1 Q.   **Reference: Program 3 Replace Light- and Heavy-Duty Vehicles (2025-2027), page 1, Table 1:**

2   **Replacement Criteria.**

3   The replacement criteria for heavy duty vehicles (Classes 4 and 6) is listed as 9 years or 200,000

4   kilometres. In Hydro's 2024 Capital Budget Application, the replacement criteria for heavy duty

5   vehicles (Classes 4 and 6) was listed as 6 to 8 years or 200,000 kilometres.

6   **a)** Why did Hydro increase the years of service replacement criteria in its 2025 capital

7   budget?

8   **b)** How does the replacement criteria presented in the 2025 budget compare to practices

9   of other Canadian utilities?

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12 A.   **a)** Data analysis found that Newfoundland and Labrador Hydro's ("Hydro") assessment process

13   consistently extended the useful life of most heavy-duty assets beyond the six to eight-year

14   range; therefore, a formal update was made to increase the years-of-service replacement

15   criteria to an average value of nine years. The ambiguity of using a range to determine the

16   years of service replacement criteria was also changed in favour of a single value

17   representing the average life of the asset class. Hydro notes that across heavy-duty assets,

18   useful life can be significantly shorter or longer depending on usage and environmental

19   conditions.

20   **b)** Replacement criteria for Canadian electrical utilities vary substantially. Other utilities are

21   predominantly urban operators and therefore tend to travel shorter distances, reducing

22   mileage and increasing asset life expectancy. As well, many urban utilities store the majority

23   of their vehicles in heated storage buildings, which is not possible in Hydro's rural

24   environment. Hydro's usage of these assets is also considerably harsher with more off-

25   highway usage, higher salt exposure, and fewer opportunities for cleaning off dirt and salt

26   which accelerate corrosion. As a result, Hydro's expected vehicle service life tends to be

27   shorter on average than that of other Canadian utilities.