

Office of the Consumer Advocate

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October 24, 2025

Via Email

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

Attention: Jo Galarneau
Executive Director and Board Secretary

Dear Ms. Galarneau:

Re: Newfoundland and Labrador Hydro - 2026 Capital Budget Application
- Requests for Information CA-NLH-107 to CA-NLH-133

Further to the above-captioned, enclosed are the Consumer Advocate's Requests for Information numbered CA-NLH-107 to CA-NLH-133.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours truly,



Dennis Browne, KC
Consumer Advocate

Encl.
/bb

cc **Newfoundland & Labrador Hydro**
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IN THE MATTER OF the *Electrical Power Control Act, 1994, SNL 1994, Chapter E-5.1 (“EPCA”)* and the *Public Utilities Act, RSNL 1990, Chapter P-47 (“Act”)*, and regulations thereunder; and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro (“Hydro”) for approval of: (i) its capital budget for 2026, pursuant to Section 41(1) of the *Act*, (ii) its proposed capital purchases and construction projects for 2026 in excess of \$750,000, pursuant to Section 41(3)(a) of the *Act*, (iii) contributions by certain Customers for contributions towards the cost of improvements to certain property, pursuant to Section 41(5) of the *Act*, and (iv) for an Order, pursuant to Section 78 of the *Act*, fixing and determining its average rate base for 2024.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-107 to CA-NLH-133**

Issued: October 24, 2025

- 1 CA-NLH-107 (Reference Application) (Reference CA-NLH-006) It is indicated
 2 (Attachment 1, Table 1) that as of June 30, 2025, the deferred charges for
 3 the Supply Cost Variance Deferral Account is \$389,963,000.
 4 a) When does Hydro intend to begin recovering those costs and how?
 5 b) What are the expected total charges for the SCVDA as of December 31,
 6 2025?
 7 c) What is the status of Hydro's plan for a Long Term SCVDA? Would
 8 the balance in the existing SCVDA be rolled into it? Would the balance
 9 be recovered in customer rates when the current rate mitigation plan
 10 ends?
 11
- 12 CA-NLH-108 (Reference CA-NLH-008, CA-NLH-025)
 13 a) Please identify the behind-the-meter alternatives considered by Hydro
 14 in its 2026 CBA.
 15 b) What cost in cents/kWh for wind and solar did Hydro use when
 16 considering alternatives to projects and programs in its 2026 CBA?
 17 c) What input has Newfoundland Power provided to Hydro for use in its
 18 2026 CBA and the Reliability and Resource Adequacy Study with
 19 respect to behind-the-meter alternatives?
 20 d) Long lead times are necessary in order for new supply options and non-
 21 wires alternatives to be brought on line. What opportunities for non-
 22 wires alternatives to provide capacity, energy, ancillary services or other
 23 customer-related services have been identified in the Reliability and
 24 Resource Adequacy Study that are included in Hydro 2026 CBA or its
 25 Five-Year Capital Plan (2026-2030)?
 26
- 27 CA-NLH-109 (Reference CA-NLH-009) It is stated "*In general, Hydro will review the life*
 28 *expectancy of the new/refurbished/upgraded asset compared to the life*
 29 *expectancy of the site in which the work is to be completed. Should the site*
 30 *or asset be subject to relocation or decommissioning, Hydro endeavours to*
 31 *pursue alternate execution strategies to accomplish the required work.*"
 32 a) Which of Hydro's "sites" are expected to be relocated or
 33 decommissioned in the next 20 years?
 34 b) Which of Hydro's "sites" have been relocated or decommissioned in the
 35 past 20 years?
 36 c) Did Hydro consider repurposing "sites" with environmentally-friendly
 37 alternatives in its 2026 CBA? If so, please identify the project/program
 38 and the alternatives considered.
 39
- 40 CA-NLH-110 (Reference CA-NLH-010) Hydro considers EV chargers to be an important
 41 part of its spending program as witnessed by the Ultra-Fast EV Charging
 42 Stations application currently before the Board. Did Hydro consider
 43 leveraging the batteries in the EVs that it is promoting as a source of
 44 capacity or ancillary services in its 2026 CBA?

- 1 CA-NLH-111 (Reference CA-NLH-019) It is stated “*Themes from that engagement*
2 *indicated that reliability is non-negotiable; however, generally, customers*
3 *do not want to pay more for fewer or shorter outages.*”
4 a) Please define “non-negotiable” and identify the components of the
5 customer engagement that support this statement.
6 b) Have customers indicated a willingness to accept lower levels of
7 reliability in order to avoid substantial increases in rates?
8
- 9 CA-NLH-112 (Reference CA-NLH-023) It is stated “*As noted in Hydro’s 2024 Resource*
10 *Adequacy Plan, the estimated levelized cost of energy from solar generation*
11 *is \$87/MWh.*”
12 a) Please provide details of this estimate. Does this estimate relate to
13 rooftop solar or a solar farm that might be established to supply a new
14 subdivision, is it an all-in cost including capital, operation and
15 maintenance costs, etc?
16 b) Please provide a comparison of this cost to the cost of the solar
17 installations for the proposed EV chargers in Southern Labrador
18 contained in the Ultra-Fast EV Charging Stations application.
19 c) Please identify the projects and programs included in the 2026 CBA
20 where solar at this cost was evaluated as an alternative.
21 d) What cost and price data with respect to customer-owned solar and wind
22 has been provided to customers who may be considering net metering?
23 For example, has Hydro and/or Newfoundland Power provided
24 customers with a lifetime cost comparison of wind and solar to the cost
25 of purchasing power from the grid, and if so, what customer rates are
26 assumed in the comparison?
27 e) What costs are avoided when a customer installs its own generation;
28 e.g., generation, transmission and distribution?
29
- 30 CA-NLH-113 (Reference CA-NLH-023) The question asks “*Is the 25 cents/kWh figure in*
31 *the Build Application representative of mitigated or unmitigated rates?*”
32 a) Does Hydro stand behind the information in its Build Application?
33 b) Is it accurate to say that every estimate in the Build Application, and for
34 that matter, the 2026 CBA may change?
35 c) Does Hydro agree that when considering impacts on rates owing to
36 projects and programs in its CBA an important consideration is whether
37 the analysis is based on mitigated or unmitigated rates? Since
38 unmitigated rates reflect the full cost, should not economic analyses be
39 based on them?
40 d) Do any of the projects and programs in the 2026 CBA have expected
41 lives of 15 years or more?
42 e) Please answer the question. Is the 25 cents/kWh figure in the Build
43 Application representative of mitigated or unmitigated rates?

- 1 CA-NLH-114 (Reference CA-NLH-024) It is stated “*Hydro notes that Newfoundland Power Inc.’s (“Newfoundland Power”) rate design studies are anticipated to be completed in advance of the filing of Newfoundland Power’s next general rate application in 2027. This will be in within the time frame of the current Government of Newfoundland and Labrador’s existing rate mitigation plan which limits customer rate increases attributable to Hydro’s costs to 2.25% annually until 2030.*”
- 2
- 3
- 4
- 5
- 6
- 7
- 8 a) Please explain why it is important that rate studies be completed prior
- 9 to 2030 as opposed to “as soon as possible” in order to reduce/defer
- 10 expansion costs included in the Reliability and Resource Adequacy
- 11 Study.
- 12 b) What lead time is generally required for new rate designs to be accepted
- 13 by customers and reach full potential?
- 14
- 15 CA-NLH-115 (Reference CA-NLH-026) What new technology and smart grid
- 16 applications has Hydro included in its 2026 CBA that result in lower overall
- 17 costs for customers, a cleaner environment and improved customer service?
- 18
- 19 CA-NLH-116 (Reference CA-NLH-028) Table 1 shows a huge increase in Total Capital
- 20 Costs incurred for metering over the period 2020 to 2024.
- 21 a) Please explain the increase.
- 22 b) Please extend Table 1 to include estimates/forecasts for 2025, 2026 and
- 23 2027.
- 24
- 25 CA-NLH-117 (Reference CA-NLH-030) The marginal cost of energy in the winter peak
- 26 and off-peak periods in the years 2025 through 2027 exceed \$90/MWh and
- 27 \$74.9/MWh, respectively. What is this based on and how does it compare
- 28 to the production cost of Holyrood?
- 29
- 30 CA-NLH-118 (Reference CA-NLH-033)
- 31 a) Does Hydro supply any rural customers that are not on isolated systems?
- 32 b) Can battery energy storage systems be used for purposes such as grid
- 33 stability, supporting renewable energy integration, and offering backup
- 34 power?
- 35 c) The U.S. Energy Information Administration indicates that the capacity
- 36 of battery energy storage systems increased by 66% to 26 GW in 2024,
- 37 and forecasts an increase to 45 GW in 2025, an increase of 73% over
- 38 2024 levels (<https://www.eia.gov/todayinenergy/detail.php?id=64705>).
- 39 Has Hydro considered battery energy storage applications in its capital
- 40 budget application or five-year capital plan for any purpose?
- 41
- 42 CA-NLH-119 (Reference CA-NP-034)
- 43 a) Does Hydro have projects/programs in its 2026 CBA that increase its
- 44 ability to export or import power? Are there projects included in the

Reliability and Resource Adequacy Study relating to power exports or imports that will be included in future CBAs?

- b) To reduce the need for Holyrood Thermal Generating Station (HTGS) during the winter months, how much energy and capacity can be imported to the IIS in each winter to 2031?
- c) To reduce the need for HTGS generation during the winter months, how much of Hydro's excess energy and capacity, which would otherwise be exported, can be delivered to the IIS in each winter to 2031?
- d) Under normal operating conditions during the winter, if electricity demand goes from 1,300 MW to 1,600 MW during a day, how much of the 300MW increase would typically be supplied HTGS, by Muskrat Falls via the LIL, and by other Hydro sources?

CA-NLH-120

(Reference CA-NLH-036) It is stated "*the units at the Holyrood TGS are to remain base loaded in the near term and will strategically move to standby operation if system conditions allow.*"

- a) Please clarify "near term." For how many months or years will the units at the Holyrood TGS remain base loaded?
- b) Has Holyrood DAFOR for units 1, 2 and 3 averaged 27.2%, 34.4% and 20.0%, respectively over the past 4 years?
- c) Please explain the difference between base load and standby operation.
- d) What conditions must be met in order for Hydro to move Holyrood from base load to standby operation?
- e) Under base load operation, will Holyrood be called upon to produce energy beyond minimum loading levels?
- f) For the period October 1, 2024 to May 31, 2025 please provide Hydro's hourly system generation (MW) showing the breakdown by source, i.e., hydro, Holyrood TGS, etc.

CA-NLH-121

(Reference CA-NLH-040) Under current legislation, are entities allowed to purchase these small hydro sites and sell the power back to customers, or only to Hydro?

CA-NLH-122

(Reference CA-NLH-041)

- a) Can NWAs and DERs be used to address issues relating to asset condition, lifecycle replacement, and reliability obligations?
- b) Does this response indicate that Hydro has not considered NWAs and DERs as alternatives to any project or program in the 2026 CBA?
- c) In spite of the capacity and energy needs identified by Hydro in its Build Application, does Hydro see any value in expanding the use of NWAs and DERs in its capital planning process to address not only the capacity and energy needs, but also to reduce or delay the cost of projects and programs in its capital budget?

- 1 CA-NLH-123 (Reference CA-NLH-044) Please respond to the question. It is important
2 that the parties and the Board understand the impact of Hydro's capital plans
3 on rates, and by implication, the true cost of paying for Hydro's spending
4 whether it be via rates or taxpayer-funded government spending on rate
5 mitigation.
6
- 7 CA-NLH-124 (Reference CA-NLH-045a) It is stated "*the engagement also revealed that*
8 *customers range of tolerance for outages is between 1.3 and 2.5 outages*
9 *annually.*" What is Hydro doing in response to this information? In
10 particular, what projects/programs in the 2026 CBA are justified on the
11 basis of meeting this tolerance for outages?
12
- 13 CA-NLH-125 (Reference CA-NLH-046)
14 a) Does Hydro only review its transmission system needs when it is
15 planning to add generation?
16 b) Does Hydro have a transmission expansion plan? If so, please file the
17 plan.
18 c) Why does Hydro spend capital on its transmission system? What is the
19 purpose and what value does the transmission system provide to
20 customers?
21
- 22 CA-NLH-126 (Reference CA-NLH-064) Please confirm that in 2025 Capital Expenditure
23 Overview, it was never intended to include a section entitled Bay d'Espoir
24 Execution Update.
25
- 26 CA-NLH-127 (Reference CA-NLH-068) Please identify each benefit attributable to AMI
27 and show the savings owing to each benefit that has been included in the
28 cost benefit analysis.
29
- 30 CA-NLH-128 (Reference CA-NLH-075)
31 a) With respect to Table 1, please confirm that for 2024 (i) there were 379
32 service requests and only 17 of them required CIAC; (ii) the total
33 payments of CIAC was \$805,783 for those 17; and (iii) of the total cost
34 of \$868,120, the remainder of \$62,337 (= \$868,120 - \$805,783) was
35 sufficient to cover the costs for the remaining 362 service requests.
36 b) With respect to Table 1, why were the total cost of new service requests
37 and the associated CIAC so low in 2023 compared to the other years?
38 c) Please confirm that the items for which there is CIAC, the ownership
39 remains with Hydro but only the net-of-CIAC cost is included in
40 Hydro's rate base.
41 d) Other than for the services described in Attachment 1, does Hydro
42 require CIAC for any other service (e.g., a pole with street light) that it
43 provides at customers' requests? If so, please provide a listing and the
44 associated revenues.

- e) In order to reduce its net capital spending, has Hydro investigated requiring CIAC for a broader range of its capital expenditures that are undertaken due to customer requests?
- f) In Attachment 1, page 8 of 31, it is stated “*The Corporation will provide Line extensions for Permanent Service to Domestic Customers without a CIAC when the cost to construct and maintain the Line extension will be recovered through electricity rates paid by those customers.*” (i) How is that determination made? and (ii) How is the cost of specific capital services recovered through electricity rates paid by those customers? Don’t those customers pay the same rates as all other customers in the same customer class?

CA-NLH-129

(Reference CA-NLH-087) Table 1 shows hugely higher annual costs for Boiler Condition Assessment and Miscellaneous Upgrades for 2024, 2025 and 2026 compared to the preceding years, which is largely due to very large increases in Contract Work.

- a) Please provide an explanation for this and describe any steps that Hydro is taking to contain these costs.
- b) Please explain the \$483,400 figure for interest during construction for 2026 and why it is so much larger than interest during construction in the other years.

CA-NLH-130

(Reference CA-NLH-096) For ROW widening in Gros Morne, please provide a decomposition of the total cost of \$2,663,700 showing the cost for each of the three lines - TL226, TL227 and TL229.

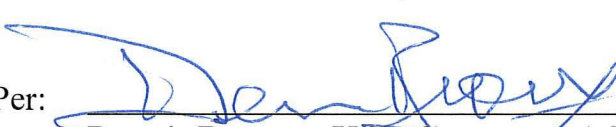
CA-NLH-131

(Reference CA-NLH-097) Regarding the proposed ROW widening for TL226, TL227 and TL 229, it is stated “*No injuries or forest fires have occurred to date; however, trees that have caused outages due to contacting the lines have been observed to be scorched, and may have caused wildfires under different fire hazard index conditions.*”

- a) Please clarify “to date”. For how many years have there been no injuries or forest fires?
- b) How would Hydro describe the 2025 forest fire season in Newfoundland and were there any forest fires caused by falling trees along any of TL226, TL227 and TL229 in 2025?
- c) In Widen Right of Way (2026-2028) – Gros Morne National Park, page 4, it is stated “*Deferring the widening of the ROWs would result in unacceptable risk to public safety due to continued contact between trees and the transmission lines of concern.*” Please provide evidence of there being an unacceptable risk to public safety, given the historical experience.

- 1 CA-NLH-132 (Reference CA-NLH-103) Regarding the Wiltondale distribution system
 2 upgrade project, it is stated “*The cost of the project, including capital cost*
 3 *recovery and operating expenses, will be recovered from Newfoundland*
 4 *Power through a specifically assigned charge included in the wholesale*
 5 *rate.*”
 6 a) Will the capital cost of the Wiltondale project be included in Hydro’s
 7 rate base?
 8 b) How will the capital cost recovery component be included in the
 9 wholesale rate?
 10 c) How will the specifically assigned charge be calculated?
 11 d) Does Hydro collect all capital costs specifically assigned to
 12 Newfoundland Power through the wholesale rate or are other
 13 mechanisms, e.g., cost recovery riders, also used?
 14
- 15 CA-NLH-133 (Reference PUB-NLH-006) It is stated “*The costs relating to the 2026*
 16 *Capital Budget Application will begin to be recovered when they are*
 17 *included in Newfoundland and Labrador Hydro’s general rate*
 18 *application.*”
 19 a) Please confirm, with appropriate clarification, that this statement means
 20 that Hydro intends, through its next GRA, to include the approved 2026
 21 capital budget expenditures in its rate base and have its revenue
 22 requirement adjusted accordingly.
 23 b) With the Rate Mitigation Plan limiting the island domestic rate increases
 24 to 2.25% annually until 2030, how can Hydro begin to recover the costs
 25 relating to its 2026 capital budget application after its next GRA? Who
 26 will pay?
 27 c) It is also stated “*The current rate mitigation plan, expiring in 2030,*
 28 *offsets the impact of the Muskrat Falls Project costs to achieve the*
 29 *2.25% rate increase target, resulting in the recovery of all other costs*
 30 *included in the approved revenue requirement and rate riders.*” Please
 31 explain how the recovery of all other costs included in the approved
 32 revenue requirement and rate riders is achieved under the current rate
 33 mitigation plan.

DATED at St. John’s, Newfoundland and Labrador, this 24th day of October, 2025.

Per: 

Dennis Browne, KC - Consumer Advocate

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