

1 Q. **Reference: 2025 Capital Budget Application, Program 20, Overhaul Diesel Units (2025), page 8,**
2 **Chart 4.**

3 Please explain why the forecast program budget for 2026 to 2029 is substantially higher than
4 prior years.

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7 A. Overhaul costs vary significantly based on plant location, engine ratings¹, engine type, overhaul
8 parts availability and usage; as such, the number and size of units overhauled in a year create
9 budget variability. Budget forecasts for 2026 onward are higher due to the required overhaul of
10 1,200 RPM units which are larger and more costly to overhaul. Newfoundland and Labrador
11 Hydro has also experienced increased overhaul costs in recent years post-COVID-19 pandemic
12 due to inflationary pressures on the cost of original equipment manufacturer parts, travel,
13 accommodation, etc.

¹ Genset units range in size from 40 kW to 2,500 kW.