

1 Q. **Reference: Program 9 Replace Mobile Equipment (2025-2027), page 3.**

2 Hydro states that most heavy-duty mobile equipment assets were not included in previous
3 iterations of this program and were typically proposed in past Capital Budget Applications as
4 individual projects. Hydro also states that it has identified opportunities for potential efficiencies
5 by including these assets in this program going forward.

6 a) Given the differences in both delivery time and cost, what is Hydro's rationale for
7 combining heavy-duty assets and non-heavy duty assets under one program?

8 Specifically, please explain the opportunities referred to and quantify, where possible,
9 the efficiencies achieved.

10 b) Please provide a table showing the number of heavy-duty assets broken down by type
11 and the number of non-heavy duty assets broken down by type in Hydro's fleet over the
12 past 10 years. Please explain any trends in the magnitude of each type of asset.

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15 A. a) Historically, Newfoundland and Labrador Hydro ("Hydro") has created an individual project
16 for each heavy-duty asset procurement and a consolidated program for light-duty assets
17 only. To continue with that approach in the 2025 Capital Budget Application would have
18 resulted in the development of four proposals instead of one, resulting in missed
19 administrative and operational efficiencies in both the proposal and execution phases. As
20 the justification for both light and heavy-duty mobile equipment is similar, Hydro identified
21 an opportunity to streamline the proposal for mobile equipment replacement. External
22 stakeholder resources and time are also increased with additional proposals, the total cost
23 of which increases the burden on ratepayers.

24 During execution, the same resources manage all transportation procurement and
25 commissioning and therefore administering it under one consolidated program delivers
26 incremental gains in administrative efficiency throughout the program lifecycle. Hydro
27 believes the consolidation of off-road mobile transportation equipment proposals into a
28 single annual proposal is a prudent and cost-saving measure.

1 While Hydro believes the combination of similar proposals inherently generates efficiencies
2 as described above, Hydro is unable to quantify these efficiencies at this time.

3 **b)** Table 1 shows the acquisition year of all active heavy-duty mobile assets in Hydro’s fleet.
4 Trending observable across this data demonstrates that the pace of new units decreased
5 from approximately three units per year from 2006 to 2014, to less than one unit per year
6 from 2015 to 2023. As heavy-duty mobile assets have lifecycles of approximately 15 years,
7 this trend further indicates that the period of decreased replacement needs is ending, and a
8 period of higher replacement levels is commencing. Variability in demand for heavy-duty
9 mobile assets in the near- to medium-term will be the primary driver of total budget
10 variability.

Table 1: Summary of Hydro’s Heavy-Duty Assets (2006–2023)

Year	Number of New Units
2006	4
2007	2
2008	3
2009	3
2010	0
2011	3
2012	3
2013	3
2014	4
2015	1
2016	0
2017	1
2018	2
2019	1
2020	1
2021	2
2022	0
2023	0

11 Light-duty mobile assets proposed in Hydro’s capital budget from 2014 to 2023 are detailed in
12 Table 2. Trending for these assets varies based on condition assessment reports and an uneven
13 distribution of asset ages. These fluctuations may continue for future years; however, they are

1 likely to balance out to fairly consistent total units and budget requirements across all unit
2 types.

Table 2: Summary of Hydro’s Non-Heavy-Duty Assets (2014–2023)

Subclass	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average Units per Year
ATV ¹	11	7	13	10	16	10	10	11	29	10	12.7
Snowmobile	18	33	8	10	7	17	12	27	12	8	15.2
LD ² Trailer	6	2	6	3	5	8	10	10	4	12	6.6
HD ³ Trailer	11	2			4						1.7
Forklift	1			1	1		1		1		0.5
Total	47	44	27	24	33	35	33	48	46	30	36.7

¹ All-terrain vehicle (“ATV”).

² Light-duty (“LD”).

³ Heavy-duty (“HD”).