

December 2, 2025

Board of Commissioners  
of Public Utilities  
P.O. Box 21040  
120 Torbay Road  
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau  
Executive Director and Board Secretary

Dear Ms. Galarneau:

**Re: Newfoundland and Labrador Hydro – 2026 Capital Budget Application –  
Newfoundland Power's Submission**

Newfoundland Power Inc. ("Newfoundland Power" or the "Company") has reviewed Newfoundland and Labrador Hydro's ("Hydro") *2026 Capital Budget Application* including the responses to requests for information filed with the Board as part of the review process. The Company does not object to the proposed expenditures in Hydro's *2026 Capital Budget Application*. This includes approximately \$3.0 million associated with the first year of Hydro's *Perform Facilities Refurbishments* program. These expenditures are required to maintain Hydro's assets including 342 facilities which support the operation of Hydro's generation, transmission, and distribution systems.<sup>1</sup>

Hydro has proposed an approach to determining annual expenditures associated with its *Perform Facilities Refurbishments* program based on depreciation. While the estimation process suggests an estimated annual renewal expenditure of approximately \$5.5 million, Hydro has requested program expenditures of \$3.0 million for 2026.<sup>2</sup> Newfoundland Power observes that Hydro has not completed a jurisdictional review of how other Canadian utilities estimate capital expenditure requirements for necessary facilities refurbishments, or the appropriateness of using a depreciation-based methodology for capital budget estimation.<sup>3,4</sup>

Hydro states that it will continue to assess the utilization of a depreciation-based investment target in the establishment of the program budget and will propose changes to its approach should the level of investment not enable a reduction in high- and medium-risk items.<sup>5</sup>

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<sup>1</sup> See Hydro's *2026 Capital Budget Application, Volume I, Schedule 7 – Capital Programs and Projects, Perform Facilities Refurbishments (2026)*, page 1.

<sup>2</sup> Ibid, page 1-2.

<sup>3</sup> See Request for Information PUB-NLH-020, parts (b) and (c).

<sup>4</sup> Newfoundland Power observes that the depreciation-based estimation methodology would result in increased program expenditures following the introduction of new facilities that, since being new, would not require facilities refurbishment expenditures until later in their useful service life. It is unclear to Newfoundland Power whether this relationship is appropriate for estimating Hydro's facilities refurbishment expenditures.

<sup>5</sup> See Request for Information PUB-NLH-020, part (a).

**Newfoundland Power Inc.**

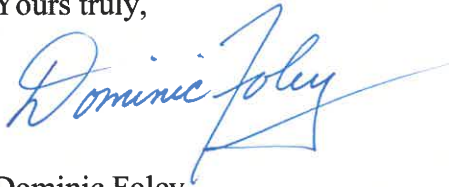
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Based on the foregoing, Newfoundland Power submits that Hydro should consider alternative budgeting methodologies for the *Perform Facilities Refurbishments* program as part of its 2027 *Capital Budget Application* and going forward, including the use of historical averages.

If there are any questions in relation to this matter, please contact the undersigned.

Yours truly,



Dominic Foley  
Legal Counsel

cc. Shirley Walsh  
Newfoundland & Labrador Hydro

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