

1 Q. **Reference: Schedule 5, 2026 Capital Expenditures Overview, Appendix A Reference: page 1,**
2 **lines 6 and 9 – 10, Appendix A**

3 Provide a separate table listing the projects and programs included in Appendix A that were
4 budgeted under \$750,000 and are now forecast to exceed \$750,000. Include in the table the
5 Project/Program title, the original budget amount, the forecast expenditure amount, variance
6 amount and detailed variance explanation for each project and program that is forecast to
7 exceed \$750,000.

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10 A. Please refer to Table 1 below for a summary of projects and programs included in Appendix A
11 that were budgeted under \$750,000 and are now forecast to exceed \$750,000.

Table 1: Approved Under \$750,000 Proposals Forecast to Exceed \$750,000

Project/Program Title	Budget (\$000)	Expenditures and Forecast (\$000)	Forecasted Variance (\$000)	Detailed Variance Explanation
Replace Instrument Transformers (2025–2026)	468.9	1,396.0	927.1	The forecasted variance in overall program expenditures is attributed to the increase in the number of instrument transformers planned to be replaced in 2026, due primarily to carryover of previously approved scopes. Three additional instrument transformer replacements were added as they were required for immediate replacement due to the presence of PCBs. The detailed variance explanation is provided in Schedule 5. ¹
Perform Level 2 Condition Assessment – Unit 7 Intake and Draft Tube (2025) – Bay d' Espoir	471.5	1,122.7	651.2	The forecasted variance in overall project expenditures is attributed to: (1) higher than originally estimated consultant pricing to perform the condition assessment; and (2) costs for the consultant to remobilize its personnel and equipment in 2026 to complete the inspections that could not be completed in 2025. The detailed variance explanation is provided in Schedule 5. ²
Replace Annunciator – Phase 2 (2024–2025) – Bay d' Espoir	481.6	1,162.8	681.2	The forecasted variance in overall project expenditures is attributed to additional project management, engineering, procurement, and construction costs to address evolved design philosophy and refinement of the scope of work. The detailed variance explanation is provided in Schedule 5. ³
Refurbish Control Building (2024–2025) – Grandy Brook and Doyles	554.1	913.9	359.8	The forecasted variance in overall project expenditures is attributed to higher than originally estimated expenditures for the consultant's detailed engineering design and the construction contract. The detailed variance explanation is provided in Schedule 5. ⁴

- 1 Since preparation of the 2026 Capital Expenditures Overview report, two additional projects
- 2 that were budgeted under \$750,000 are now forecast to exceed \$750,000.

¹ “2027 Capital Budget Application”, Newfoundland and Labrador Hydro, July 14, 2026, sch. 5, sec. 1.1.8.

² “2027 Capital Budget Application”, Newfoundland and Labrador Hydro, July 14, 2026, sch. 5, sec. 1.1.1.

³ “2027 Capital Budget Application”, Newfoundland and Labrador Hydro, July 14, 2026, sch. 5, sec. 1.1.13.

⁴ “2027 Capital Budget Application”, Newfoundland and Labrador Hydro, July 14, 2026, sch. 5, sec. 1.2.7.

Table 2: Additional Under \$750,000 Proposals Forecast to Exceed \$750,000

Project/Program Title	Budget (\$000)	Expenditures and Forecast (\$000)	Forecasted Variance (\$000)	Detailed Variance Explanation
Inspect Fuel Storage Tanks (2026) – Rigolet	504.8	1,042.8	538.0	The forecasted variance in overall project expenditures is primarily attributed to more refurbishment work required than anticipated at the time of the original budget estimate. While the original budget estimate did not anticipate any material refurbishment expenditures, the inspection revealed that the bottom of Tank 12D had failed and requires complete replacement prior to returning the tank to service. Newfoundland and Labrador Hydro (“Hydro”) is proceeding with the work as fuel storage capacity is required to reliably provide energy to the community through the winter period.
Procure Accommodations (2026) – Makkovik	684.7	1,205.2	520.5	The forecasted variance in overall project expenditures is attributed to tendered pricing for the supply and installation of the new accommodations that exceeds the original budget estimate. At the time of award of the supply contract, Hydro did not expect the overall project expenditures to exceed \$750,000. ⁵ The tender for the construction then closed and the updated overall project forecast became \$1,205,200. Hydro proceeded with award of the construction contract as the unavailability of suitable living accommodations is impacting Hydro's ability to complete critical work at the Makkovik Diesel Generating Station, and delay of construction to 2027 would have introduced storage and preservation costs for the new accommodations through the winter of 2026–2027. Cost experience on this project will be used to inform estimates for future similar projects. ⁶

⁵ Hydro tendered the supply and construction separately.

⁶ Given the projects’ similar geographic locations and procurement requirements, Hydro now anticipates that capital expenditures for the project to Procure Accommodations (2027) – Postville are likely to exceed the Under \$750,000 materiality threshold. As this project was filed in Hydro’s 2027 Capital Budget Application (“CBA”) with evidence supporting a project with capital expenditures Under \$750,000, Hydro intends to remove the project from its 2027 CBA and refile the project at a future date with the appropriate evidence as required for the level of materiality.