

1 **Q. DISTRIBUTION**

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3 **DISTRIBUTION RELIABILITY INITIATIVE (POOLED), p. 45 of 81, \$3,114,000**

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5 **PUB 16.0**

6 **Please give reasons why or why not the upgrade of Feeder BOT-01 should be**  
7 **considered a multi-year project.**

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10 A. The response to Request for Information PUB 8.0 NP provides Newfoundland Power's  
11 general views on the presentation of proposed capital projects as Multi-Year Projects. In  
12 general terms, discrete projects for which the scope, nature and forecast cost is unlikely to  
13 change are appropriate for presentation as Multi-Year Projects, particularly where the  
14 value of expenditures in one year is dependent on the completion of work in a subsequent  
15 year.

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17 The Distribution Reliability Initiative project included in the 2006 capital budget is  
18 comprised of the 7 distribution feeder upgrades outlined in Table 1 on p. 45 of 81. Three  
19 of the feeders require additional upgrading that is currently anticipated to be completed in  
20 2007 (BOT-01, GLV-02 and LEW-02), including 2 feeders that also require further work  
21 that is currently planned for 2008 (BOT-01 and GLV-02).

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23 The work proposed for the BOT-01 and GLV-02 feeders in 2006, 2007 and 2008, and the  
24 work proposed for the LEW-02 feeder in 2006 and 2007 has been sufficiently defined  
25 and planned such that material changes in the scope, nature and forecast cost are not  
26 likely. On that basis, these 3 feeder upgrades could potentially be considered as discrete  
27 Multi-Year projects.

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29 In Newfoundland Power's view, however, there is no compelling reason to consider  
30 these feeder upgrades as Multi-Year projects. The work planned for each of these  
31 feeders in specific years will provide reliability benefits to customers on the feeders  
32 regardless of the completion of the work planned for subsequent years. It is therefore not  
33 inappropriate to consider the individual annual components for each feeder on its own  
34 merits.

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36 Furthermore, while Newfoundland Power's current capital expenditure plans include the  
37 completion of the subsequent components of work on the BOT-01, GLV-02 and LEW-02  
38 feeders as indicated in the engineering reports 4.2.1, 4.2.2 and 4.2.3, the Company has  
39 chosen not to present the BOT-01, GLV-02 and LEW-02 feeder initiatives as Multi-Year  
40 Projects. This approach provides flexibility for subsequent years with respect to  
41 competing capital expenditure priorities that may arise as a result of changed or  
42 unanticipated circumstances.