

December 9, 2025

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: 2026 Capital Budget Application – Hydro's Final Written Submission

Newfoundland and Labrador Hydro ("Hydro") filed its 2026 Capital Budget Application ("CBA") with the Board of Commissioners of Public Utilities ("Board") on July 15, 2025, seeking approval of \$131.6 million in capital expenditures for 2026. In that filing, Hydro also sought approval of its 2024 average rate base in the amount of \$2,379,043,000.

Legislative Framework

Section 37 of the *Public Utilities Act* ("Act") requires Hydro to provide electrical service and facilities that are reasonably safe and adequate and just and reasonable. Section 41 of the *Act* requires Hydro to obtain approval from the Board for its annual capital budget. In addition, section 3 of the *Electrical Power Control Act, 1994* ("EPCA") requires that Hydro provide electrical service that is efficient, that allows for its customers to have equitable access to an adequate supply of power, and that is provided at the lowest possible cost in an environmentally responsible manner consistent with reliable service.

The projects Hydro has included in its 2026 CBA are required to meet Hydro's obligations under the *Act* and the *EPCA*. All projects proposed in the 2026 CBA are justified through the inclusion of all necessary and applicable evidence.

Cost Management

Included within Hydro's 2026 CBA is Hydro's five-year capital plan. Hydro also filed its Major Project's Capital Plan¹ that included an overview of Hydro's Major Projects capital expenditures for the 2026–2030 period, as well as those associated with the Bay d'Espoir Hydroelectric Generating Station and its capital plan for the 2031–2035 period. The Major Projects capital projects currently before the Board were proposed and are being considered in a proceeding separate from this 2026 CBA.

Hydro strives to operate in a manner consistent with its legislated mandate, that results in power being delivered to consumers at the lowest possible cost in an environmentally responsible manner consistent with reliable service. The impact on ratepayers of the costs associated with Hydro's management of the system is a key consideration, and cost management is an area of focus within all stages of Hydro's capital program, including planning, capital budget proposals, and execution. In its aim to balance the provision of reliable service with cost management and environmental considerations, Hydro focuses on

¹ Hydro's initial filing provided the Major Project's Capital Plan as a schedule to the Application separate from the five-year plan that incorporated all non-major capital projects. On August 18, 2026, pursuant to a request from the Board, Hydro filed an additional Five-Year Capital Plan that incorporates both major capital and non-major capital projects in a single report.

sound utility asset management practices, condition-based investments (versus age-based investments) where appropriate, and operational and system requirements.

Hydro also seeks input from stakeholders and customers to inform its capital investment considerations. As part of the ongoing *Reliability and Resource Adequacy Study Review* proceeding, Hydro conducted a digital engagement process, finding that customers largely prioritize the lowest impact on electricity rates rather than other factors.² Hydro is mindful of this concern as it continues asset management planning and has applied these practices, particularly in recent years, to work toward reduced investment to the minimum prudent capital level to not compromise customer reliability, safety, or the environment.

As in previous years, Hydro evaluated each project to determine whether deferral was an option, carefully considering the programs or projects that would be proposed in the 2026 CBA to ensure the proposed projects or programs are those that are the most critical to supporting the safe, reliable operation of Hydro's system in an environmentally responsible manner. Where deferral of a program or project is determined to be low risk, Hydro will choose to defer in an effort to balance the cost impact to customers with the level of reliability required. Hydro's review in preparation of the 2026 CBA resulted in the deferral of capital expenditures totalling approximately \$16.2 million.³ Additionally, Hydro will cancel projects that had been identified in its capital plan, at times this cancellation is subsequent to receiving approval by the Board for the project if the justification, scope, or cost of the project has changed materially and is no longer required or further consideration is necessary before re-submitting a proposal. Upon further assessment of planned capital expenditures, Hydro also cancelled capital projects or programs totalling approximately \$2.3 million.⁴

Intervenor Written Submissions

Hydro notes that Newfoundland Power Inc. ("Newfoundland Power") and the Consumer Advocate filed submissions; no submissions were received from the Island Industrial Customer Group or the Labrador Interconnected Group. Newfoundland Power advised that it does not object to the capital expenditures proposed in Hydro's 2026 CBA; however, Newfoundland Power did provide commentary and recommendations regarding Hydro's proposed budgeting methodologies for its' *Perform Facilities Refurbishments* program. Similarly, the Consumer Advocate did not oppose the bulk of the specific capital expenditures for which Hydro requested approval in the 2026 CBA; the exception being Hydro's request of a project to widen a right of way in Gros Morne National Park ("Park"). However, the Consumer Advocate did provide substantial commentary along with certain points of specific concern for the Board's consideration. Hydro's reply to the submissions made by Newfoundland Power and the Consumer Advocate are as follows.

Newfoundland Power

In its submission, Newfoundland Power noted that the expenditures for Hydro's *Perform Facilities Refurbishments* program are required to maintain Hydro's assets, supporting Hydro's generation, transmission, and distribution systems. Newfoundland Power did not object to those expenditures. However, Newfoundland Power referenced Hydro's proposal to determining annual expenditures associated with that program based on depreciation. Newfoundland Power noted that Hydro has not

² "2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study," Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024), 2024 Resource Plan Overview, sec. 1.0, pp. 1–2.

³ A listing of deferred proposals is provided in the "2026 Capital Budget Application," Newfoundland and Labrador Hydro, July 15, 2025, sch. 1, p. 24, Table 6.

⁴ A listing of cancelled proposals is provided in "2026 Capital Budget Application," Newfoundland and Labrador Hydro, July 15, 2025, sch. 1, p. 25, Table 7.

completed a jurisdictional review of how other utilities in Canada estimate capital expenditure requirements for facility refurbishments, or the appropriateness of the solution Hydro has proposed. Newfoundland Power's position is that Hydro should consider alternative budgeting methodologies for the program, beginning in its 2027 capital budget application.

As Newfoundland Power noted in its submissions, Hydro has stated in its response to PUB-NLH-020 a) that it will continue to assess the utilization of a depreciation-based investment target in establishing the program budget and will propose changes if the level of investment does not meet Hydro's goal of addressing deferred maintenance on its facilities to ensure longevity while managing costs. Hydro also noted in its response to that Request for Information that performing a broader jurisdictional scan regarding other utility methods for estimating a program or project budget may not provide comparable data to allow for a meaningful review, due to jurisdictional differences in regulation, utility configuration and scale, and other unique characteristics. However, Hydro will move forward with the suggested jurisdictional review and advise the Board and parties of its findings upon completion.

Consumer Advocate

Widen Right of Way (2026–2028) – Gros Morne National Park

Hydro's 2026 CBA requested approval of approximately \$2.6M in expenditures to widen the Right of Ways ("ROW") within the Park to reduce the number of tree contacts on the lines. As Hydro notes in its proposal, trees at the edges of ROWs tend to fall toward transmission lines when they become unstable due to erosion of the cleared area. In narrow ROWs, these trees often fall onto the energized lines, resulting in forced outages, potential forest fires, and risks to public safety. Hydro stated that the transmission lines on the narrow ROWs within the Park have exhibited high frequencies of outages due to tree contacts.⁵ In addition to forced outages, Hydro notes that tree contacts pose an electrical safety hazard to anyone travelling the ROWs, as well as a significant forest fire risk. Although no major forest fires have resulted from the tree contacts on the Park ROW to date, Hydro has observed evidence of burned trees associated with these contacts.

The Consumer Advocate argued that Hydro's description of the Park transmission lines as being the worst-performing transmission lines with respect to tree contacts was too narrow, and the more appropriate metric would be how the lines rank in comparison to other transmission lines with respect to outages. The Consumer Advocate notes that there have not been any outages due to tree contacts on those lines since 2021, and none on TL226 since 2019.

The Consumer Advocate also referenced Hydro's submission regarding the forest fire risk and noted that the risk of injuries and forest fires always exists. The Consumer Advocate's position is that the criteria should be whether those risks are high or increasing. The Consumer Advocate states that as there have been no injuries or forest fires from the narrower ROWs in the Park, there is no evidence of increased risk. Finally, the Consumer Advocate also submits that Parks Canada is ultimately responsible for the Park. The Consumer Advocate submits that based on the foregoing, Hydro has not adequately justified the project, and the Board should not approve the expenditures.

Hydro's justification for the widening of the ROWs is based on reliability – to reduce the risk of outages, and the interests of public safety both for travellers on the ROWs and to reduce the risk of forest fires cause by tree contacts. These issues are not considered in isolation. Hydro's evidence indicates that the transmission lines along the Park's ROW are the worst performing lines for tree contacts, and that performance creates the risks of outages, and concerns regarding public safety. Hydro stated within its application that deferring the widening of the ROWs would result in unacceptable risk to public safety due to continued contact between trees and the transmission lines of concern. This would also result in

⁵ "2026 Capital Budget Application, Volume II," Newfoundland and Labrador Hydro, July 17, 2025, proj. 8, sec. 3.2, pp. 3-4.

reduced reliability for the customers serviced through these lines, due to the high likelihood of electrical fault reoccurrence.

While the risk of injuries and forest fires are always present, it is Hydro's responsibility as the utility responsible for its transmission lines and electrical system and the provision of safe, reliable service to its customers to ensure that it takes the necessary steps to meet its responsibilities. While there have not been any injuries or forest fires to date, the evidence provided in Hydro's proposal demonstrates that these transmission lines have a higher risk of tree contacts and the evidence provided in Hydro's response to CA-NLH-131 c) of this proceeding indicates that the risks of forest fires are increasing. Taken with the instances of scorching found on trees that have contacted the lines in that area,⁶ that could have resulted in fires had they happened during different fire hazard conditions, Hydro believes it is a prudent and necessary project to ensure the reliability of the system to customers, and to reduce the risks to public safety that have been sufficiently demonstrated.

Additional Commentary

In addition to the specific submissions on the Widen Right of Way project, above, the Consumer Advocate included substantial general discussion and commentary regarding Hydro's 2026 CBA and capital plan.

The Consumer Advocate began with a description of his view of the context around Hydro's CBA which more broadly considered Hydro's overall expenditures after 2026, including the expenditures that will be incurred through the 2025 Build Application and future Major Projects and the resulting impacts on rates. The Consumer Advocate states that the capital spending plans by both Hydro and Newfoundland Power are alarming, with Hydro's being driven by planned costly additions to provide additional capacity on the Island Interconnected System. The Consumer Advocate indicates that Hydro is proposing substantial additions to the Island Interconnected System while prolonging reliance on the Holyrood Thermal Generating Station ("Holyrood TGS") and alleges that the capacity additions are partially due to less than expected reliability of the Muskrat Falls Project. The Consumer Advocate references the impacts on rates,⁷ and on rate mitigation, that the capital expenditures will have and suggests that the Board consider that context when reviewing Hydro's capital applications.

Hydro notes that the 2025 Build Application was made to request approval of two projects that were determined to be the Minimum Investment Required to meet the forecast capacity needs of the Island Interconnected System. Hydro's Reliability and Resource Adequacy Study had determined that approximately 525 MW of capacity was required on the system by 2034, and the two projects that were ultimately proposed in the 2025 Build Application were the two options that were most appropriate to begin to meet that need. The Consumer Advocate, along with other parties to that application, signed a settlement agreement agreeing with these principles. Contrary to the position that the proposed additions are prolonging the reliance on the Holyrood TGS, the projects are necessary and intended to allow the retirement of the Holyrood TGS. Further, these projects were proposed based on assumptions that included a conservative load forecast and a highly reliable Labrador-Island Link.⁸ As Hydro noted earlier in this response, Hydro considers the impacts of the costs associated with the management of its assets and the system and works to propose only that investment that is necessary and prudent to

⁶ Please refer to Hydro's response to CA-NLH-097 of this proceeding.

⁷ The Consumer Advocate states that Hydro is forecasting an increase in domestic rates on the Island Interconnected System to 25 cents by 2035. Hydro notes that its response to CA-NLH-023, wherein the Consumer Advocate made the same statement, noted that the table the Consumer Advocate references for that information is a rate forecast utilized for the Reference Case and load forecast scenarios provided in the 2025 Build Application. Those rates are based on assumptions made at a point in time and actual customer rates could differ for a variety of reasons.

⁸ "2025 Build Application," Newfoundland and Labrador Hydro, March 21, 2025, sch. 1, p. 5/6.

ensure it's mandate of providing safe, reliable power to customers at the lowest possible cost, in an environmentally responsible manner.

The Consumer Advocate also raised several more specific issues for the Board's consideration, many of which are quite similar to issues raised in previous capital budget applications. The six areas the Consumer Advocate detailed for the Board's consideration are as follows:⁹

- 1)** Finalization of the Provisional CBA Guidelines;¹⁰
- 2)** Project execution improvement;
- 3)** The need for improved estimates;
- 4)** Metering;
- 5)** Falling behind other provinces; and
- 6)** Customer willingness to pay for reliability improvements

Finalization of the Provisional CBA Guidelines

The Consumer Advocate repeats the submissions consistently made in Hydro's previous capital budget applications on the need for finalization of the Capital Budget Guidelines, and references to Hydro's work to improve its asset management practices. As previously communicated, Hydro continues to work towards improving asset management, and an Asset Management System Assessment is currently underway by the Board through its consultant EA Technology Ltd. This was communicated to the parties in correspondence dated May 23, 2025.¹¹

In that same correspondence, the Board advises that once the asset management assessment of Hydro is complete, the Board will advise of the next steps in the review of the Capital Budget Guidelines.

As the finalization of the Capital Budget Guidelines is underway in a process separate from the 2026 CBA, Hydro does not have any further response regarding these guidelines as part of this proceeding.

Project Execution Improvement

The Consumer Advocate also continues to express concern with Hydro's project execution practices, particularly as they relate to capital expenditure carryover and the perceived impact of carryover on system reliability. The Consumer Advocate again requested that the Board "...encourage Hydro to address project execution issues to ensure that customers are not confronted with widespread power outages."¹²

As Hydro notes in its 2026 CBA, with a large and complex capital program, some degree of carryover is to be expected and is managed through established project management practices that incorporate continual improvement methodologies. This carryover can be strategic, such as deferring projects due to changes in timing requirements, or due to external factors like supply chain disruptions or internal challenges in scheduling resources.¹³ This is not inconsistent with the decision of the Board, in Order No. P.U. 35(2023), when noting that:

⁹ "2026 Capital Budget Application, Submission of the Office of the Consumer Advocate, December 2, 2025.

¹⁰ "Capital Budget Application Guidelines (Provisional)," Board of Commissioners of Public Utilities, January 2022.

¹¹ Hydro provided a copy of this correspondence with its response to CA-NLH-014 of this proceeding.

¹² "2026 Capital Budget Application, Submission of the Office of the Consumer Advocate, December 2, 2025, p. 4.

¹³ "2026 Capital Budget Application, Volume I," Newfoundland and Labrador Hydro, July 17, 2025, sch.1, sec. 3.0, pp. 12/9-13.

. . . carryovers are an inevitable part of any capital program and good planning and oversight are critical to provide for well managed capital execution to minimize cost escalation and impacts on subsequent year project execution.¹⁴

Hydro's review of the 2024 capital expenditures determined there were multiple contributors to carryover from its 2024 planned expenditures to future years. As Hydro has noted previously, an established project change management process is utilized to identify the impacts of carryover and to develop temporary mitigation plans to reduce the impact, where possible, until the work can be completed.

A portion of carryover work is strategic, in which Hydro can execute work in the originally planned year but intentionally carries over the work due to changes in the required timing of the project. As Hydro detailed in its 2025 Capital Expenditures Overview Report,¹⁵ Hydro utilizes an established project change management process to facilitate decisions when contemplating the strategic carryover of work. As part of its annual work planning cycle, in the early part of the calendar year, Hydro determines the risk associated with a one-year delay in completing each capital program and project work scope. This allows Hydro to minimize the risk of carryover if constraints prevent Hydro from executing all planned work.

Hydro does consider the availability and cost of internal resources and the amount of carryover in its proposal development for its CBA. This is reflected in strategic project deferrals, extension of project and programs durations, review of scopes of work to determine areas where external resources can fit and inclusion of external resources in estimates as required. To improve the quality of its estimates for its 2026 CBA, resource requirements within each estimate were reviewed to confirm that labour assumptions were adequate within Hydro's overall annual work and outage plans. This exercise will aid in supporting the timely execution of necessary capital work; however, circumstances do occur from time to time, as in any business, that result in changes to planned capital work.

The Need for Improved Estimates

The Consumer Advocate repeated his concerns regarding the accuracy of Hydro's cost estimation processes. The Consumer Advocate stated his belief that the cost estimation process for Hydro's capital budget proposals for existing assets, including the Bay d'Espoir Unit 7 Life Extension project, should be scrutinized and improved in the same manner that Hydro has communicated within the *Reliability and Resource Adequacy Study Review*.

Hydro ensures that budget estimates take into consideration Hydro's most recent cost experience from ongoing projects and programs. Due to the timing of project execution and capital budget activities, there is typically a one-year feedback lag on the impact of recent experience of market pricing on Hydro's estimates in its capital budgeting process. In efforts to attract the best possible pricing and to minimize market shift impacts, Hydro strategically packages its procurement items and goes to market for pricing as early as possible. Due to the lag between estimate completion and procurement activities, in addition to high market volatility, in some cases, contract pricing may differ from that assumed at the time of estimation; in such cases, Hydro reviews alternative analysis and project justification to ensure the selected alternative remains least-cost, and that the project justification remains valid before proceeding with the project. However, the lessons learned from previous capital budget applications are utilized in the development of subsequent capital applications.

¹⁴ Board Order No. P.U. 35(2023), p. 14/5-7.

¹⁵ "2026 Capital Budget Application, Volume I," Newfoundland and Labrador Hydro, July 17, 2025, sch.5, app. B, pp. B-74.

Metering

The Consumer Advocate continues to express strong support for the implementation of smart meters. The Consumer Advocate suggested that the Board should only approve Hydro's request for approval of expenditure in 2026 for the Replace Metering System project on the condition that the funds be used for smart meters.

Hydro's request is specifically for capital expenditures necessary to continue the replacement of manually-read meters and TS1 meters with a drive-by automatic meter reading ("AMR") system as originally proposed in Hydro's 2022 CBA and approved by the Board in Order No. P.U. 37(2021). Hydro has previously clarified that Hydro considered smart metering as an alternative in the initial cost-benefit analysis presented in the 2022 CBA proposal. Hydro has since updated its cost-benefit analysis and confirmed that the least-cost alternative for the replacement of its metering system and a drive-by AMR system remains the least-cost option. The Util-Assist Inc. report referenced by the Consumer Advocate was only one piece of information on which Hydro based its decision. The AMR system continues to be the least-cost alternative, consistent with Hydro's statutory mandate as set out in section 3(b)(iii) of the *EPCA*.

Re-directing funds from a project that was approved by the Board after a fulsome application and review process to a project that has not been put before the Board in an application with substantive evidence to support it is not consistent with the requirements of the Act or the *EPCA*, or with the Board's Guidelines or established practices.

As Hydro has detailed in its response to CA-NLH-127 of this proceeding that it recognizes that there are benefits associated with the implementation of Advanced Metering Infrastructure ("AMI" or "Smart Meters") including the ability to implement dynamic rate structures such as time-of-use ("TOU") rates or critical peak pricing ("CPP"), and other benefits such as real-time information concerning usage, remote disconnect/reconnect or power limiting, an improved knowledge of the distribution system bettering responses to outages. As with all utility investments, these benefits must be weighed against the cost of implementation. Hydro's response to that RFI quoted from the 2025 Energy Solutions Potential Study which assessed the forecast cost and benefits associated with dynamic rates – a solution that requires capital investment in smart meters.¹⁶ The analysis concluded that "... *TOU and CPP electricity rate design measures are not cost-effective, due to the high program costs associated with the installation and operation of the AMI infrastructure required to administer them.*"

The Consumer Advocate noted that it had asked Hydro, in CA-NLH-101, to clarify its statement that Hydro's 2019 Conservation and Demand Potential Study found that AMI would increase system peak on the Labrador Interconnected System. The Consumer Advocate submitted that Hydro had missed the point of the question in its response, and that AMI does not increase system peak. The Consumer Advocate argues that poor rate design can increase system peak and that he is promoting intelligent rate design that can only be implemented with AMI.

With respect, Hydro's response to CA-NLH-101 clearly addresses the Consumer Advocate's question regarding the Labrador Interconnected System. The figure included within that response indicates that the system has a *flat load shape*. The primary opportunity presented by AMI is dynamic rates, where customers are given a financial incentive to shift their electricity consumption (either TOU rates or CPP).

¹⁶ "2025 Capital Budget Supplemental Application, Application for Capital Expenditures for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine, Additional Information, 2025 Energy Solutions Potential Study," Newfoundland and Labrador Hydro, Executive Summary, p. xxxiii, November 5, 2025.

This creates system risks with respect to how customers respond to these price signals, also referred to as pre-charge (increased consumption before peak pricing) and bounce back (increased consumption after peak pricing) effects. The flat load shape of the Labrador system *would greatly limit measures with bounce-back or pre-charge effects as they risk creating new peaks by shifting load from one hour to another.* An investment in AMI for dynamic rates on the Labrador Interconnected System would risk creating a new system peak that is less efficient than the current “nearly perfectly flat” load shape while also being more costly than Hydro’s proposal.

Falling Behind Other Provinces

The Consumer Advocate submitted that the province’s power sector is falling behind other jurisdictions, particularly with respect to smart grid applications, and restates arguments made in previous capital budget applications. The Consumer Advocate provides further comment on the structure of the “power sector” in the province and alleges that the interests of the customers in the province are not being served. The Consumer Advocate states that the following actions, or inactions, by Hydro support his argument: little promotion of customer-owned generation; being behind in retail rate design; a coordinated power system plan with Newfoundland Power and Hydro; and a lack of complete asset management review for Hydro.

Hydro has addressed the asset management review previously in this correspondence. The remaining issues are ones more appropriately discussed within Hydro’s 2025 Build Application or the *Reliability and Resource Adequacy Study Review* proceeding; however, Hydro notes that in its response to CA-NLH-025 of this proceeding, Hydro advised that as part of Hydro’s Expansion Plan to meet load growth on the Island Interconnected System,¹⁷ alternative resources including wind, solar, battery installations, rate design, customer demand management, and capacity assistance, as well as traditional resources (e.g., hydraulic units, combustion turbines) were considered as potential sources of supply to meet changing requirements on the Newfoundland and Labrador Interconnected System. Through that proceeding, Hydro is also assessing the role of Dynamic Line Rating and Remedial Action Schemes as non-wires alternatives to new transmission line construction. Hydro has not identified any non-wire alternatives to the distribution and transmission projects and programs identified in its 2026 CBA.

Customer willingness to pay for reliability improvements

The Consumer Advocate references Hydro’s digital engagement process and Hydro’s statements regarding the results. The Consumer Advocate submits that Hydro has not provided any evidence that customers are aware of the costs of reliability. The Consumer Advocate again references a rate increase to 25 cents/kWh that Hydro has stated above was a general assumption used in analysis scenarios provided in the 2025 Build Application. Those rates are based on assumptions made at a point in time and actual customer rates could differ for a variety of reasons. The results of the digital engagement are provided as part of Hydro’s 2024 Resource Adequacy Plan.¹⁸ The interpretation of the survey as it relates to future investment in generation and/or transmission is most appropriate in the 2025 Build Application or the *Reliability and Resource Adequacy Study Review* proceeding; however, it was clear through the engagement that Customers are not willing to compromise on reliability but do not wish to be exposed to significant cost impacts. These are key factors that Hydro remains cognizant of while planning and proposing the projects in its 2026 CBA necessary for the ongoing safe, reliable operation of

¹⁷ “2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study,” Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024).

¹⁸ “2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study,” Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024), app. D.

the assets necessary to serve its customers – which the Consumer Advocate states in his submission is of vital importance.¹⁹

Conclusion

Hydro submits that other than the Consumer Advocate, none of the parties have advised of any objections to the projects and programs proposed in Hydro's 2026 CBA. Hydro has noted Newfoundland Power's concerns regarding Hydro's method of estimate capital expenditure requirements for facility refurbishments and will proceed with a jurisdictional scan and report the results to the Board and parties. The argument posed by the Consumer Advocate regarding the Widen Right of Way project are not consistent with the evidence provided with respect to that proposal; the evidence clearly indicates the need for and supports Hydro's proposed expenditure to widen the ROW to ensure safe and reliable service for the region. The additional issues raised by the Consumer Advocate have been addressed as detailed herein, and no additional action is necessary other than what is already underway. Hydro further submits that the Consumer Advocate's suggestions to divert funding from Hydro's proposed AMR project proposal to advanced metering infrastructure technology is not supported by the evidence and argument on the record of this proceeding and does not comply with the provisions of the applicable legislation, or the Board's guidelines and established processes.

Hydro submits that the capital work for which Hydro has sought approval in its 2026 CBA is necessary to ensure that Hydro can continue to provide service that is reasonably safe and adequate and just and reasonable as required by Section 37 of the *Act*. Hydro further submits that, as illustrated through the information provided in the 2026 CBA and the process that followed, the proposed projects are necessary to enable its customers to have equitable access to an adequate supply of power and that the proposed projects are the options that can be executed to provide reliable service at the lowest possible cost in an environmentally responsible manner, as required by the *EPCA*.

Hydro respectfully requests that the Board approve the 2026 CBA as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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¹⁹ *Supra*, f.n. 12.