

Transformer Cooling Refurbishment, Schedule B, pages 22-23 (\$398,000)

Q. Please explain how the refurbishment of transformer radiators described in this project meets the criteria of a capital project vs. maintenance work?

A. The project title “Transformer Cooling Refurbishment” may imply transformer cooling repairs, however, the project actually involves the replacement of radiators at four substations in 2004. The existing painted metal radiators are deteriorated and must be replaced. The new radiators will be galvanized units that have a life expectancy of approximately 40 years.

Radiators on substation power transformers and associated supplementary cooling equipment are used to increase the power rating of the basic power transformer. The addition of supplementary cooling is optional and may be purchased at the same time as the purchase of the power transformer, or added later.

The life expectancy of radiators and supplementary cooling systems on older transformers tend to be less than the main power transformer tank and core. Replacing old radiators with new units that are better suited to the Newfoundland climate extends the life of the asset.

The ability of radiators and secondary cooling equipment to extend the life of the power transformer asset, permit radiators to meet the criteria for consideration as a capital expenditure.