

1 Q. **Reference: LC-12, LC-13**

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3 Please explain why the annual maintenance costs decreased so much from
4 1999 through 2002. What amounts are included in the 2004 cost study?

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7 A. With respect to LC-12 NLH, maintenance costs were higher in 1999 for the
8 Labrador West system due to Hydro's portion of costs totaling \$1,031,959 for
9 major work completed on the synchronous condensers at the main terminal
10 station in Wabush. Costs have remained in the \$400,000 to \$500,000 range
11 since that time.

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13 With respect to LC-13 NLH, maintenance costs were higher in 1999 for the
14 Happy Valley-Goose Bay area due to damages resulting from a high
15 incidence of lightning activity in the area as well as several outages to the
16 138 kV transmission line from Churchill Falls. These resulted in the
17 replacement of 31 distribution transformers and numerous call-outs of
18 operations personnel to perform switching on the distribution system while
19 back-up generation was put in service. Costs have remained in the
20 \$200,000 to \$300,000 range since that time.

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22 Amounts included in the 2004 cost study for the Labrador West system and
23 Happy Valley-Goose Bay area are \$623,036 and \$535,346 respectively.

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25 These figures are higher than those reported in LC-12 and LC-13 as they do
26 include various other assigned costs such as vegetation control, engineering
27 and unallocated labour costs.