, 2024 the Island Industrial Customer Group confirmed they would not
6 be making a submission. Hydro filed its reply submission on November 26, 2024.

7

8 **3.2. Submissions**

9

10 The Intervenors did not oppose the Application. Newfoundland Power submitted that it did not
11 object to any proposed expenditures in the Application. The Consumer Advocate did not object
12 to Hydro's 2025 Capital Budget or the projects and programs proposed, but raised five broad
13 issues relating to finalization of the Guidelines, capital expenditure carryovers, cost estimation,
14 metering, and "smart grid" technologies.

15

16 Hydro requested that the Board approve the Application and addressed the five issues raised by
17 the Consumer Advocate.

18

19 **4. BOARD DECISION**

20

21 In considering the Application, the Board must assess whether approval of the proposals is
22 consistent with the statutory obligations imposed on the Board and Hydro.⁵ In particular, section
23 3(b) of the **EPCA** requires a public utility to manage and operate its facilities for the efficient
24 production, transmission and distribution of power in a manner that would result in consumers
25 in the province having equitable access to an adequate supply of power at the lowest possible
26 cost, in an environmentally responsible manner, consistent with reliable service.

27

28 As noted by the Guidelines, appropriate capital spending is in the interests of both customers
29 and utilities, as customers benefit from a utility which is well positioned to provide safe, reliable
30 and adequate service and utilities benefit when the rates paid by customers are reasonable and
31 just.⁶

32

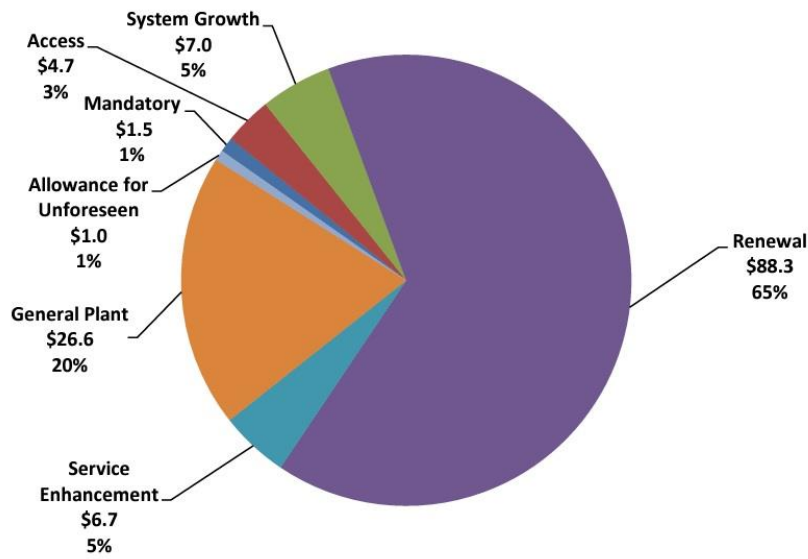
33 The burden of proof is on the utility to provide sufficient evidence to justify its capital budget
34 application proposals. In accordance with the legislation, regulations, and Guidelines, Hydro
35 provided information relating to the proposed 2025 Capital Budget, capital expenditures, and
36 2023 average rate base. The Application also included information required to be filed in
37 compliance with previous Board Orders including a status report on 2024 capital expenditures,
38 an overview of future operation and capital expenditure requirements for the Holyrood Thermal
39 Generating Station, a five-year capital plan, and a capital plan for the Bay d'Espoir Hydroelectric
40 Generating Station over the 2025-2034 period, as well as evidence relating to deferred charges
41 and a reconciliation of average rate base to invested capital. As required by the Guidelines, the

⁵ Sections 37 and 54 of the **Act** and sections 3 and 4 of the **EPCA**.

⁶ Guidelines, pages 1-2.

- 1 Application included a prioritized list of all projects and programs organized by investment
 2 classification.
 3
 4 Hydro's proposed 2025 Capital Budget by investment classification is shown below.

Hydro 2025 Capital Budget Proposal by Investment Classification (\$ Millions)⁷



- 5 The Board has reviewed the evidence including the Application and supporting materials, RFI
 6 responses, Grant Thornton's report, and submissions from the intervenors. The Board's
 7 determinations in relation to the proposed capital expenditures, the 2025 Capital Budget, the
 8 2023 average rate base and the issues raised by the Consumer Advocate are set out below.

9
 10 **4.1. Proposed Capital Expenditures**

- 11
 12 Hydro has proposed 31 projects and programs with expenditures over \$750,000 which require
 13 the approval of the Board.⁸ There are 39 proposed projects and programs with expenditures less
 14 than \$750,000 which do not require the approval of the Board.⁹ There are 25 projects and
 15 programs previously approved by the Board with expenditures over \$750,000¹⁰ and 15 projects
 16 and programs previously approved by the Board with expenditures less than \$750,000.¹¹

- 17
 18 The evidence provided in support of the proposed expenditures in excess of \$750,000 includes
 19 program/project descriptions and justifications, asset overviews, evaluation of alternatives, risk

⁷ Application, Schedule 1, 2025 Capital Budget Overview, page 28, Chart 15.

⁸ Proposed expenditures are \$75,548,200 in 2025, \$28,166,700 in 2026, and \$12,929,000 in 2027.

⁹ Proposed expenditures are \$11,123,200 in 2025, \$3,780,700 in 2026, and \$166,500 in 2027.

¹⁰ Proposed expenditures are \$45,178,500 in 2025 and \$4,942,800 in 2026.

¹¹ Proposed expenditures are \$3,862,800 in 2025.

1 assessments, costing methodologies, and engineering and technical reports. Further information
2 was provided by Hydro in response to the RFIs filed in this proceeding. The Application also
3 provides descriptions of the projects and programs with expenditures less than \$750,000.

4
5 The Board's findings with respect to the proposed Mandatory, Access, General Plant, Renewal,
6 Service Enhancement, System Growth and Allowance for Unforeseen Items expenditures are
7 discussed below.

8 9 4.1.1. Mandatory

10
11 Mandatory investments are those prescribed by a governing body, such as the provincial
12 government, the federal government, or the Board. Hydro's mandatory expenditures for 2025
13 are \$1,483,200, accounting for approximately 1% of the proposed 2025 Capital Budget. By
14 comparison, mandatory expenditures accounted for 3% of Hydro's 2024 Capital Budget.¹²

15
16 There are no mandatory projects/programs with expenditures over \$750,000 requiring Board
17 approval.

18
19 There are two mandatory projects/programs with expenditures under \$750,000 that do not
20 require Board approval. Total expenditures for these projects/programs are \$1,054,200 in 2025
21 and \$278,400 in 2026.¹³ Additionally, Hydro's 2025 mandatory expenditures include one project
22 previously approved by the Board with an expenditure of \$429,000 in 2025.¹⁴ The Board accepts
23 this expenditure on the basis that the Application confirms that there has been no material
24 change in the scope, nature, or magnitude of the project.

25 26 4.1.2. Access

27
28 Investments in access are those required to meet Hydro's obligation to provide customers with
29 access to electricity services. Hydro's access expenditures for 2025 are \$4,662,517, accounting
30 for approximately 3% of the proposed 2025 Capital Budget. This is a decrease compared to last
31 year, when access expenditures comprised 5% of Hydro's 2024 Capital Budget.¹⁵

32
33 There is one access program with an expenditure over \$750,000 requiring Board approval which
34 accounts for the total proposed expenditure of \$4,662,517.¹⁶ This program provides an annual
35 allotment for new service connections and street lights based on past expenditures and
36 forecasted activity within the Central, Northern, and Labrador regions.

37
38 There are no access projects/programs with expenditures below \$750,000 or access expenditures
39 previously approved by the Board.

¹² Hydro's 2024 mandatory expenditures were \$2,605,700.

¹³ Application, Programs and Projects Under \$750,000, pages 1 to 8.

¹⁴ Application, Schedule 1, 2025 Capital Budget Overview, Appendix B, page B-5.

¹⁵ Hydro's 2024 access expenditures were \$4,742,700.

¹⁶ Provide Service Extensions (2025).

1 The Board is satisfied that Hydro's access expenditures are reasonable and necessary for Hydro
 2 to meet its obligation to provide customers with access to electricity services. The Board notes
 3 that the Intervenors did not oppose the access expenditures and did not provide any specific
 4 comments on these expenditures. The Board finds that Hydro has sufficiently justified its access
 5 expenditures for its 2025 Capital Budget.

6 7 4.1.3. General Plant

8
9 General Plant investments are those related to assets that are not part of Hydro's generation,
 10 transmission, and distribution system. This includes systems such as water and sewer, fire
 11 protection, general maintenance and renovations, property assets, and human resource or
 12 employee service needs. Hydro's general plant expenditures for 2025 are \$26,633,300,
 13 accounting for approximately 20% of the proposed 2025 Capital Budget. By comparison, last year
 14 general plant expenditures comprised 22% of Hydro's 2024 Capital Budget.¹⁷

15
16 There are six general plant projects/programs with expenditures over \$750,000 requiring Board
 17 approval. The total proposed expenditures for these projects/programs are \$8,451,000 in 2025,
 18 \$2,179,800 in 2026 and \$5,766,600 in 2027. These projects/programs include expenditures for
 19 vehicles, tools and equipment, technology, and telecontrol assets.

- 20 • Expenditures of \$6,087,300 in 2025, \$1,730,400 in 2026, and \$5,766,600 in 2027 are
 21 proposed for three programs concerning Hydro's vehicles, tools, and equipment.¹⁸ These
 22 expenditures will allow Hydro to replace 35 light-duty and 8 heavy-duty vehicles as well
 23 as mobile equipment based on established replacement criteria. In addition, these
 24 expenditures will be used for adding/replacing necessary tools and equipment, primarily
 25 driven by the operation requirements of Hydro's Generation, Telecontrol, and
 26 Transmission and Rural Operations groups.
- 27 • Expenditures of \$1,260,700 in 2025 and \$449,400 in 2026 are proposed for one program
 28 and one project relating to Hydro's technology assets.¹⁹ These expenditures will allow
 29 Hydro to perform software upgrades and enhancements to improve the functionality and
 30 security of its systems and applications.
- 31 • Expenditures of \$1,103,000 in 2025 are proposed for one project relating to Hydro's
 32 telecontrol assets.²⁰ These expenditures will allow Hydro to replace the obsolete
 33 microwave radios used in Hydro's interconnect system to ensure continued reliable
 34 operation of Hydro's private telecommunication transport network.

35
36 There are also 21 general plant projects/programs with expenditures under \$750,000 which do
 37 not require Board approval. Total expenditures for these projects/programs are \$6,326,900 in

¹⁷ Hydro's 2024 general plant expenditures were \$21,582,200.

¹⁸ Replace Light- and Heavy-Duty Vehicles (2025-2027), Replace Mobile Equipment (2025-2027), and Purchase Tools and Equipment (2025).

¹⁹ Perform Software Upgrades and Minor Enhancements (2025) and Upgrade Work Protection Code Application (2025-2026).

²⁰ Replace Interconnect Microwave Radios (2025).

1 2025 and \$1,287,000 in 2026.²¹ Additionally, Hydro's 2025 general plant expenditures include 12
2 projects/programs previously approved by the Board in the amount of \$11,855,400 in 2025 and
3 \$15,500 in 2026.²²

4
5 The Board is satisfied that the proposed general plant expenditures are necessary to maintain,
6 replace, and upgrade assets used in Hydro's operations. The Board notes that the Intervenor
7 did not oppose the general plant expenditures and did not provide any specific comments on these
8 expenditures. The Board finds that the proposed general plant expenditures are necessary and
9 consistent with Hydro's obligation to provide electrical service that is efficient, that allows for its
10 customers to have equitable access to an adequate supply of power, and that is provided at the
11 lowest possible cost in an environmentally responsible manner consistent with reliable service.
12 Further, the Board accepts the general plant expenditures associated with projects/programs
13 previously approved as the Application confirms that there has been no material change in the
14 scope, nature, or magnitude of these programs/projects.

15
16 While the Board approves the proposed general plant expenditures, the Board has concerns with
17 Hydro's grouping of the light and heavy duty vehicles in the Replace Light-and Heavy-Duty
18 Vehicles program together. Likewise, the Replace Mobile Equipment program has grouped light-
19 duty and heavy-duty assets together. The Board finds that Hydro has not provided sufficient
20 justification for the combining of light- and heavy-duty vehicles/assets. While there may be some
21 efficiencies gained in grouping the different types of vehicles/assets together, the Board finds that
22 separation will allow for greater transparency, clarity, and better reflect delivery time and cost.
23 The Board therefore requests Hydro to separate light-duty and heavy-duty vehicles and light-duty
24 and heavy-duty mobile equipment assets in future capital budget applications.

25 26 4.1.4. Renewal

27
28 Renewal investments are those that are required to replace and/or refurbish system assets to
29 maintain the ability to provide customers with their current electricity services. Hydro's 2025
30 renewal expenditures of \$88,268,600 account for approximately 65% of Hydro's proposed 2025
31 Capital Budget, representing an increase compared to last year, when renewal expenditures
32 accounted for 57% of Hydro's 2024 Capital Budget.²³

33
34 There are 21 renewal projects/programs with expenditures over \$750,000 requiring Board
35 approval. The total proposed expenditures for these projects/programs are \$57,874,500 in 2025,
36 \$22,080,200 in 2026 and \$4,632,600 in 2027. Renewal projects/programs include expenditures
37 for condition assessments, equipment overhauls, in-service failures, asset refurbishment and
38 replacement.

- 39 • Expenditures of \$10,079,000 in 2025 are proposed for three projects/programs for

²¹ Application, Programs and Projects Under \$750,000, pages 1 to 8.

²² Application, Schedule 1, 2025 Capital Budget Overview, Appendix B, page B-4.

²³ Hydro's 2024 renewal expenditures were \$55,354,900.

1 condition assessments.²⁴ These expenditures serve to identify damaged/deteriorated
 2 components that are at risk of failure at the Holyrood Thermal Generating Station and on
 3 its wood pole transmission system.

- 4 • Expenditures of \$23,050,200 in 2025 are proposed for four equipment overhaul
 5 programs.²⁵ These programs involve expenditures on inspections and associated
 6 refurbishments to support the continued safe and reliable operation of Hydro's thermal
 7 equipment and major hydraulic assets. The overhauls proposed are consistent with
 8 previously established overhaul cycles, Hydro's operating experience, and the original
 9 equipment manufacturers' recommendations.
- 10 • Expenditures of \$15,597,000 are proposed for five programs to address in-service
 11 failures.²⁶ These programs address situations where immediate
 12 refurbishment/replacement is required because equipment has failed, is about to fail, or
 13 is deteriorating faster than expected. These situations can be caused by events such as
 14 vandalism, storm damage, lightning, accidental damage, abnormal system operations,
 15 corrosion, and wear of mechanical components. In-service failures expenditures allow
 16 Hydro to maintain safe and reliable operation of its thermal generation and hydraulic
 17 assets and ensure the availability of capital spares needed to support such work. The
 18 proposed expenditures are based on historical data and engineering judgment.
- 19 • Expenditures of \$9,148,300 in 2025, \$22,080,200 in 2026, and \$4,632,600 in 2027 are
 20 proposed for nine projects/programs to refurbish and replace Hydro's assets.²⁷ These
 21 projects/programs involve work on assets that are deteriorated, at the end of their useful
 22 life, or are obsolete. The justification for refurbishment and/or replacement is based on
 23 concerns about performance, reliability, condition, availability of parts, obsolescence, and
 24 compliance with environmental regulations and industry standards.

25
 26 There are also 14 renewal projects/programs with expenditures under \$750,000 which do not
 27 require Board approval. Total expenditures for these projects/programs are \$3,439,000 in 2025,
 28 \$2,215,300 in 2026, and \$166,500 in 2027.²⁸ In addition, Hydro's 2025 renewal expenditures
 29 include 21 projects/programs previously approved by the Board in the amount of \$26,955,100 in
 30 2025 and \$3,902,300 in 2026.²⁹

²⁴ Perform Boiler Condition Assessment and Miscellaneous Upgrades (2025) - Holyrood, Wood Pole Line Management (2025), and Perform Level 2 Condition Assessment-Stage 1 & 2 Cooling Water Sump Structures (2025) – Holyrood.

²⁵ Overhaul Turbine and Valves – Unit 3 (2025) – Holyrood, Overhaul Major Pumps (2025) – Holyrood, Overhaul Diesel Units (2025), and Overhaul Hydraulic Units (2025).

²⁶ Distribution System In-Service Failures, Miscellaneous Upgrades, and Street Lights (2025), Thermal In-Service Failures (2025), Hydraulic In-Service Failures (2025), Terminal Station In-Service Failures (2025), and Diesel In-Service Failures (2025).

²⁷ Replace Diesel Gensets (2025-2027), Upgrade Power Transformers (2025-2026), Replace Protective Relays (2025-2026), Renew Circuit Breakers (2025-2026), Replace Disconnects (2025-2026), Rewind Stator (2025-2026) – Hinds Lake, Refurbish Intake 2 (2025-2026) – Bay D'Espoir, Refurbish Marine Terminal (2025-2026) – Holyrood, and Replace Emergency Diesel Genset (2025-2027) – Cat Arm.

²⁸ Application, Programs and Projects Under \$750,000, pages 9 to 13.

²⁹ Application, Schedule 1, 2025 Capital Budget Overview, Appendix B, B-4.

1 The Board notes that similar to previous years, renewal expenditures account for the majority of
2 Hydro's capital budget. The Board acknowledges that as Hydro's assets age, its capital investment
3 strategy aims to sustain current levels of reliability through renewal-driven capital investment.
4 The Board is satisfied that the proposed renewal expenditures would allow Hydro to inspect,
5 replace, and refurbish its assets in order to meet its obligation to provide safe and reliable
6 electricity to customers at the lowest possible cost, in an environmentally responsible manner.
7 The Board notes that the Intervenors did not oppose the renewal expenditures and did not
8 provide any specific comments on these expenditures. The Board finds that Hydro's proposed
9 renewal expenditures are appropriate and necessary to ensure the continued provision of safe
10 and reliable electric service. Additionally, the Board accepts the renewal expenditures associated
11 with projects/programs previously approved, as the Application confirms there have been no
12 material changes in the scope, nature or magnitude of these projects/programs.

13

14 While the Board approves the proposed renewal expenditures, the Board notes that Hydro's
15 inclusion of the purchase of a spare substation transformer in the Distribution System In-Service
16 Failures, Miscellaneous Upgrades, and Street Lights program is not in accordance with the
17 Guidelines. The Board notes that the Guidelines state:

18

19 Generally, programs comprise assets with individual asset values significantly less than
20 the lowest materiality threshold (e.g., distribution pole top transformer replacements,
21 but not substation transformer replacements), but evidentiary requirement is based on
22 the overall program budget.³⁰

23

24 The evidence indicates that the estimated budget for the purchase of the transformer is
25 \$1,042,442³¹ which does not conform with the materiality threshold established in the
26 Guidelines. The Board is satisfied that Hydro has justified its purchase of the transformer but has
27 not sufficiently justified its inclusion in the program. The Board approves the proposed
28 expenditures however requests Hydro to place greater consideration in future capital budget
29 applications on the materiality threshold as set out in the Guidelines.

30

31 4.1.5. Service Enhancement

32

33 Service enhancement investments are those that modify Hydro's system to meet operational
34 requirements in a more efficient and/or effective manner. Such projects/program include those
35 associated with safety, environmental protection, automation, and poorly performing feeders.
36 Hydro's 2025 service enhancement expenditures of \$6,691,000 account for approximately 5% of
37 Hydro's proposed 2025 Capital Budget similar to Hydro's 2024 Capital Budget.³²

38

39 There are two service enhancement projects/programs with expenditures over \$750,000
40 requiring Board approval. The total proposed expenditures for these projects/programs are

³⁰ Guidelines, page 12.

³¹ Application, Distribution System In-Service Failure, Miscellaneous Upgrades and Street Lights (2025), page i.

³² Hydro's 2024 service enhancement expenditures were \$4,618,900.

1 \$3,560,200 in 2025, \$3,906,700 in 2026, and \$2,529,800 in 2027. These expenditures relate to
2 distribution feeders and transmission lines.

- 3 • Expenditures of \$2,678,900 in 2025, \$3,677,400 in 2026, and \$2,529,800 in 2027 are
4 proposed to upgrade Hydro's worst performing distribution feeders.³³ This work is to
5 refurbish a distribution feeder in the English Harbour West Distribution System based on
6 reliability performance analysis and recent condition assessments.
- 7 • Expenditures of \$881,300 in 2025 and \$229,300 in 2026 are proposed to install mid-span
8 structures on one of Hydro's transmission lines.³⁴ This work will address conductor
9 clearance violations, improving public safety and system reliability.

10

11 There are also two service enhancement programs with expenditures under \$750,000 which do
12 not require Board approval. Total expenditures for these programs are \$303,100 in 2025.³⁵
13 Additionally, Hydro's 2025 service enhancement expenditures include four projects/programs
14 previously approved by the Board in the amount of \$2,827,700 in 2025 and \$235,300 in 2026.³⁶

15

16 The Board is satisfied that the proposed service enhancement expenditures would allow Hydro
17 to address identified distribution and transmission reliability risks. The Board notes that the
18 Intervenors did not oppose the service enhancement expenditures and did not provide any
19 specific comments on these expenditures. The Board finds that Hydro's proposed service
20 enhancement expenditures would allow Hydro to meet its operational requirements more
21 efficiently and effectively, and that the expenditures are therefore consistent with Hydro's
22 obligation to ensure the delivery of power to its customers at the lowest possible cost, in an
23 environmentally responsible manner, consistent with reliable service. The Board also accepts the
24 service enhancement expenditures associated with projects/programs previously approved as
25 the Application confirms that have been no material changes in the scope, nature or magnitude
26 of these projects/programs.

27

28 4.1.6. System Growth

29

30 System growth investments are those that modify Hydro's system to meet forecast changes in
31 customer electricity needs. Hydro's 2025 system growth expenditures of \$6,974,100 account for
32 approximately 5% of Hydro's proposed 2025 Capital Budget. This is a decrease compared to last
33 year, when system growth expenditures comprised approximately 7% of Hydro's 2024 Capital
34 Budget.³⁷

35

36 There are no new system growth projects/programs proposed in the Application.

³³ Upgrade Worst-Performing Distribution Feeders (2025-2027).

³⁴ Install Mid-Span Structures – TL220 (2025-2026).

³⁵ Application, Programs and Projects Under \$750,000, page 14.

³⁶ Application, Schedule 1, 2025 Capital Budget Overview, Appendix B, B-5.

³⁷ Hydro's 2024 system growth expenditures were \$6,547,900.

1 The system growth expenditures in the Application consist of two projects which were previously
2 approved by the Board in the amount of \$6,974,100 in 2025 and \$789,700 in 2026.³⁸ One of the
3 previously approved projects, Substation Upgrades – Wabush, has had no material change in the
4 scope, nature, or magnitude of the project. The Board accepts the system growth expenditures
5 associated with this project on that basis.

6
7 The other previously approved system growth expenditure has had a material change in the
8 magnitude of the project. This project concerns modifications to the Jean Lake Terminal Station
9 necessary to ensure an adequate supply of power to the Town of Wabush. The project
10 commenced in 2023 and was originally scheduled to finish by 2024; however, it was extended
11 into 2025 as part of Hydro’s 2024 Capital Budget Application and is now extended into 2026.
12 Hydro explained that the reason for the extension is the long lead time for the new transformer,
13 which cannot be delivered in time for installation in 2025.³⁹ The original project estimate
14 provided in Hydro’s 2023 Capital Budget Application was \$6,016,100. The revised estimate
15 provided in the current Application is \$7,829,300.⁴⁰ Hydro stated that it is forecasting an increase
16 in cost for the supply of the new transformer based upon tendered pricing. Hydro stated that
17 there are no viable alternatives for the project and it is proceeding with execution.⁴¹

18
19 The Board is satisfied based on the evidence that transformers have been subject to supply chain
20 challenges and increased costs. The Board notes that the Intervenor did not oppose the system
21 growth expenditures and did not provide any specific comments on these expenditures. The
22 Board finds that although the increase in cost is material, the project is critical to ensure the safe,
23 adequate, and reliable provision of electrical service to the Town of Wabush. The Board therefore
24 accepts the system growth expenditures associated with this project.

25 26 4.1.7. Allowance for Unforeseen Items

27
28 The Application proposes a \$1,000,000 Allowance for Unforeseen Items in 2025. This allowance
29 is an annual allotment that enables Hydro to act expeditiously to address unexpected events that
30 may adversely affect the electrical system. The proposed amount is consistent with previous
31 years, and accounts for approximately 1% of Hydro’s 2025 Capital Budget.

32
33 The Board is satisfied that the Allowance for Unforeseen Items is reasonable and will permit
34 Hydro to proceed with unbudgeted capital expenditures so that it can address unexpected events
35 affecting the electrical system. The Board notes that the Intervenor did not oppose the proposed
36 Allowance for Unforeseen Items and did not provide any specific comments on the allowance.
37 The Board finds that Hydro’s proposed Allowance for Unforeseen Items is justified and will
38 facilitate the provision of least-cost reliable and safe service, in an environmentally responsible
39 manner.

³⁸ Application, Schedule 1, 2025 Capital Budget Overview, Appendix B, B-4.

³⁹ Application, Schedule 5, 2024 Capital Expenditures Overview, page 13.

⁴⁰ Application, Schedule 5, 2024 Capital Expenditures Overview, Table 18, page 14.

⁴¹ Application, Schedule 5, 2024 Capital Expenditures Overview, page 13.

1 **4.2. Proposed 2025 Capital Budget**
2

3 Hydro proposed 2025 Capital Budget is \$135,712,800⁴² with expenditures of \$75,548,200
4 requiring Board approval, \$11,123,200 not requiring Board approval, and \$49,041,300⁴³
5 previously approved by the Board.⁴⁴
6

7 The Board notes that Hydro's proposed 2025 Capital Budget is considerably higher than its 2024
8 Capital Budget of \$96,452,300. Hydro stated this material increase is driven primarily by the need
9 for increased investment in asset renewal and increasing costs associated with a period of
10 sustained high inflation in recent years.⁴⁵
11

12 The Board notes that as part of its assessment of alternatives, and as required by the Guidelines,
13 Hydro evaluated whether each program or project in the Application could be deferred. This
14 evaluation resulted in the deferral of capital expenditures totalling approximately \$13,549,100.⁴⁶
15 Additionally, upon further assessment of planned capital expenditures, Hydro cancelled several
16 capital projects/programs totalling approximately \$4,790,000.⁴⁷
17

18 The Board approves Hydro's 2025 Capital Budget in the amount of \$135,712,800 on the basis that
19 the evidence filed demonstrates that the proposed expenditures are justified and necessary. The
20 Board notes that the Intervenors did not oppose the approval of Hydro's 2025 Capital Budget.
21 The Board has found that the proposed 2025 expenditures in excess of \$750,000 for the
22 construction, purchase, or lease of improvements or additions to Hydro's property are reasonable
23 and consistent with Hydro's obligation to ensure the delivery of power to its customers at the
24 lowest possible cost, in an environmentally responsible manner, consistent with reliable service.
25

26 The Board accepts the expenditures associated with projects/programs previously approved by
27 the Board, as the Application confirms that there has either been no material changes in the
28 scope, nature or magnitude of these projects/programs or where there have been changes, those
29 changes are justified. While expenditures under \$750,000 do not require Board approval, they
30 are included in Hydro's proposed 2025 Capital Budget which requires the approval of the Board
31 pursuant to subsection 41(1) of the **Act**. The Board has reviewed the information provided in
32 relation to these expenditures and accepts that they should be included in Hydro's 2025 Capital
33 Budget.

⁴² Application, Schedule 1, 2025 Capital Budget Overview, Appendix B, page B-1.

⁴³ This includes multi-year projects less than \$750,000 that were previously approved as part of the overall capital budget in prior years.

⁴⁴ The Board notes that these figures total \$135,712,700 however Hydro states in its Application that the proposed numbers may not add due to rounding.

⁴⁵ Application, Schedule 1, 2025 Capital Budget Overview, page i.

⁴⁶ Application, Schedule 1, 2025 Capital Budget Overview, Table 6, page 22.

⁴⁷ Application, Schedule 1, 2025 Capital Budget Overview, Table 7, page 23.

1 **4.3. Contributions in Aid of Construction**

2

3 The Application requests approval to reflect customer contributions for the six
4 projects/programs in the 2025 Capital Budget that are related to transmission assets that serve
5 only one Hydro customer.⁴⁸ Hydro stated it has provided each respective customer with the cost
6 estimates associated with each project and each customer has acknowledged its responsibility
7 for its specific costs.⁴⁹

8

9 The Board accepts Hydro's practice to charge the costs of construction and ongoing maintenance
10 of transmission assets that serve only one customer to that customer. The Board notes that the
11 Intervenors did not oppose the proposed contributions in aid of construction or make any specific
12 comments on these contributions. The Board finds that Hydro's budgeted contributions in aid of
13 construction are reasonable and meet the requirements of section 41 of the **Act**.

14

15 **4.4. Average Rate Base**

16

17 The Application requests that the Board fix and determine Hydro's 2023 average rate base in the
18 amount of \$2,329,352,000.

⁴⁸ Application, Schedule 1, 2025 Capital Budget Overview, Table 9, page 36.

⁴⁹ Application, page 4.

**Computation of Average Rate Base
for the Year Ended December 31, 2023
(\$000s)⁵⁰**

	2023
Total Capital Assets	\$2,268,361
Deduct Items Excluded from Rate Base	
Work in Progress	(59,596)
Asset Retirement Obligations (Net of Amortization)	(11,237)
Electric Vehicle Charger Elimination	(639)
Net Capital Assets	2,196,889
Net Capital Assets, Previous Year	2,161,118
Unadjusted Average Capital Assets	2,179,004
Deduct	
Average Net Capital Assets Excluded from Rate Base	(7,811)
Average Capital Assets	2,171,193
Working Capital Allowance	702
Fuel Inventory	57,802
Supplies Inventory	41,349
Average Deferred Charges for Rate Base	58,306
Average Rate Base at Year-End	\$2,329,352

1 Grant Thornton reviewed Hydro’s proposed average rate base for 2023 and concluded that the
2 proposed 2023 average rate base accords with established practice and relevant Board Orders.
3 The Intervenor did not object or provide any comments on the calculation of Hydro’s 2023 rate
4 base.

5
6 The Board fixes and determines Hydro’s average rate base for 2023 in the amount of
7 \$2,329,352,000.

8
9 **4.5. Other Issues**

10
11 The Board notes that while the Intervenor did not object to the approval of the Application, the
12 Consumer Advocate commented on five other issues. These issues concern the finalization of the
13 Guidelines, capital expenditure carryovers, cost estimation, metering, and “smart grid”
14 technologies.

15
16 **4.5.1. Provisional Capital Budget Guidelines**

17
18 The Consumer Advocate submitted that Hydro does not yet have the capability to meet the
19 requirements set out in the Board’s provisional Guidelines relating to asset management. The

⁵⁰ Application, Schedule 6, 2023 Average Rate Base, Table 1, page 1.

1 Consumer Advocate recognized that both Hydro and Newfoundland Power Inc. are currently
2 reviewing their asset management practices, and stated that further discussion to finalize the
3 Guidelines would better inform these reviews before they move further along in their
4 development. The Consumer Advocate submitted that the Board should finalize the Guidelines
5 including a plan directing the utilities to meet the requirements in a timely manner.⁵¹
6

7 In its reply, Hydro submitted that its actions to improve its asset management practices are not
8 directly driven by the requirements set out in the Guidelines, and that Hydro will continue its
9 efforts toward improving asset management. Hydro submitted that the finalization of the
10 Guidelines is underway in a process separate from this Application and therefore did not have
11 any further response regarding the Guidelines as part of this proceeding.
12

13 The Board notes that the reviews of the Guidelines and utility asset management practices are
14 separate matters that would be more appropriately addressed as part of other Board processes.
15 Therefore, the Board makes no comment with respect to these issues.
16

17 4.5.2. Carryovers 18

19 The Consumer Advocate submitted that Hydro's capital expenditure carryovers are concerning
20 given the significant uncertainty relating to the province's electricity supply. The Consumer
21 Advocate encouraged Hydro to address its project execution issues to ensure that customers are
22 not confronted with widespread power outages, and stated that the Board should direct Hydro
23 to file a plan to make further progress in reducing the backlog of project carryovers stemming
24 from its capital budget applications.⁵²
25

26 In its reply, Hydro submitted that it utilizes established project management practices to monitor,
27 control, and manage carryovers. Hydro explained that a portion of carryover work is strategic,
28 that is, the result of Hydro intentionally choosing to carryover work due to changes in the required
29 timing of a project. Other portions of carryover work are the result of external risk events over
30 which Hydro has no control, or internal risk events such as resource constraints and equipment
31 issues. Hydro stated that the reported carryovers in the Application were mainly due to supply
32 chain challenges and strategic carryover of work to future years. Hydro stated that its use of
33 established project change management processes has allowed it to successfully minimize the
34 impacts of carryovers on system reliability. Hydro submitted that none of the projects/programs
35 carried over into 2024 represents a significant risk to the supply of electricity to consumers.⁵³
36

37 The evidence in this Application demonstrates that the carryovers for 2023 are approximately
38 \$21.9 million, including \$13.5 million associated with scopes deferred to future years and \$8.4
39 million associated with the reallocation of cost flow within the years of approved projects and

⁵¹ Consumer Advocate Submissions, page 8.

⁵² Consumer Advocate Submissions, page 8.

⁵³ Hydro Submissions, pages 2-3.

1 programs. The Board notes that Hydro’s 2023 carryovers were lower than the average for the
2 previous nine-year period.⁵⁴

3
4 The Board finds that it is not necessary at this time to provide any direction to Hydro with respect
5 to its project execution practices and procedures. The Board will continue to review Hydro’s
6 carryovers to determine whether Hydro should be directed to take any specific action in the
7 future.

8
9 4.5.3. Cost Estimation

10
11 The Consumer Advocate expressed concern over the accuracy of Hydro’s cost estimating process,
12 citing the recent Section Replacement and Weld Refurbishment for the Bay d’Espoir Hydroelectric
13 Generating Facility Penstock 1 project that was subject to large cost overruns. The Consumer
14 Advocate submitted that the Board should direct Hydro to improve its project cost estimation
15 process, particularly for those assets at the Bay D’Espoir Hydroelectric Generating Facility and the
16 Holyrood Thermal Generating Station, which are critical to the reliable supply of electricity to the
17 Island system.⁵⁵

18
19 In its reply, Hydro submitted that future capital budget estimates will continue to be based on
20 historical capital expenditures and experience, front-end engineering design, vendor quotes, and
21 contractor quotes. Hydro acknowledged that a number of 2024 projects/programs are forecasted
22 to exceed their budgets due to contract pricing that is higher than the original budget estimate;
23 however, Hydro could not speculate as to whether such cost increases will continue into the
24 future. Hydro also stated that due to the timing of this year’s capital budget cycle, it was unable
25 to fully incorporate lessons learned from the immediately previous budget execution season;
26 however, it will do so for development of subsequent capital budget applications.⁵⁶

27
28 The Board shares the Consumer Advocate’s concerns with cost overruns. The Board will continue
29 to monitor the accuracy of Hydro’s cost estimates and whether Hydro has incorporated lessons
30 learned in the development of its future capital budget applications.

31
32 4.5.4. Metering

33
34 The Consumer Advocate submitted that the Board should only approve Hydro’s request for
35 approval of metering expenditures in 2025 on the condition that the funds be used for Automatic
36 Metering Infrastructure (“AMI”) technology unless Hydro can provide evidence to show that an
37 AMI-Lite strategy is inappropriate.

⁵⁴ Application, Schedule 5, Appendix B, Capital Expenditures and Carryover Report for the Year Ended December 31, 2023, page 3.

⁵⁵ Consumer Advocate Submissions, page 8.

⁵⁶ Hydro Submissions, page 4.

1 In its reply, Hydro submitted that it considered AMI as an alternative in the initial cost benefit
2 analysis presented in the Replace Metering System Project proposal in the 2022 Capital Budget
3 Application. At that time, the least-cost solution was determined to be a drive-by Automatic
4 Meter Reading (“AMR”) system. Hydro indicated it has updated its analysis which confirms the
5 AMR system continues to be the least-cost alternative for metering customers.

6
7 The Board accepts that the AMR system continues to be Hydro’s least-cost alternative for
8 metering customer usage. The Board will not direct Hydro to make capital expenditures on AMI
9 at this time.

10

11 4.5.5. “Smart Grid” Technologies

12

13 The Consumer Advocate submitted that this province is falling behind other jurisdictions owing
14 to Hydro’s outdated distribution planning approach that does not give proper weighting to
15 “smart grid” and behind-the-meter opportunities such as customer-owned generation, battery
16 energy storage systems, conservation, demand control, and time-varying rates. The Consumer
17 Advocate submitted that both Hydro and Newfoundland Power are committing considerable
18 capital on “traditional utility assets” and using a distribution planning approach that does not
19 result in lowest overall costs for consumers and a cleaner environment. The Consumer Advocate
20 submitted that the Board should direct Hydro to employ integrated distribution planning
21 processes that de-emphasize traditional wires projects and programs in favour of “smart grid”
22 and behind-the-meter applications.⁵⁷

23

24 In its reply, Hydro submitted that it has incorporated “smart grid” technologies where it has been
25 shown to be cost-effective and will implement further technologies when it is demonstrated that
26 such technologies meet Hydro’s statutory obligation for least-cost, reliable, and environmentally
27 responsible service. Hydro submitted that through the Reliability and Resource Adequacy Study
28 Review proceeding it has evaluated and continues to evaluate technological advancements to
29 enable enhanced demand management. To date, these technologies have not been determined
30 to be more cost-effective than other traditional supply options within Hydro’s supply stack.⁵⁸

31

32 The Board agrees that technological advancements that provide alternatives to traditional utility
33 infrastructure should be pursued where it is shown to be consistent with the provision of least-
34 cost, reliable, environmentally responsible electricity service. The Board notes that the issues
35 raised by the Consumer Advocate with respect to Hydro’s distribution planning approach and use
36 of “smart grid” technologies are important integrated resource planning issues that are being
37 considered as part of the ongoing Reliability and Resource Adequacy Review process. The Board
38 believes it would be inappropriate to direct Hydro on these issues outside of the established
39 process.

⁵⁷ Consumer Advocate Submissions, pages 7-8.

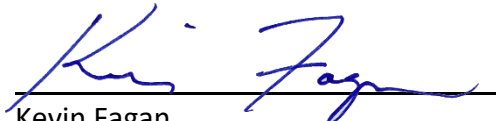
⁵⁸ Hydro submissions, page 5.


1 **5. BOARD ORDER**


2
3 **IT IS THEREFORE ORDERED:**

- 4
- 5 **1. Hydro's proposed construction and purchase of improvements or additions to its property**
6 **in excess of \$750,000 to be completed in 2025, as set out in Schedule A to this Order, are**
7 **approved.**
- 8
- 9 **2. Hydro's proposed multi-year construction and purchase of improvements or additions to its**
10 **property in excess of \$750,000, as set out in Schedule B to this Order, are approved.**
- 11
- 12 **3. Hydro's proposed 2025 Capital Budget for improvements or additions to its property in the**
13 **amount of \$135,712,800, as set out in Schedule C to this Order, is approved.**
- 14
- 15 **4. Hydro's proposed average rate base for the year ended December 31, 2023 is hereby fixed**
16 **and determined at \$2,329,352,000.**
- 17
- 18 **5. Unless otherwise directed by the Board Hydro shall file with, its 2026 Capital Budget**
19 **Application, a report in relation to the Holyrood Thermal Generating Station addressing the**
20 **continued operation of the facility until the later of March 31, 2030 or the anticipated**
21 **conclusion of generation operations.**
- 22
- 23 **6. Unless otherwise directed by the Board Hydro shall file, with its 2026 Capital Budget**
24 **Application, a report in relation to the Bay d'Espoir Hydroelectric Generating Facility**
25 **addressing its capital plan for this facility over the 2026-2035 period.**
- 26
- 27 **7. Unless otherwise directed by the Board, Hydro shall file a report on its 2025 capital**
28 **expenditures by April 1, 2026.**
- 29
- 30 **8. Unless otherwise directed by the Board Hydro shall provide, in conjunction with its 2026**
31 **Capital Budget Application, a status report on the 2025 capital expenditures showing for**
32 **each project:**
- 33
- 34 **i. the approved budget for 2025;**
35 **ii. the expenditures prior to 2025;**
36 **iii. the 2025 expenditures to the date of application;**
37 **iv. the remaining projected expenditures for 2025;**
38 **v. the variance between the projected total expenditures and the approved budget;**
39 **and**
40 **vi. an explanation of the variance.**
- 41
- 42 **9. Hydro shall pay all costs and expenses of the Board incurred in connection with the**
43 **Application.**

DATED at St. John's, Newfoundland and Labrador this 13th day of December 2024.


Kevin Fagan
Chair and Chief Executive Officer


John O'Brien, FCPA, FCA, CISA
Commissioner


Christopher Pike, LL.B., FCIP
Commissioner


Jo-Anne Galarneau
Executive Director and Board Secretary

Newfoundland and Labrador Hydro
2025 Capital Budget
Single-Year Projects Over \$750,000
(\$000)

2025

Access

Provide Service Extensions (2025)	4,662.5	
Total Access		<u>\$ 4,662.5</u>

Allowance for Unforeseen

Allowance for Unforeseen Items (2024)	1,000.0	
Total Allowance for Unforeseen		<u>\$ 1,000.0</u>

Renewal

Diesel In-Service Failures (2025)	800.0	
Distribution System In-Service Failures, Miscellaneous Upgrades, and Street Lights (2025)	6,397.0	
Hydraulic In-Service Failures (2025)	2,000.0	
Overhaul Diesel Units (2025)	1,000.0	
Overhaul Hydraulic Units (2025)	4,972.4	
Overhaul Major Pumps (2025) - Holyrood	1,101.9	
Overhaul Turbine and Valves - Unit 3 (2025) - Holyrood	15,975.9	
Perform Boiler Condition Assessment and Miscellaneous Upgrades (2025) - Holyrood	4,905.8	
Perform Level 2 Condition Assessment - Stage 1 and 2 Cooling Water Sump Structures (2025) - Holyrood	891.9	
Terminal Station In-Service Failures (2025)	2,500.0	
Thermal In-Service Failures (2025)	3,900.0	
Wood Pole Line Management (2025)	4,281.3	
Total Renewal		<u>\$ 48,726.2</u>

General Plant

Perform Software Upgrades and Minor Enhancements (2025)	808.7	
Purchase Tools and Equipment (2025)	1,399.1	
Replace Interconnect Microwave Radios (2025)	1,103.0	
Total General Plant		<u>\$ 3,310.8</u>

Total Expenditures Single-Year Projects over \$750,000

\$ 57,699.5

Newfoundland and Labrador Hydro
2025 Capital Budget
Multi-Year Projects Over \$750,000
(\$000)

Classification	Project Description	2025	2026	2027	Total
Renewal	Refurbish Intake 2 (2025–2026) - Bay d'Espoir	284.4	3,069.4		3,353.8
	Refurbish Marine Terminal (2025–2026) - Holyrood	1,190.8	1,295.6		2,486.4
	Renew Circuit Breakers (2025–2026)	129.7	1,021.7		1,151.4
	Replace Diesel Gensets (2025–2027)	418.2	1,286.6	4,518.7	6,223.5
	Replace Disconnects (2025–2026)	145.3	1,245.5		1,390.8
	Replace Emergency Diesel Genset (2025–2027) - Cat Arm	266.2	1,221.1	113.9	1,601.2
	Replace Protective Relays (2025–2026)	668.6	2,070.9		2,739.5
	Rewind Stator (2025–2026) - Hinds Lake	5,233.2	9,695.5		14,928.7
	Upgrade Power Transformers (2025–2026)	811.9	1,173.9		1,985.8
Service Enhancement	Install Mid-Span Structures - TL220 (2025–2026)	881.3	229.3		1,110.6
	Upgrade Worst-Performing Distribution Feeders (2025–2027)	2,678.9	3,677.4	2,529.8	8,886.1
General Plant	Replace Light- and Heavy-Duty Vehicles (2025–2027)	2,714.6	1,675.8	3,147.2	7,537.6
	Replace Mobile Equipment (2025–2027)	1,973.6	54.6	2,619.4	4,647.6
	Upgrade Work Protection Code Application (2025–2026)	452.0	449.4		901.4
Total Multi-Year Projects over \$750,000 commencing in 2025		\$ 17,848.7	\$ 28,166.7	\$ 12,929.0	\$ 58,944.4

**Newfoundland and Labrador Hydro
2025 Capital Budget
(000s)**

Single-Year Projects/Programs Over \$750,000	57,699.5
Multi-Year Projects/Programs over \$750,000 commencing in 2025	17,848.7
Single-Year Projects/Programs Under \$750,000 ¹	8,484.8
Multi-Year Projects/Programs under \$750,000 commencing in 2025 ²	2,638.4
Multi-Year Projects/Programs over \$750,000 previously approved by the Board commencing in 2024 ³	31,163.8
Multi-Year Projects/Programs under \$750,000 previously approved by the Board commencing in 2024 ⁴	3,862.8
Multi-Year Projects/Programs previously approved by the Board prior to 2024 ⁵	14,014.7
Total 2025 Capital Budget ⁶	<u>135,712.7</u>

¹ See Schedule C: Appendix 1 for details.

² See Schedule C: Appendix 2 for details.

³ See Schedule C: Appendix 3 for details.

⁴ See Schedule C: Appendix 4 for details.

⁵ See Schedule C: Appendix 5 for details.

⁶ The Board notes these figures total \$135,712,700 not the requested \$135,712,800, however Hydro states in its Application that the proposed numbers may not add due to rounding.

Newfoundland and Labrador Hydro
2025 Capital Budget
Single-Year Projects Under \$750,000
(\$000)

2025

Mandatory

Inspect Fuel Tanks (2025) - Holyrood	608.0	
Total Mandatory		\$ 608.0

Renewal

Gas Turbine In-Service Failures (2025)	500.0	
Inspect Fuel Tanks (2025) - Stephenville	676.9	
Perform Level 2 Condition Assessment - Intake 4 and Unit 7 Draft Tube (2025) - Bay d'Espoir	471.5	
Replace Human-Machine Interface (2025) - Stephenville	277.0	
Replace Roof (2025) - Grey River	390.8	
Transmission In-Service Failures (2025)	184.3	
Update Flame Scanners - Unit 3 (2025) - Holyrood	140.6	
Total Renewal		\$ 2,641.1

Service Enhancement

Perform Minor Telecommunications Enhancements (2025)	99.8	
Remove Safety Hazards (2025)	203.3	
Total System Enhancement		\$ 303.1

General Plant

Install CCTV Systems (2025)	440.1	
Install Power Canal Public Safety Boom (2025) - Upper Salmon	463.8	
Modify Office Buildings and Procure Furniture, Fixtures, and Equipment (2025)	178.5	
Perform Level 2 Condition Assessment - Powerhouse Slope (2025) - Cat Arm	169.4	
Perform Security Improvements (2025)	160.7	
Purchase Mobile Devices (2025)	160.2	
Purchase Personal Computers (2025)	575.6	
Purchase Surveying Software and Equipment (2025)	316.4	
Refurbish Meteorological Stations (2025)	167.8	
Replace 48 V Battery Banks and Chargers (2025)	559.1	
Replace Network Communications Equipment (2025)	413.2	
Replace Peripheral Infrastructure (2025)	205.4	
Telecommunications In-Service Failures (2025)	94.1	
Update Cyber Security Infrastructure (2025)	115.6	
Upgrade Core OT Infrastructure (2025)	674.3	
Upgrade Remote Terminal Units (2025)	238.4	
Total General Plant		\$ 4,932.6

Total Expenditures Single-Year Projects Under \$750,000		\$ 8,484.8
--	--	-------------------

Newfoundland and Labrador Hydro
2025 Capital Budget
Multi-Year Projects Under \$750,000
(\$000)

Classification	Project Description	2025	2026	2027	Total
Renewal	Install Breaker Failure Protection (2025–2027) - Holyrood	177.8	320.9	166.5	665.2
	Perform Major Inspection - Synchronous Condenser 2 (2025–2026) - Wabush	22.8	572.8		595.6
	Replace 250 Vdc Battery Bank (2025–2026) - Stephenville	73.0	296.9		369.9
	Replace Circuit Breaker Reclosing Controllers (2025–2026) - Cow Head and Massey Drive	104.6	164.3		268.9
	Replace Instrument Transformers (2025–2026)	112.5	356.4		468.9
	Replace Terminal Station Battery Banks and Chargers (2025–2026)	123.2	315.3		438.5
	Upgrade Data Alarm Systems (2025–2026) - Hardwoods	184.0	188.7		372.7
Mandatory	Purchase Meters and Metering Equipment (2025–2026)	446.2	278.4		724.6
General Plant	Implement SCADA Points Application (2025–2026)	241.9	143.4		385.3
	Install Electric Vehicle Chargers (2025–2026) - Hydro Sites	368.0	288.2		656.2
	Install Fire Protection in 230 kV Stations (2025–2026) - Come by Chance	51.7	534.5		586.2
	Replace GPS Clocks (2025–2026)	448.3	132.4		580.7
	Upgrade Energy Management System (2025–2026)	284.4	188.5		472.9
Total Multi-Year Projects under \$750,000 commencing in 2025		\$ 2,638.4	\$ 3,780.7	\$ 166.5	\$ 6,585.6

Newfoundland and Labrador Hydro
2025 Capital Budget
Multi-Year Projects Over \$750,000 Previously Approved by the Board and Commencing in 2024
(\$000)

Approved	Classification	Project Description	2024 and Prior	2025	2026	2027	Total
P.U. 35(2023)	Renewal	Flatten Downstream Slope (2024–2025) - Hinds Lake	276.1	2,953.4			3,229.5
		Refurbish Intake 1 (2024–2025) - Bay d'Espoir	272.1	3,071.9			3,344.0
		Refurbish Surge Tank 1 (2024–2025) - Bay d'Espoir	175.8	2,111.4			2,287.2
		Renew Circuit Breakers (2024–2025)	183.9	2,120.1			2,304.0
		Renew Distribution Feeders (2024–2025)	1,287.3	1,245.1			2,532.4
		Replace Diesel Gensets (2024–2026)	535.8	478.0	3,902.3		4,916.1
		Replace Disconnects (2024–2025)	127.4	1,358.1			1,485.5
		Replace Instrument Transformers (2024–2025)	154.9	714.8			869.7
		Replace Protective Relays (2024–2025)	1,388.4	2,050.7			3,439.1
	Upgrade Power Transformers (2024–2025)	864.6	2,711.3			3,575.9	
	Service Enhancement	Automate Bulk Metering (2024–2026)	302.6	214.4	235.3		752.3
		Upgrade Worst-Performing Distribution Feeders (2024–2025)	1,064.3	2,227.4			3,291.7
	General Plant	Purchase 50' Material Handler Aerial Device on Tracked Unit (2024–2026) - Happy Valley-Goose Bay	24.0	841.8	7.1		872.9
		Refurbish Outbuilding and Powerhouse Building Envelopes(2024–2025) - Holyrood	156.2	1,039.4			1,195.6
		Replace Light- and Heavy-Duty Vehicles (2024–2026)	1,479.1	4,148.8	8.4		5,636.3
		Replace MDR8000 Microwave Radios (2024–2025)	953.5	500.3			1,453.8
		Replace Mobile Equipment (2024–2025)	216.9	599.7			816.6
		Replace Power Line Carrier (2024-2025) - TL247	87.2	667.4			754.6
		Replace Powerhouse 1 Roof (2024–2025) - Bay d'Espoir	140.2	1,819.2			1,959.4
	Replace VHF Radio System (2024–2025)	1,261.6	290.6			1,552.2	
	Total Multi-Year Projects Over \$750,000 Commencing in 2024			\$ 10,951.9	\$ 31,163.8	\$ 4,153.1	\$ 0.0

Newfoundland and Labrador Hydro
2025 Capital Budget
Multi-Year Projects Under \$750,000 Previously Approved by the Board and Commencing in 2024
(\$000)

Approved	Classification	Project Description	2024 and Prior	2025	2026	2027	Total	
P.U. 35(2023)	Renewal	Replace Annunciator - Phase 2 (2024–2025) - Bay d'Espoir	294.1	187.5			481.6	
		Replace Annunciator Panels (2024–2025) - Cat Arm	160.2	191.2			351.4	
		Replace Circuit Breaker Reclosing Controllers (2024–2025) - TL247	112.4	215.8			328.2	
		Replace Terminal Station Battery Banks and Chargers (2024–2025)	71.8	120.9			192.7	
		Upgrade Data Alarm Systems (2024–2025) - Western Avalon	137.0	156.9			293.9	
		Upgrade DCS Hardware - Units 1 and 2 (2024–2025) - Holyrood	195.2	277.3			472.5	
		Upgrade Distribution - Terminal Station 2 (2024–2025) - Bay d'Espoir	93.2	331.5			424.7	
		Upgrade Unit 1 Control System (2024–2025) - Holyrood	468.3	184.3			652.6	
		Upgrade UPS 1 and 2 (2024–2025) - Holyrood	263.0	107.6			370.6	
	Service Enhancement	Construct Maintenance Platform (2024–2025) - Holyrood	130.5	228.7			359.2	
		Upgrade Instrumentation (2024–2025) - Hardwoods	60.9	157.2			218.1	
	General Plant	Install Fire Protection in 230 kV Stations (2024–2025) - Voisey's Bay	53.8	599.0			652.8	
		Refurbish Control Building (2024–2025) - Grandy Brook and Doyles	109.4	444.7			554.1	
		Replace Air Conditioning Unit - Powerhouse 1 (2024–2025) - Bay d'Espoir	57.8	231.2			289.0	
	Mandatory	Upgrade Station Lighting (2024–2025) - Bottom Waters, Deer Lake, Doyles, Indian River, and Western Avalon	91.6	429.0			520.6	
	Total Multi-Year Projects Under \$750,000 Commencing in 2024			\$ 2,299.2	\$ 3,862.8	\$ 0.0	\$ 0.0	\$ 6,162.0

Newfoundland and Labrador Hydro
2025 Capital Budget
Multi-Year Projects Previously Approved by the Board Prior to 2024
(\$000)

Approved	Classification	Project Description	2024 and Prior	2025	2026	2027	Total
P.U. 2(2023)	Renewal	Diesel Genset Replacement Program (2023–2025)	993.1	1,415.1			2,408.2
	System Growth	Additions for Load Growth - Upgrade Transformer Capacity(2023–2024) - Jean Lake	580.0	6,459.6	789.7		7,829.3
	General Plant	Replace Diesel Shop Building (2023–2025) - Bishop's Falls Replace Light- and Heavy-Duty Vehicles (2023–2025)	1,422.1 3,892.7	673.3			1,422.1 4,566.0
Total Multi-Year Projects commencing in 2023			\$ 6,887.9	\$ 8,548.0	\$ 789.7	\$ 0.0	\$ 16,225.6
P.U. 2(2021)	Renewal	Refurbish Ebbegunbaeg Control Structure	12,726.8	4,952.2			17,679.0
	System Growth	Additions for Load - Wabush Substation Upgrades	10,179.6	514.5			10,694.1
Total Multi-Year Projects commencing in 2021			\$ 22,906.4	\$ 5,466.7	\$ 0.0	\$ 0.0	\$ 28,373.1
Total Multi-Year Projects Previously Approved by the Board Prior to 2024			\$ 29,794.3	\$ 14,014.7	\$ 789.7	\$ 0.0	\$ 44,598.7