Q. **Reference: Program 3 Replace Light- and Heavy-Duty Vehicles (2025-2027)**

a) Given the differences in both delivery time and cost, what is Hydro's rationale for combining heavy-duty and light-duty vehicles under one program and for including light-duty vehicles in a multi-year program?

b) Please separate Table 3 on page 9 to show the costs of light-duty vehicles and the costs of heavy-duty vehicles.

c) Please provide a table showing the number of light-duty and the number of heavy-duty vehicles in Hydro's fleet over the past 10 years. Please explain any trends in the magnitude of each type of vehicle.

A. **a)** Newfoundland and Labrador Hydro ("Hydro") historically combined light- and heavy-duty vehicles into a single budget proposal typically titled "Replace Vehicles and Aerial Devices." Since 2020, delivery of all light-duty vehicles in a single year has not been possible, requiring multi-year delivery and commissioning. While wait times have reduced in 2024, at this time some deliveries are not anticipated until the fourth quarter of 2024.

Administering both light- and heavy-duty procurement together as a single program offers some administrative efficiencies as noted in NP-NLH-010 of this proceeding. Hydro believes there is a prudent balance between administrative efficiency and clarity by maintaining separate programs for on road ("Replace Light- and Heavy-Duty Vehicles") and off-road ("Replace Mobile Equipment") equipment to allow the presentation of pertinent details for the most relevant subclasses of equipment within each program. To further divide subclasses of equipment into independent programs is not recommended.

b) The 2025 proposal budget is allocated approximately 66% heavy-duty and 34% light-duty assets. In future years, the typical balance is expected to be closer to 60:40.

Separated, light-duty and heavy-duty cost summary estimates are shown in Table 1 and Table 2.

Table 1: Program Cost Light-Duty Assets
($000)[1]

Program Cost	2025	2026	Beyond	Total
Material Supply	2,230.0	0.0	0.0	**2,230.0**
Labour	36.0	0.0	0.0	**36.0**
Consultant	0.0	0.0	0.0	**0.0**
Contract Work	0.0	0.0	0.0	**0.0**
Other Direct Costs	13.0	0.0	0.0	**13.0**
Interest and Escalation	65.7	0.0	0.0	**65.7**
Contingency	229.9	0.0	0.0	**229.9**
Total	**2,574.6**	**0.0**	**0.0**	**2,574.6**

Table 2: Program Cost Heavy-Duty Assets
($000)[2]

Program Cost	2025	2026	Beyond	Total
Material Supply	100.0	1,400.0	2,650.0	**4,150.0**
Labour	15.0	43.3	25.7	**84.0**
Consultant	0.0	0.0	0.0	**0.0**
Contract Work	0.0	0.0	0.0	**0.0**
Other Direct Costs	5.0	13.5	13.5	**32.0**
Interest and Escalation	10.0	73.3	189.1	**272.4**
Contingency	10.0	145.7	268.9	**424.6**
Total	**140.0**	**1,675.8**	**3,147.2**	**4,963.0**

c) For the period 2014–2023, Hydro acquired and commissioned new vehicles as shown in Table 3.

Table 3: Light- and Heavy-Duty Vehicle Acquisition (2014–2023)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Light-Duty Units	32	35	39	39	24	25	0	20	37	40
Heavy-Duty Units	7	7	5	4	15	4	4	2	6	7

[1] Share of Total Estimate is 34.2% of total budget.
[2] Share of Total Estimate is 65.8% of total budget.

Pre- COVID-19 pandemic, most heavy-duty vehicles were delivered within one year of the order date, with most light-duty vehicles arriving that same year. Beginning in 2020, additional delays occurred in both categories. At present, light-duty vendors have substantially recovered to deliver nearly all orders in the same year; however, the heavy-duty sector continues to experience longer lead times.

The key trend in both categories is extended periods of inconsistent, lower procurement that puts fleet reliability at risk, and may demand higher-than-normal purchasing quantities in the future. Acquisitions of light-duty assets from 2018 to 2021 were substantially lower than average, initially due to focus on meeting short-term fleet needs, and then pandemic impacts. Heavy-duty deliveries from 2019 to 2021 were also lower than normal for these same reasons. Hydro continues to monitor fleet reliability and failure trends resulting from the low replacement rate, and is prioritizing delivery of new units to areas most at risk of operational impacts in the event of a failure.