

2003 Capital Expenditure Status Report

Q. Explain why NP did not seek approval of the Board for the \$267,000 capital expenditure related to customer growth in Cow Head (Item 10) as it did for the Distribution related costs for the same project (Item 21).

A. In Order No. P.U. 26 (2003) the Public Utilities Board approved supplemental capital expenditures in the amount of \$721,000 related to the marine industrial fabrication facility at Cow Head operated by Kiewit Offshore Services. These expenditures included \$271,000 for improvements and additions to the Linton Lake Substation and \$450,000 to upgrade the Feeder. Consequently, the approval of these expenditures resulted in corresponding increase to both the Substation and Distribution Extensions budget category.

The 2003 Capital Expenditures Status Report (1st Revision), on page 5 of 12, shows a Capital Budget in 2003 of \$271,000 for Customer Growth – Cow Head, a Forecast Overall Total expenditure of \$267,000 for a variance of (\$4,000).