

# Bay d'Espoir Penstock 1 Life Extension Project Update

December 17, 2025

A report to the Board of Commissioners of Public Utilities



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## **1.0 Progress to Date**

As part of ongoing project execution activities, the following update outlines the status of key project plans, engineering deliverables, penstock fabrication progress, and site works through the reporting period.<sup>1</sup>

Development, submission, and review of key project plans and procedures are effectively complete. Plans and procedures will be updated as needed throughout the project.

Plan submission and review timelines are being actively managed and are tracking in accordance with agreed timelines as per the contract agreement.

### **1.1 Site Works**

To track working points for penstock fabrication and installation, and to provide the location of the work along the length of the penstock, stations are used as a reference. The stations begin at the intake structure, 0+00 and continue the full length of the penstock to the powerhouse, station 11+58.<sup>2</sup> The replacement section starts at station 0+65 (Cut 1) and continues to station 4+28 (Cut 2). The refurbishment section starts at station 4+28 and continues the full length of the penstock to station 11+58.

On-site construction continued during the reporting period with general backfilling and placement of topsoil, removal of interior bracing, and internal coating activities. Placement and sloping of common fill up to Can 27 was completed. Hauling and stockpiling of common material from the quarry at Upper Salmon was completed during this reporting period, and hauling and placement of topsoil has started.

Removal of interior bracing was completed from Can 19 to 24 and Can 28 and continued from Can 25 to Can 27.

The additional repairs identified in the surge tank transition area of the penstock have also been completed.

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<sup>1</sup> The reporting period refers to the monthly timeframe summarized in the Project Schedule Milestone Table and Detailed Cost Information attached as appendices to this report. To complete those reports, Newfoundland and Labrador Hydro ("Hydro") reviews the contractor(s)' progress reports to assess compliance with project milestones, timelines, and contractual obligations. The time between the end of the reporting period and the date of this report to the Board of Commissioners of Public Utilities ("Board") includes both the time taken by the contractor to prepare the report and the time Hydro requires to review and incorporate the data into the monthly summary. Hydro will provide the information in this report based on the reporting period, to align with the appendices, with additional updates for any material developments that occur after the reporting period up to the filing of the report.

<sup>2</sup> In these references X+Y, X = hundreds of meters, and Y = meters. 11+58 = 1,158 meters from the intake.

- 1 Work scope associated with the internal coatings of the refurbishment section continued during this period.
- 2 Coatings were applied in the refurbishment area between Bend 9, station 9+44, and Bend 10, station 11+00
- 3 and between Bend 8, Station 7+99 and the Surge Tank, Station 6+85. Sandblasting started in the
- 4 replacement section from Can 6 to 14 on the circumferential joints and internal bracing locations.
- 5 Additionally, the sandblasting and coatings in the area near the powerhouse at bend 10, station 11+00 to
- 6 station 11+57, was completed. Approximately 63% of the sandblasting and 47% of the coatings work have
- 7 been completed up to the end of the reporting period.
- 8 Figure 1 to Figure 7 show progress within the current reporting period.



**Figure 1: New Access Cover Installation**



**Figure 2: Weld Repairs at Surge Tank Transition**



**Figure 3: Sandblasting and Cleanup at the Bifurcation**





**Figure 4: Typical Coating Application**



**Figure 5: Topsoil Placed Can 2 to Can 4 Area**



**Figure 6: Sloping Complete Can 22 to Can 25 Area**



**Figure 7: General Penstock Backfill and Final Grading**

Since the end of the reporting period, all work on the replacement and refurbishment of the penstock has been substantially completed. The recovery strategies and mitigations put in place by the contractor were effective in stopping the schedule slippage associated with the coatings work and enabled them to meet the productivity rates required to complete the scope of work. As of the submission of this report, penstock commissioning activities are underway and are expected to be complete by year-end.

The substantial completion milestone and commencement of commissioning mark significant steps forward in ensuring readiness for return to service and continue to provide more certainty to the project budget and schedule.

## 2.0 Project Risks and Mitigations

### 2.1 Key Risks and Mitigations

A summary of key risks identified during the planning and execution of the project, as well as associated mitigations and status, are provided in Table 1.

**Table 1: Key Risks<sup>3,4</sup>**

Risk Title/Description	Mitigations	Status
Penstock coating quality and/or application efficiency.	<ul style="list-style-type: none"> <li>Quality concerns are to be mitigated by the Contractor implementing a quality assurance/quality control program, development of an Inspection Test Plan, and using National Association of Corrosion Engineers-qualified inspectors to perform testing on the surface preparation/blasting and coating application, as well as including on-site manufacturer support of the coating product. Contractors with previous experience in applying the specified coating are to be selected. Robotic blasting and coating application methods are to be used to mitigate quality concerns and provide more certainty on application rates. Backup equipment to be on site in case of breakdown.</li> </ul>	Closed – With the completion of the coatings work, and an effective QA/QC program followed throughout the work, this risk can be closed.

<sup>3</sup> This table is intended to highlight only key risks that may impact project success. Hydro uses a more comprehensive project risk register to facilitate risk management. Hydro regularly updates the risk register, and should a risk escalate in ranking or a new high risk be identified, it will be added to this table in future updates.

<sup>4</sup> Risks which have been shown as closed in a previous report have been removed.



### **3.0 Project Schedule**

The Contractor’s Project Schedule Milestone Table is provided in Appendix A. Based on progress to the end of October, the contractor was falling behind schedule and trending to a late completion, primarily driven by sandblasting and coating issues in the refurbishment section of the penstock. As of the October reporting period, the project was generally on schedule for completion in the fourth quarter of 2025.

Due to the recovery strategies and mitigations referenced above, which were effective in stopping the schedule slippage associated with the coatings work, overall construction is complete. Currently, penstock commissioning activities are underway and are expected to be complete by year-end. Project closeout is expected to be in the first quarter of 2026 to provide sufficient time for final billings, commissioning and general project documentation handover to occur.

### **4.0 Project Budget**

The Board approved a revised project budget of \$65,876,021. Hydro is progressing the work in alignment with the approved budget, with no deviations noted for the reporting period. The project remains on track to meet approved cost targets, and Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

### **5.0 Project Expenditures**

As of October 31, 2025, the project expenditure forecast remains below the approved project budget. Since the reporting period, work has been substantially completed, and construction risks have been significantly mitigated; Hydro continues to monitor and manage execution through the commissioning phase.

Since the end of the reporting period, the construction scope for the project has been completed and Hydro is reviewing remaining expenditures with the primary contractor. There are final commercial discussions and negotiations remaining with the primary contractor, which are anticipated to happen in December. The project closeout including final documentation and reporting is forecasted to now be completed in Q1 of 2026.

Appendix B provides further detailed cost information, including an overview of costs incurred to October 31, 2025, and the contributors to the variance between the current forecast and the approved budget. As this is commercially sensitive information, Appendix B has been redacted.

## **6.0 Conclusion**

As of the end of the reporting period, the Penstock 1 Life Extension Project remains on track to achieve the project deliverables and meet approved cost targets. While the penstock was not returned to service prior to December 1, 2025, it is on track to be returned to service prior to year-end. Hydro continues to actively manage risks to maintain compliance with all regulatory requirements.

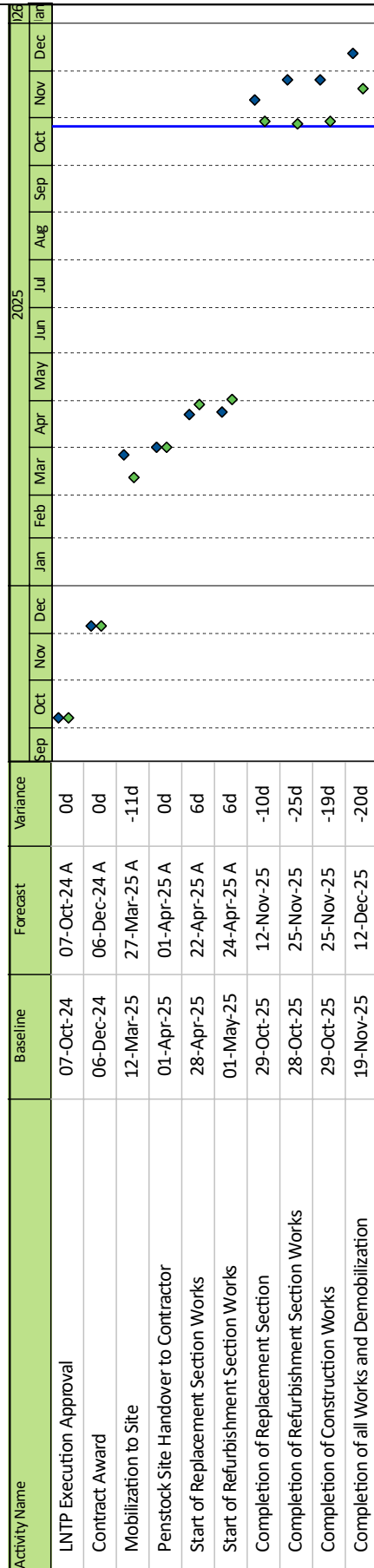
# Appendix A

## Project Schedule Milestone Table





## Bay d'Espoir Penstock 1 Life Extension Project Schedule Milestones



### Notes:

- 1 The Project Schedule Report presents a forecast that indicates a variance against the baseline. Forecasts are data-driven and subject to fluctuation as the project evolves. The variance represents a snapshot of the project's schedule status at a specific point in time. As progress continues and additional information becomes available, adjustments will be reflected accordingly.
- 2 Blue line in the milestone schedule represents the project status date.
- 3 As of the time of this report filing, overall construction works have been completed. Project closeout is forecasted to conclude in the first quarter of 2026.

◆ Milestone  
◆ Baseline MS

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# Appendix B

## Detailed Cost Information



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