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February 13, 2026

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

Attention: Colleen Jones  
Assistant Board Secretary

**Re: Application for Approval of Distribution Upgrades in English Harbour West and for a Contribution in Aid of Construction for a Portion of the Costs – Hydro's Reply**

On December 5, 2025, Newfoundland and Labrador Hydro (“Hydro”) filed an application with the Board of Commissioners of Public Utilities (“Board”) requesting approval to upgrade a portion of a three-phase line and construct a new three-phase line extension to meet a large service request from Pennecon Industrial Limited (“Customer”) and address the impact of the Customer’s request on the distribution system. Hydro’s application also requested approval of a Contribution in Aid of Construction (“CIAC”) from the Customer, as the proposed work is driven by the Customer’s request.

Hydro notes that there were no comments forthcoming from any of the parties. Aside from two requests for information (“RFIs”) issued by Newfoundland Power Inc. in the first round of RFIs, the only questions posed were from the Board.

The Board’s questions centered around Hydro’s calculation of the CIAC, the need for the upgrades proposed by Hydro, and the allocation of the costs of those upgrades between the Customer paying the CIAC and other customers in general.

As Hydro has noted throughout its responses, a significant portion of the project work would have proceeded regardless of the new Customer’s request. As discussed in Hydro’s response to part c) of PUB-NLH-005 of this proceeding, in the ordinary course of the approved Upgrade Worst-Performing Distribution Feeders (2025-2027) Program (“Worst Performing Feeders Program”), Hydro reviewed the equipment sizing and had been working on measures to address criteria violations. Due to the system conditions, the sizing analysis recommended using 4/0 AASC on the first 23 kilometres (“km”), which is common and generally recommended for a main trunk conductor.

In considering the necessary upgrades to serve the Customer, Hydro determined that 477 ASC conductor should be utilized for the first 23 km of the trunk feeder. The betterment credit was applied to capture the additional cost of the larger conductor (1/0 AASC conductor to 4/0 AASC conductor) that would have been incurred by Hydro, whether the Customer submitted a new service request or not.

The Worst Performing Feeders Program is a system-reliability initiative that benefits all customers, and their costs should not be attributable to the Customer specifically.

By aligning the CIAC work with the previously approved feeder-upgrade program, Hydro avoids unnecessary duplication and ensures that the Customer is charged only for the incremental upgrades

required specifically to serve their load. Efficiencies would not be attributed to the Worst Performing Feeders Program as, if the projects were done at completely separate times, there would be no change to the Worst Performing Feeders Program but there would be higher costs to the Customer in its project as no efficiencies would be available (e.g., costs would again have to be incurred for the temporary generation needed while the upgrades were completed).

Hydro's position is that the CIAC calculated for the Customer appropriately reflects only the incremental, customer-driven costs of the project. The credit given is based on the Customer's forecast load over the expected 35-year service life and is calculated consistent with Hydro's CIAC Policy and past practice for General Service customers.

Hydro respectfully requests that the Board approve the application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
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