Q. Reference: "2027 Capital Budget Application," Newfoundland Power Inc., May 29, 2026, Supporting Materials, Substations: 2.3, Portable Substation, pp. 5, 9-13.

Newfoundland Power states that approximately three power transformers on average are expected to be proactively retired annually and that the planned replacement of approximately three power transformers per year will place additional pressure on the availability of Newfoundland Power's portable substation fleet. Newfoundland Power further states that procuring an additional portable substation is the recommended alternative to address the identified risks.

a) Has Newfoundland Power considered altering the timing or pacing of planned power transformer replacements, or other planned capital or maintenance activities, to mitigate the need for an additional portable substation? If so, please provide the analysis completed.

b) If Newfoundland Power has not considered altering the timing or pacing of planned power transformer replacements, or other planned capital or maintenance activities, please explain why this alternative was not assessed.

A. a) At this time, Newfoundland Power does not recommend altering the timing or pacing of planned substation capital and maintenance plans. Newfoundland Power's current replacement and capital investment plans balance asset conditions, customer reliability, operational requirements, emergency response capability, and costs. Newfoundland Power's capital plan is reviewed and adjusted annually as part of the capital budget process to determine the required investment needed to maintain reliable substation operations, that can be completed cost effectively using available resources.[1]

b) See part a). Newfoundland Power annually assesses its capital plan to identify the capital projects necessary to ensure the continued provision of safe and reliable service, in an environmentally responsible manner. The annual update of the Company's capital plan includes an assessment of all viable alternatives, including alternatives to the scope of a capital project, such as a like-for-like replacement or upgrade, and alternatives that could result in the deferral of capital expenditures.[2]

While delaying transformer replacements or other planned work could temporarily reduce portable substation utilization, doing so would increase exposure to transformer failures and equipment deterioration, potentially creating additional emergency demands on the same portable substation fleet.

---

[1] See the *2027 Capital Budget Application*, *2027 Capital Budget Overview*, section 2.2 Capital Planning at Newfoundland Power.

[2] *Ibid.*

Newfoundland Power has considered altering the scheduling of planned transformer replacements and other planned capital maintenance activities and determined that procuring an additional portable substation represents the least cost long-term solution, because it addresses the increasing pressure on emergency response capability while allowing the Company to continue executing necessary replacement, maintenance, and capital programs in a controlled and predictable manner.