

1 **IN THE MATTER OF** the **Electrical Power**  
2 **Control Act**, 1994, SNL 1994, Chapter E-5.1  
3 (the “**EPCA**”) and the **Public Utilities Act**, RSNL 1990,  
4 Chapter P-47 (the “**Act**”), as amended, and  
5 regulations thereunder; and  
6  
7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro for approval  
9 of capital expenditures for section replacement  
10 and weld refurbishment of Penstock 3 at the  
11 Bay d’Espoir Hydroelectric Generating Facility, pursuant to  
12 section 41(3) of the **Act**.

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**PUBLIC UTILITIES BOARD**  
**REQUESTS FOR INFORMATION**

**PUB-NLH-001 to PUB-NLH-017**

**Issued: April 29, 2026**

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- 1 **PUB-NLH-001** Provide a table, including date, duration and results, listing the extended  
2 outages required to complete inspection and repair activities on Penstock 3  
3 since 2016.  
4
- 5 **PUB-NLH-002** Schedule 1, Page 10, Section 4.3.2.  
6  
7 Annual assessment reports, completed by Kleinschmidt over the period from  
8 2019 to 2024 (excluding 2020), include information on the remaining service  
9 life of Penstock 3. In the 2024 assessment report, Kleinschmidt's  
10 recommendation is that "Penstock 3 17-ft diameter section should be replaced  
11 within 7 years."  
12
- 13 (a) Explain why Hydro considers the Penstock 3 project to be required at this  
14 time given Kleinschmidt's recommendation for replacement within 7  
15 years. In the response, please include any technical analysis that  
16 supports proceeding at this time.  
17 (b) What measures, such as continued inspections and weld refurbishments,  
18 would have to be implemented to delay the refurbishment of Penstock  
19 3 for 1, 2, or 3 years?  
20
- 21 **PUB-NLH-003** Schedule 1, Page 11, footnote 26.  
22  
23 Advise when the 2025 Inspection Report will be finalized and confirm a copy  
24 will be provided to the Board as soon as available.  
25
- 26 **PUB-NLH-004** Schedule 1, Page 4, lines 17 to 21.  
27  
28 "While Penstock 2 and 3 both exhibit signs of wear, corrosion, and potential  
29 stress-related issues, Penstock 3 presents a more immediate risk to reliability.  
30 This is due to the extent, urgency, and frequency of weld indications as well as  
31 their reoccurrence in previously repaired locations. This assessment is  
32 supported by Kleinschmidt ongoing annual inspections and the resulting  
33 recommendations."  
34  
35 Provide the recommendations provided by Kleinschmidt that support  
36 proceeding with Penstock 3 prior to Penstock 2.  
37
- 38 **PUB-NLH-005** Schedule 1, Page 4, lines 25 to 27.  
39  
40 "In consideration of the Long-Term Asset Plan for Bay d'Espoir, and  
41 compounding outage impacts on the Island Interconnected System, Hydro's  
42 Long-Term Asset Planning team has identified the 2027 construction season  
43 as the optimal window for refurbishment work."

- 1 (a) Provide a copy of the Long-Term Asset Plan for Bay d’Espoir. If a separate  
 2 document does not exist, please provide the detail of the Long-Term  
 3 Asset Plan for Bay d’Espoir.  
 4 (b) Please describe how the proposed Penstock 3 project fits into Hydro’s  
 5 overall Long-Term Asset Plan for Bay d’Espoir with respect to other major  
 6 capital projects schedule and outage planning.  
 7
- 8 **PUB-NLH-006** March 13, 2026 Letter, Page 1.  
 9  
 10 “Deferral of this work would pose a significant system reliability risk given the  
 11 penstock's condition and scheduling constraints, which require execution of  
 12 this project during the planned outage period in 2027.”  
 13
- 14 (a) Describe the significant system reliability risk caused by the penstock's  
 15 condition.  
 16 (b) Describe the scheduling constraints around the execution of the project,  
 17 addressing  
 18 i. Why Hydro believes the timing of this project is the most optimal  
 19 approach to coordinate Penstock 3 with the other capital,  
 20 maintenance, and operational needs at Bay d’Espoir;  
 21 ii. Why the Penstock 3 project and the Unit 7 Life Extension project  
 22 cannot occur concurrently; and  
 23 iii. Any issues or concerns with the Penstock 3 project and the  
 24 schedule for the proposed Bay d’Espoir Unit 8 project.  
 25
- 26 **PUB-NLH-007** Schedule 1, Attachment 13.  
 27
- 28 (a) Has Hydro completed a Project Execution Strategy for the Penstock 3 or  
 29 is Hydro proposing to use the Project Execution Strategy provided for  
 30 Penstock 1?  
 31 (b) If Hydro plans to use the Project Execution Strategy prepared for  
 32 Penstock 1, provide the rationale for using the same execution strategy.  
 33
- 34 **PUB-NLH-008** Schedule 1, Attachment 11, Page 9 of 29.  
 35  
 36 “It is anticipated that various site infrastructure and construction support  
 37 activities will be required, such as the creation of laydown areas, construction  
 38 access routes, and modification of an overhead distribution line adjacent to  
 39 the work.”  
 40  
 41 Will Hydro be able to use any of the site infrastructure developed for the  
 42 Penstock 1 for the Penstock 3 project? Please explain.

- 1 **PUB-NLH-009** Schedule 1, Attachment 10, Page 24 of 95.  
2  
3 “Replacing the welds from the inside of the penstock only may not fully  
4 mitigate the issues in the 17 ft section of penstock and will prove costly while  
5 resulting in a repair that does not instill confidence in the longevity of the  
6 repair and continued safe operation. This has been highlighted again this year  
7 with multiple indications discovered in Penstock 3 in previously repaired  
8 welds. Indications found in 5-year-old welds indicates that the weld repairs  
9 may have a limited life expectancy.”  
10  
11 (a) How were the indications discovered in Penstock 3’s previously repaired  
12 welds dealt with?  
13 (b) Has Hydro experienced indications in any of its repaired Penstock 3 welds  
14 that required a third repair?  
15
- 16 **PUB-NLH-010** Schedule 1, Page 26, Table 8.  
17  
18 Provide a table using the same cost categories as Table 2: Revised Budget in  
19 Attachment 1, Bay d’Espoir Penstock 1 Life Extension - Revised Budget.  
20
- 21 **PUB-NLH-011** Schedule 1, Attachment 11, Page 19 of 29.  
22  
23 “The estimated costs are contained in file BDE Penstock 3 Section  
24 Replacement and Weld Refurbishment Estimate Rev1.xlsx.”  
25  
26 Provide a copy of the referenced spreadsheet.  
27
- 28 **PUB-NLH-012** Schedule 1, Attachment 11, Page 19 of 29.  
29  
30 (a) Provide a detailed description of Performance Security and the basis for  
31 the estimated cost of this component.  
32 (b) Is the cost estimated for Performance Security included in the Base Cost  
33 Estimate used in the quantitative risk assessment that ultimately led to  
34 the estimate for Contingency? If yes, please explain why this is an  
35 appropriate treatment for this cost component.  
36
- 37 **PUB-NLH-013** Schedule 1, Attachment 11, Appendices A and B, Pages 24 of 29 and 26 of 29.  
38  
39 Review and reconcile the various amounts in the tables on pages 24 and 26  
40 that are used to calculate the Subtotal: Hydro’s Indirect Cost estimates of  
41 \$13,689,031.  
42
- 43 **PUB-NLH-014** Schedule 1, Attachment 11, Page 9 of 29.  
44  
45 (a) What is the salvage value of the 327m of steel penstock?

- 1 (b) Explain how this salvage value is treated from an accounting perspective  
 2 and if there is any benefit to customers through accumulated  
 3 depreciation or other?  
 4 (c) Is the Authorized Budget based on installing 327m of new penstock?  
 5 (d) How many metres of new 7/16 wall thickness penstock was installed in  
 6 the Bay d'Espoir Penstock 1 Life Extension project?  
 7  
 8 **PUB-NLH-015** (a) Provide a copy of the strategic risk register created for the Penstock 3  
 9 project.  
 10 (b) Provide a comprehensive description of all identified strategic risks  
 11 associated with the Penstock 3 project.  
 12  
 13 **PUB-NLH-016** Schedule 1, Page 28, lines 21 to 23.  
 14  
 15 "Hydro reviewed the project scope in detail and assigned potential low and  
 16 high percentages to individual estimate items, as shown in Attachment 11.  
 17 These percentages were then used in an MCS- based QRA to develop a  
 18 cumulative distribution curve from which a contingency value is calculated."  
 19  
 20 (a) Does the assigned potential low and high percentages to individual  
 21 estimate items conform with Range Estimating as described in AACE  
 22 Recommended Practice No. 41R-08 Risk Analysis and Contingency  
 23 Determination Using Range Estimating?  
 24 (b) Explain how these high and low estimates were determined and what  
 25 exactly they represent.  
 26  
 27 **PUB-NLH-017** Schedule 1, Attachment 11, Section 15.4, Page 22 of 29.  
 28  
 29 (a) Are these risks considered to be tactical or strategic risks?  
 30 (b) Will any cost associate with these risks be covered by Contingency or  
 31 Management Reserve?

**DATED** at St. John's, Newfoundland and Labrador, this 29<sup>th</sup> day of April, 2026.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per



Mike McNiven  
Board Secretary