

1 Q. **Reference: Schedule 5, 2026 Capital Expenditures Overview, Appendix B, Capital Expenditures**
2 **and Carryover Report for the Year Ended December 31, 2025 Table 2 and Chart 3, page B-23**

3 Table 2 and Chart 3 show for all ranges of materiality that the number of completed projects did
4 not attain the planned number of projects. What initiatives have Hydro undertaken to address
5 this deficiency and improve their record of project completion?

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8 A. Newfoundland and Labrador Hydro ("Hydro") strives to execute all approved scopes of work
9 utilizing established project management practices and procedures. Due to the nature of project
10 delivery, some carryover of work may be experienced in a given year; Hydro utilizes its project
11 management practices and procedures to monitor, control, and manage any carryover. These
12 incorporate continual improvement methodologies to ensure that lessons learned are captured
13 and leveraged.

14 While Table 2 and Chart 3 in the Capital Expenditures and Carryover Report for the Year Ended
15 December 31, 2025, summarize the number of projects planned and the number of projects
16 completed, Hydro monitors the completion of individual scopes of work in both projects and
17 programs and determines the root cause for each scope of work carried over.¹ This more
18 detailed information provides Hydro with an opportunity to identify trends and develop
19 improvement initiatives. The analysis of carryover reasons for the last two years resulted in
20 identification of the following main themes:

- 21 • Internal design and construction resource challenges; and
- 22 • Late delivery of materials.

¹ A total of 544 scopes of work were originally planned for completion in 2025. Hydro reviewed the carryover reasons for 155 scopes of work within projects and programs that carried over from 2025 to 2026.

1 Annually, Hydro determines improvements that can be made to project execution that
2 addresses the main themes of carryover, as well as themes arising from Hydro's annual cost
3 variance analysis. Some of the ongoing improvement initiatives are:

- 4 • Advancement of some project planning activities to the project development phase to
5 allow for improved overall annual work planning and determination that work put
6 forward in capital budget applications should be achievable in the year proposed for
7 project construction. Planning activities that are being advanced include:
 - 8 ○ Development of the work breakdown structure for each project and program
9 that will form the framework for cost estimates and schedules.
 - 10 ○ Development of detailed design and construction activities and resource
11 requirements.
 - 12 ○ Identification of materials with long lead times and ensuring that schedules
13 include expected lead times with reasonable allowances for late delivery.
 - 14 ○ Development of the annual generation unit outage schedule.
- 15 • Estimate review to ensure resources are appropriately time-phased.
- 16 • Enhancement of the project initiation documentation for each project and program to
17 improve schedule quality and consistency.
- 18 • Development of guidance for the application of contingency into project schedules at
19 the budget proposal preparation phase.
- 20 • Strengthening project governance through the application of stage-gate reviews and
21 project readiness assessments.
- 22 • Improved planning and reporting of procurement activities within project plans, to track
23 the schedule required to procure materials so that they are available in time for
24 construction.
- 25 • Strengthening of the feedback loop from project execution to project planning and
26 estimating regarding experienced procurement lead times for various equipment types.
- 27 • Update of the project risk management process, including the associated risk evaluation
28 matrix.

- 1 • Improvement of various project document templates including the Project Health,
2 Safety and Environment Plan, the Project Change Notice, the Job Ready for Construction
3 Agenda and the Stakeholder Engagement Checklist.
- 4 • Update of role descriptions for Program Manager, Project Manager, Project Engineer,
5 and Contract Manager for better delineation of responsibility and accountability.
- 6 • Improved reporting and supervisor/manager review of short-term engineering resource
7 requirements during project design and construction phases.
- 8 • Implementation of three-month look-ahead meetings to confirm resource availability of
9 internal resources for construction activities; a look-ahead at this duration allows Hydro
10 time to engage contractors for any expected shortfall in resource availability.
- 11 • Establishment of pre-qualified suppliers lists for agile engagement of contract resources
12 when internal resources are not available for capital work.
- 13 • Specific reviews of work occurring at the same Hydro locations to identify opportunities
14 and risks, such as limited on-site living accommodations, requirements for construction
15 power, shared resources for safety oversight and identification of activities that cannot
16 occur in parallel.