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October 30, 2026

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Mike McNiven
Senior Regulatory Advisor & Board Secretary

Re: Newfoundland and Labrador Hydro's 2021 Capital Budget Supplemental Application for Approval of the Construction of Hydro's Long-Term Supply Plan for Southern Labrador – 2026 Update

On March 31, 2025, Newfoundland and Labrador Hydro ("Hydro") received Board of Commissioners of Public Utilities ("Board") Order No. P.U. 12(2025) denying Hydro's application for the long-term supply plan for Southern Labrador. The Board directed Hydro to review its plan for the provision of service to Charlottetown and Pinsent's Arm and develop a new long-term plan for Southern Labrador. Hydro provided an update to the Board on June 25, 2025 regarding the work underway to ensure that Charlottetown, Pinsent's Arm, and the other communities in the region receive safe, reliable service now and long-term. On August 21, 2025, Hydro provided correspondence to the Board in response to a request by the Board for further details on specific aspects of Hydro's work.

On August 26, 2026, the Board requested that Hydro provide a further update on Charlottetown and Pinsent's Arm. The Board's correspondence noted specific areas for which the Board required additional information. Hydro's update, addressing the Board's particular areas of interest, is as follows.

i) A fulsome update on the failure and current status of mobile genset Unit 2108 at the Charlottetown Diesel Generating Station.

In September 2025, mobile unit 2108 in Charlottetown experienced an engine failure. After inspection by Hydro personnel, the engine in the mobile unit was deemed to be damaged beyond repair. The full mobile unit was sent to Toromont CAT in St. John's for evaluation of alternatives. After some consideration, it was determined that a full genset replacement with an in-stock Caterpillar 3516C[1] was the best course of action, as this was the only option which ensured multiple redundancies were maintained to minimize the risk of customer impacts in Charlottetown.[2] The replacement proceeded under the Diesel In-Service Failures project, and the unit was back in service as of June 2026. The total cost of the replacement was $1,649,196.

[1] The Caterpillar 3516C is a 16-cylinder diesel engine designed for heavy-duty industrial applications, including electrical power generation.

[2] As Hydro noted in its update to the Board on August 21, 2025, Hydro is ensuring that multiple redundant units (i.e., backups to backups) are available to minimize the risk of customer impact of outages and to ensure there is sufficient excess capacity on site in Charlottetown to meet peak community load forecasts even if multiple units are unavailable. This is due to the difficulty in sourcing available replacement units, and the risk that it poses to reliable service in the event of an issue with one or more of the mobile units.

ii) Details of any communication with community representatives and/or government officials with respect to issues and concerns with reliability in the area.

Residents and elected representatives continue to express concern over the safety, reliability, and power quality of the service they are receiving from mobile generating units in Charlottetown. Since Hydro's August 21, 2025 update, Hydro has continued to engage with community representatives and other stakeholders in Southern Labrador regarding the provision of reliable service and the development of a long-term supply solution for the region. Hydro continues to monitor, investigate, and address any concerns raised by customers about their service.

As part of a renewed Integrated Resource Plan ("IRP"), Hydro has begun substantive engagement relating to the plan for a long-term solution for Southern Labrador. These communications have occurred through correspondence, meetings, and presentations, including engagement with representatives of Charlottetown and Pinsent's Arm, the NunatuKavut Community Council ("NCC"), and other communities and organizations in Southern Labrador. This work has also included updates to appropriate departments within the Government of Newfoundland and Labrador.

In June 2026, Hydro responded to correspondence from the NCC regarding the long-term energy supply in Charlottetown and Pinsent's Arm. Hydro acknowledged NCC's concerns and committed to continuing to work with NCC and the affected communities as the IRP progressed. Hydro confirmed that reliability is one of the material attributes being considered in evaluating alternatives for long-term supply.

In July 2026, Hydro met with representatives of the Town of Charlottetown and provided an update on its work to identify a long-term electricity supply solution for the community and the broader Southern Labrador region. The information presented explained that Hydro was undertaking full condition assessments of its existing diesel plants, exploring opportunities to integrate renewable resources, and undertaking a full assessment of the reliability, cost, and other considerations associated with the various options, including the transmission interconnection to the Labrador Interconnected System. Through meetings and correspondence with representatives of the Town of Charlottetown, Hydro has consistently heard that while the town is open to future regional renewable initiatives, its immediate concern is ending reliance on temporary mobile generation and securing a reliable long-term solution for Charlottetown and Pinsent's Arm as soon as possible.

Following the meeting with the Town of Charlottetown, Hydro struck a Community Advisory Committee ("CAC") to provide an opportunity for communities and stakeholders to provide local perspectives, interests and concerns as the IRP work progresses.[3] The purpose of the CAC is to facilitate open communication and dialogue with interested groups and provide them with an avenue to bring forward feedback on community, environmental, economic or other matters relating to the development of the renewed IRP. Members of the CAC include all Southern Labrador communities,[4] NCC, Nunacor, and the Labrador Fishermen's Union Shrimp Company Limited. The first meeting of the CAC took place on October 6, 2026. A number of topics were discussed, and feedback provided to Hydro at this first meeting included a strong consensus from members that the current configuration in Charlottetown is not acceptable to them, and that Hydro should take immediate action towards a permanent solution. Hydro takes this stakeholder feedback seriously

[3] Hydro is developing a new IRP for Southern Labrador which will consider the electricity requirements of the region, and various supply options in consideration of its legislative mandate for least cost, environmentally responsible, and reliable power to customers.
[4] With the exclusion of Lodge Bay, who declined to participate when reached by Hydro.

and will ensure it is considered in the context of the ongoing work associated with the Southern Labrador IRP.

iii) An update on the reliability in Charlottetown and Pinsent's Arm over the period since the August 21, 2025 update (i.e., May 1, 2025 to present), as compared to historic reliability and as compared to other communities on Hydro's isolated diesel systems.

Reliability in Charlottetown and Pinsent's Arm has been below average when compared to other isolated systems since the August 21, 2025 update. For the dates requested, the reliability performance for Charlottetown and Pinsent's Arm and other similar isolated systems on the basis of both SAIDI[5] and SAIFI[6] is provided in Table 1 and Table 2 and Figure 1 and Figure 2 of Appendix A.

Hydro has continued the necessary inspections and regular maintenance, including winterization of the required units in advance of any winter season.

The Charlottetown temporary mobile generation has continued to provide service under Hydro's continuous monitoring and maintenance; however, a long-term supply solution is required to address the concerns associated with long-term use of mobile generation in Charlottetown. As noted in its previous update, Hydro does not use the reliability performance of these units as evidence of future reliability; the communities' future reliability is contingent on Hydro's ability to source and maintain an adequate supply of mobile generating units.

Sourcing replacement units and maintaining the existing level of redundancy is an ongoing risk to the provision of safe, reliable service that Hydro continues to monitor. This reinforces the importance of advancing the assessment, approval, and implementation of a long-term supply solution as expeditiously as practicable, while ensuring that all required analysis is properly completed. Through this work, Hydro is also investigating opportunities to address this risk in the context of the IRP.

iv) Details of any further issues, incidents or concerns experienced with the mobile generating units since the August 21, 2025 update.

Aside from the necessary replacement of mobile genset Unit 2108 described above, which did not result in any customer outages, there have not been any further significant issues or incidents with respect to the mobile generating units since the August 21, 2025 update.

v) The anticipated date for the filing of an application for approval of a long-term plan for Southern Labrador, including the anticipated timing for the implementation of the changes that will be proposed.

Hydro is undertaking a full, refreshed assessment of all potential options for a long-term supply solution intended to ensure that the evidence presented to support the least-cost, reliable, and environmentally responsible service solution will facilitate a process that leads to approval to proceed. Hydro has engaged Midgard Consulting Inc. to complete this refresh of Hydro's IRP. While Hydro has maintained continuity by engaging the same consultant, the involvement of new team members brings additional perspectives and an opportunity to incorporate fresh insights in a process that has no predetermined outcomes.

[5] System Average Interruption Duration Index ("SAIDI") measures the length of time that customers experience outages.
[6] System Average Interruption Frequency Index ("SAIFI") measures how often customers experience outages.

The work currently underway that will support this review includes:

- Conducting full condition assessments of the existing diesel plants in the region;
- Exploring opportunities for integration of renewables;
- Completion of further assessment, including considerations of reliability and cost, for large-scale transmission interconnection to the Labrador Interconnected System; and
- Engaging with customers, community leaders, and NCC to establish a forum for two-way communication through the development of the Southern Labrador IRP.

Hydro is not presently in a position to identify a definitive application filing date or implementation timeline. Hydro anticipates the completion of the IRP to be in the first half of 2027. Once the IRP is completed and Hydro has reviewed its results, Hydro will advise the Board and the stakeholders of the IRP completion and the results of the refreshed assessment. Hydro will then be able to determine and advise with respect to the anticipated application filing date and an estimated implementation timeline for any proposed solution.

Hydro remains available to respond to any questions from the Board or interested parties regarding its efforts to maintain safe, reliable service in Charlottetown and Pinsent's Arm while the work to identify the long-term solution is underway. Hydro is also available to provide further information regarding the work completed to date to identify the long-term solution and, if considered helpful by the Board, to provide an informational briefing regarding the approach Hydro is taking to identify and review all potential options for a long-term supply solution and the status of that work.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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Appendix A

Reliability Performance

Charlottetown, Pinsent's Arm and Other Isolated Systems



Reliability Performance

Reliability in Charlottetown and Pinsent's Arm has been below average when compared to other isolated systems since August 21, 2025. For the dates requested, the reliability performance for Charlottetown[1] and other similar isolated systems on the basis of both SAIDI[2] and SAIFI[3] is provided in Table 1 and Table 2 and Figure 1 and Figure 2.[4]

Table 1: SAIDI in Charlottetown and Pinsent's Arm and Other Isolated Systems[5,6]

Year	Black Tickle	Cartwright	**Charlottetown**	Francois	Grey River	Hopedale	L'Anse-Au-Loup	Makkovik	Mary's Harbour	McCallum	Nain	Paradise River	Port Hope Simpson	Postville	Ramea	Rigolet	St. Brendan's	St. Lewis	**Average**
2017	85.1	8.5	**1.2**	0.0	5.2	2.1	11.4	6.3	9.3	3.6	8.4	3.0	0.2	9.5	0.6	9.7	18.8	1.4	**10.2**
2018	39.7	1.5	**0.6**	1.9	0.2	0.5	7.9	7.9	10.9	0.0	6.1	0.4	11.2	0.3	13.3	9.3	0.3	0.6	**6.3**
2019	55.4	28.6	**18.7**	1.4	1.0	6.2	14.2	17.0	1.8	0.0	14.3	2.6	0.4	8.4	0.4	4.7	0.4	11.6	**10.4**
2020	1.1	0.9	**6.9**	0.2	0.0	20.2	15.3	20.6	29.0	0.0	3.0	6.0	11.2	1.1	1.3	0.0	4.3	0.3	**6.7**
2021	14.9	22.6	**1.6**	0.4	1.7	12.1	2.4	28.2	0.3	0.0	5.4	0.0	4.6	1.8	2.7	1.1	2.3	0.1	**5.7**
2022	6.8	30.2	**3.6**	0.9	0.1	5.0	21.4	12.3	0.3	0.1	7.6	0.0	0.6	3.1	5.7	45.0	27.3	0.0	**9.4**
2023	57.5	0.6	**6.6**	0.3	0.1	11.4	7.2	4.4	3.3	2.2	5.6	2.9	0.5	8.3	1.8	0.4	9.2	0.6	**6.8**
2024	0.4	7.3	**0.8**	0.6	0.2	5.4	12.9	4.9	0.7	40.1	2.2	0.0	2.4	2.3	10.5	1.5	5.5	7.3	**5.8**
2025	24.3	5.0	**3.9**	0.0	1.0	2.3	37.0	11.5	3.7	12.5	4.3	1.3	4.5	1.3	26.2	3.7	15.0	0.0	**8.8**
2026	19.8	18.7	**0.4**	0.0	0.0	0.7	10.4	0.6	0.0	4.3	6.7	0.3	4.6	2.4	6.5	15.8	1.4	0.0	**5.2**

[1] Charlottetown statistics include Pinsent's Arm.
[2] System Average Interruption Duration Index ("SAIDI") measures the length of time that customers experience outages.
[3] System Average Interruption Frequency Index ("SAIFI") measures how often customers experience outages.
[4] Data may vary from what was previously submitted due to changes in methodology to remove duplication and convert distribution feeder statistics into generation statistics.
[5] Data includes both generation and distribution system interruptions, as well as both planned and unplanned interruptions.
[6] 2026 data includes interruptions to date.

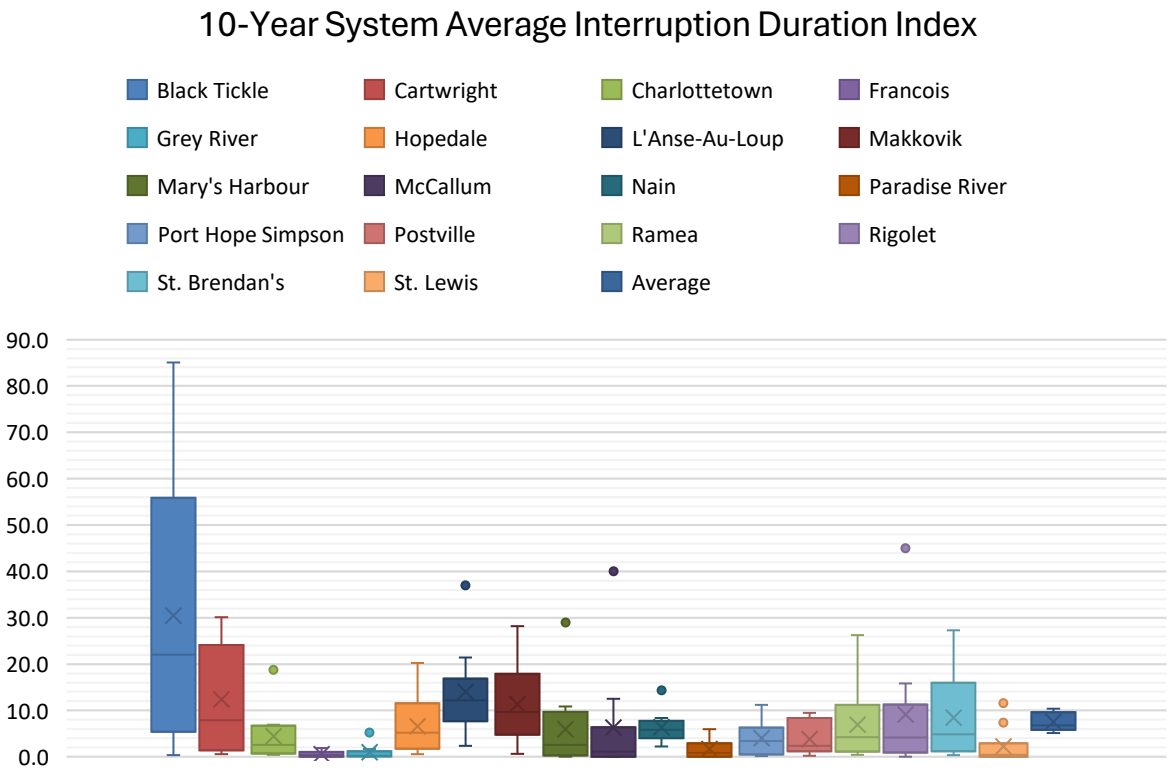


Figure 1: SAIDI in Charlottetown and Pinsent's Arm and Other Isolated Systems[7]

[7] This box-and-whisker plot provides a visual representation of the SAIDI dataset. The colored boxes represent the bounds of the upper and lower quartiles. The lines (whiskers) represent the minimums and maximums, excluding outliers. Dots represent outliers. The X represents the mean.

Table 2: SAIFI in Charlottetown and Pinsent's Arm and Other Isolated Systems[8,9,10]

Year	Black Tickle	Cartwright	**Charlottetown**	Francois	Grey River	Hopedale	L'Anse-Au-Loup	Makkovik	Mary's Harbour	McCallum	Nain	Paradise River	Port Hope Simpson	Postville	Ramea	Rigolet	St. Brendan's	St. Lewis	**Average**
2017	7.2	5.1	**0.5**	0.0	3.0	3.0	5.7	3.0	5.1	1.0	4.2	1.0	1.0	5.0	3.1	10.0	2.0	3.0	**3.5**
2018	10.1	5.0	**1.2**	5.0	1.0	1.0	3.0	5.0	6.0	0.0	3.0	0.1	3.1	2.0	3.3	9.0	1.0	1.1	**3.3**
2019	11.4	14.2	**6.0**	1.0	8.0	5.6	6.6	6.0	6.1	0.0	5.7	4.0	0.1	6.1	4.6	5.2	2.0	2.1	**5.3**
2020	6.0	6.0	**8.0**	3.0	0.0	1.2	11.1	15.6	7.1	0.0	5.0	3.0	5.0	2.0	7.7	0.0	2.0	1.0	**4.7**
2021	6.5	8.0	**4.1**	3.0	4.0	6.3	3.2	7.1	1.3	0.0	3.5	0.0	2.0	2.0	6.4	2.0	2.4	0.0	**3.4**
2022	2.1	7.8	**5.1**	5.0	1.0	9.1	4.2	3.1	0.1	0.0	6.9	0.0	0.0	4.2	2.4	6.1	2.1	0.0	**3.3**
2023	7.3	2.0	**7.0**	3.0	1.0	14.1	9.7	15.0	4.4	2.0	8.5	3.0	1.0	8.3	4.3	3.1	4.3	0.1	**5.5**
2024	2.0	7.1	**3.0**	3.0	2.0	6.0	8.0	7.0	1.0	9.0	4.0	0.0	4.0	2.0	6.9	5.1	5.1	3.1	**4.4**
2025	4.0	2.6	**2.9**	0.0	1.0	4.0	18.9	6.0	3.4	5.1	8.0	3.0	1.6	8.0	8.7	2.0	0.8	0.0	**4.4**
2026	6.0	4.0	**1.1**	0.0	1.0	5.0	13.3	6.0	0.0	4.4	14.9	1.0	3.0	7.0	4.2	10.0	1.3	0.0	**4.6**

[8] Charlottetown statistics include Pinsent's Arm.
[9] Data includes both generation and distribution system interruptions, as well as both planned and unplanned interruptions.
[10] 2026 data include interruptions to date.

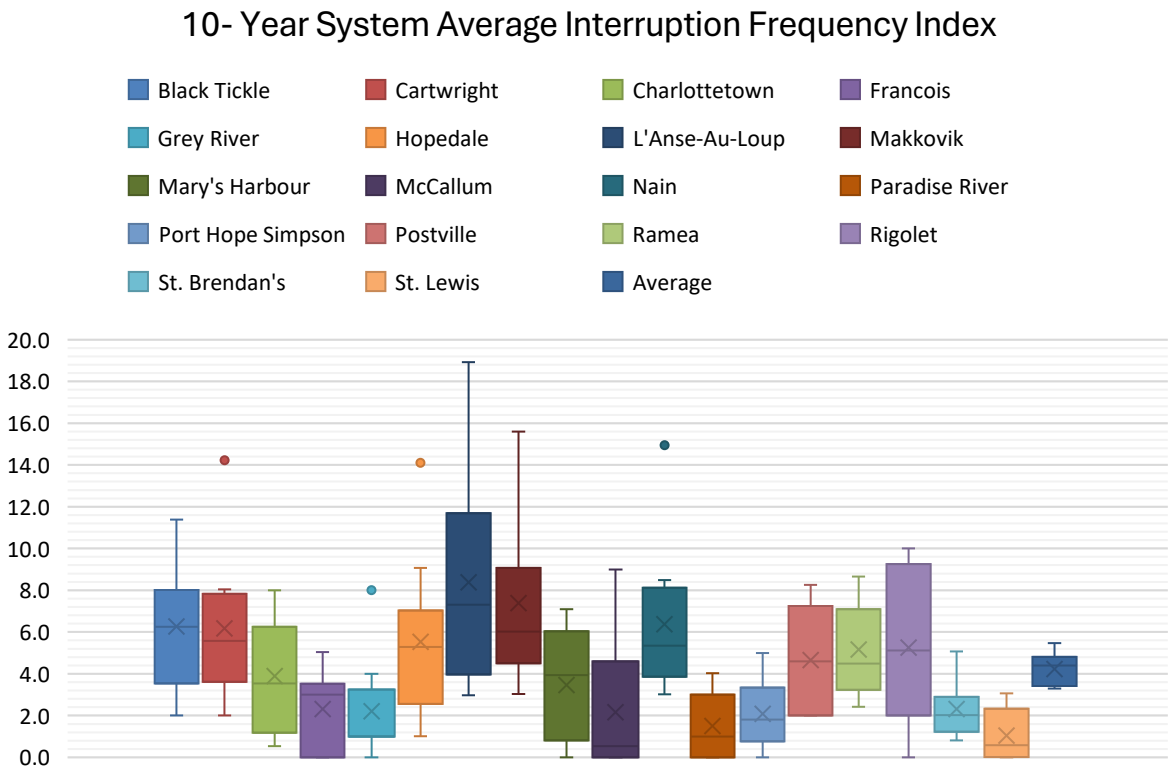


Figure 2: SAIFI in Charlottetown and Pinsent's Arm and Other Isolated Systems[11]

[11] This box-and-whisker plot provides a visual representation of the SAIFI dataset. The colored boxes represent the bounds of the upper and lower quartiles. The lines (whiskers) represent the minimums and maximums, excluding outliers. Dots represent outliers. The X represents the mean.