

Q. DISTRIBUTION**PUB 51.0****B-41 Rebuild Distribution Lines**

According to Table 2 of B-41, in the past five years NP has expended approximately \$17 million on rebuilds of existing feeder lines. NP is projecting future expenditures for 2006 to 2010 at \$18.6 million.

B-45 Distribution Reliability Initiative

NP spent a total of \$7.7 million in the previous five years (2001-2005F) on replacing specific distribution lines and is projecting a total future expenditure (2006-2010) of \$7.2 million.

Accordingly, the total expenditures on distribution lines per B-41 and B-45 for the ten year period 2001 to 2010 is approximately \$50 million. This works out to \$165,562 per feeder (~\$16,600 per year per feeder) or \$6,100 per kilometer of line (~\$610 per year per kilometer of line).

Are the above numbers (~\$16,600 per year per feeder and \$610 per year per kilometer of distribution line) useful measures of the expected unit costs for this category of expenditure?

- A. The Rebuild Distribution Lines and Distribution Reliability Initiative budget items are planned projects for which the actual scope of work is determined by an engineering assessment of the observed condition of the relevant feeders. While it is desirable to levelize costs over time, the nature of the work associated with certain capital budget items presents limitations on the extent to which this is possible.

The noted projects are intended to deal with identified issues on specific feeders. The nature of this work tends to vary significantly from feeder to feeder.

For example, a significant issue identified with the BOT-01 feeder is accessibility. Consequently, much of the proposed work involves moving sections of line from more remote locations to the road right of way. The nature of the work proposed to be carried out on the BCV-02 feeder is different. Because the major identified issue is conductor failure, much of the proposed work involves re-conductoring sections of line.

Where the required work varies from feeder to feeder in this fashion, unit costs for each job will be different. Those differences can be substantial. As a result, unit costs based on historic averages for the budget category are not reliable indicators of actual expenditure requirements.