

- 1 **Q. (Reference Application) With respect to project contingencies:**  
 2 **a) What is the range of contingencies included in the 2025 CBA?**  
 3 **b) What are the specific contingency amounts included in each of the**  
 4 **projects included in the CBA?**  
 5 **c) How can the Board be sure that alternatives are being given proper**  
 6 **weighting when contingency amounts vary from one alternative to the**  
 7 **next and the contingency amounts are not specifically identified?**  
 8
- 9 A. a) The range of contingencies used in Newfoundland Power's *2025 Capital Budget*  
 10 *Application* is typically between 10% and 25%. Contingency amounts are project  
 11 specific, and therefore depend on engineering assessments and the complexity of  
 12 the project.<sup>1</sup>  
 13  
 14 b) Table 1 summarizes the specific contingency amounts on a percentage basis for  
 15 relevant projects included in the Application.<sup>2</sup>

Table 1:  
2025 Project Contingencies

2025 Project	Contingency Amount	Contingency Percentage
Distribution Feeder Automation	\$112,500	10%
Distribution Feeder PEP-02 Refurbishment	\$0	0%
Distribution Feeder Refurbishment SCT-01 and BLK-01	\$447,250	25%
Distribution Feeder SMV-01 Refurbishment	163,500	25%
Feeder Additions for Load Growth	\$96,000	10%
LED Street Lighting Replacement	\$0	0%
Building Accessibility Improvements	\$162,500	25%
Port Union Building Replacement	\$320,250	25%
Purchase Specialized Tools and Equipment	\$59,500	10%
La Manche Canal Bridge Replacement	\$106,000	20%
Mobile Hydro Plant Penstock Refurbishment	\$206,250	25%

<sup>1</sup> Some projects may have a contingency higher or lower than this range. For examples, see Table 1 of this response.

<sup>2</sup> The *General Expenses Capitalized* and *Allowance for Unforeseen Items* projects do not have contingencies included in their estimates.

Mount Carmel Pond Spillway Replacement	\$1,154,000	25%
Application Enhancements	\$91,400	10%
Asset Management Technology Solution	\$801,300	10%
Cybersecurity Upgrades	\$94,000	10%
Network Infrastructure	\$47,000	10%
Responder Upgrades	\$327,000	10%
Shared Server Infrastructure	\$97,000	10%
System Upgrades	\$140,800	10%
GAN-T2 Transformer Replacement	\$392,200	10%
PUL-T2 Transformer Replacement	\$438,300	15%
Substation Ground Grid Upgrades	\$91,350	15%
Northwest Brook Substation Refurbishment & Modernization	\$626,190	15%
Lockston Substation Refurbishment & Modernization	\$723,900	15%
Summerville Substation Refurbishment & Modernization	\$753,150	15%
Radio System Replacement	43,500	5%
Transmission Line Additions – LEW to BOY Substation	\$4,144,400	20%
Transmission Line 94L Rebuild	\$1,256,000	10%
Wood Pole Retreatment	\$0	0%
Replace Heavy Fleet Vehicles and Aerial Devices 2025-2027	\$248,726	5%

- 1 c) As provided in parts a) and b) above, contingencies are typically within a range of  
2 10% to 25%. Any contingencies outside of this range are related to the unique  
3 circumstances of a particular project. In projects where there are engineered  
4 estimates for different alternatives with similar levels of uncertainty, the  
5 contingencies are consistently applied across each alternative.<sup>3</sup>

<sup>3</sup> Budget estimates are predictions of the actual expenditure for a proposed project. Estimates involve assumptions reflecting the uncertainties that exist in the project scope and are associated with a level of error. Applying contingency to a budget estimate involves adding an amount to the budget estimate to account for the uncertainty and achieve a consistent level of confidence. Properly employed, the appropriate amount of contingency applied across alternatives will result in budget estimates that are comparable.