

November 1, 2024

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Application for Approval of Capital Expenditures for Section Replacement and Weld Refurbishment for Bay d'Espoir Hydroelectric Generating Facility Penstock 1 – Hydro's Reply

On December 7, 2022, Newfoundland and Labrador Hydro ("Hydro") filed an application for approval of capital expenditures for section replacement and weld refurbishment of Penstock 1 at the Bay d'Espoir Hydroelectric Generating Facility ("Bay d'Espoir");¹ project execution was expected to take three years with an estimated project cost of \$50,606,700. The Board of Commissioners of Public Utilities ("Board") approved the application in Order No. P.U. 6(2023). On October 16, 2024, Hydro filed an update with the Board, advising that Hydro and its consultant had completed a refresh of the project budget based on a number of factors ("Update"). Hydro noted that even with the resulting higher estimated cost of the project, the proposed section replacement and weld refurbishment of Penstock 1 continued to be the least-cost solution to ensure the continued safe, reliable provision of power to Hydro's customers in an environmentally responsible manner.

As Hydro's Update contained substantial commercially sensitive information that could have implications for contract negotiations and an ongoing public procurement process, Hydro provided the Board with an unredacted version of the Update on a confidential basis. A redacted version was provided to the parties; this version was also provided to the Board to post to its website. Upon execution of confidentiality agreements, Hydro provided the unredacted version to Newfoundland Power Inc. ("Newfoundland Power") and the Consumer Advocate.

Hydro's Response

Hydro notes that Newfoundland Power and the Island Industrial Customer Group advised that they did not have any comments regarding the Update. There were no comments forthcoming from the other parties. Hydro respectfully requests that the Board approve Hydro's request to proceed with the project, at the higher estimated cost, with continued reporting to the Board in the capital expenditure reports and the capital budget applications as originally ordered.

Should you have any questions, please contact the undersigned.

¹ "Penstock 1 Section Replacement and Weld Refurbishment – Bay d'Espoir Hydroelectric Generating Facility," Newfoundland and Labrador Hydro, December 7, 2022.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/rr

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
Katie R. Philpott
Board General

Island Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

Labrador Interconnected Group

Senwung Luk, Olthuis Kleer Townshend LLP
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

Consumer Advocate

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, KC, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Newfoundland Power Inc.

Dominic J. Foley
Regulatory Email