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2025-12-19

Newfoundland and Labrador Hydro

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Dear Madam/Sirs:

Re: Newfoundland and Labrador Hydro - Application for Capital Expenditures for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine, and Bay d'Espoir Unit 8 Project and Avalon Combustion Turbine Project Early Execution Updates for October 2025 - Request for Further Information

On December 17, 2025 Hydro filed its monthly update on the early execution work for the Avalon Combustion Turbine and Bay d'Espoir Unit 8. Prior to the Board receiving the updates, Hydro had filed an Application for Additional Early Execution Capital Work for Bay d'Espoir Unit 8 and Avalon Combustion Turbine. In terms of the combustion turbine, the monthly update and the application reference that "Hydro has received an indication that the current pricing from vendors in the marketplace is significantly higher than the initial cost estimates". The update reports that Hydro has concluded its negotiations for the supply of the combustion turbine and that it expects to award the contract for the supply of the transformers by the end of December, 2025.

The Board requires that Hydro provide its updated costs, including impacts on indirect costs, contingency and management reserve, for the Avalon Combustion Turbine project. The Board requests that this information be provided prior to the Monte Carlo analysis and acknowledges changes to the cost estimate may need to be filed again.

In addition, the Board has determined that further information is required with respect to the monthly updates on the early execution work for both the Avalon Combustion Turbine and Bay d'Espoir Unit 8. Additional questions will be issued in January, 2026.

The review of the Application for Capital Expenditures for the Purchase and Installation of Bay d'Espoir Unit 8 and Avalon Combustion Turbine by Bates White, Gruner AG and Consolidated Asset Management Services is progressing and the consultants continue to review information provided by Hydro as well as reports recently filed with the Board. The consultants' report on the

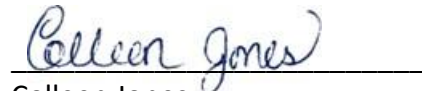
Colleen Jones, Assistant Board Secretary

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next phase of their review will not be finalized until the requested information on the costs for the Avalon Combustion Turbine is received and the questions on the monthly updates on the Avalon Combustion Turbine and Bay d'Espoir Unit 8 have been answered. The Board will provide the expected timing for the report in January 2026.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacquie Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,



Colleen Jones
Assistant Board Secretary

/cj

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