**Q. DISTRIBUTION**

**PUB 62.0**

***B-40 Rebuild Distribution Lines (Pooled) $3,190,000***
***B-45 Distribution Reliability Initiative (Pooled) $3,114,000***
***B-48 Feeder Additions and Upgrades to Accommodate Growth (Pooled) $266,000***
**Please explain the distinctions between these three projects.**

***General***

Please refer to Section 2.0 *Capital Budgeting* found at pp. 2 *et. seq.* of the ***2006 Capital Budget Plan*** which explains these three projects in the context of Newfoundland Power's concurrent obligations to (i) maintain its existing network assets which are essential to the provision of service to its customers and (ii) extend or expand the electricity network to meet customers' service requirements.

The Distribution projects *Rebuild Distribution Lines* and *Distribution Reliability Initiative* are aimed at prudent maintenance of existing network assets. The Distribution project *Feeder Additions and Upgrades to Accommodate Growth* is principally aimed at increasing capacity to meet customers' service requirements.

Each project is briefly described below.

***Rebuild Distribution Lines***

Each year Newfoundland Power performs routine field inspections of a portion of the Company's 302 distribution feeders.

This project reflects the annual planned distribution capital maintenance on the approximately 8,200 km of distribution lines that comprise the Company's 302 feeders.

The work performed under this project tends to focus on distribution line components (i.e., transformers, switches, arrestors, etc.) on a *system-wide basis*.

***Distribution Reliability Initiative***

Each year Newfoundland Power performs detailed engineering performance assessments on its poorest performing distribution lines.

The assessments are aimed at improving the performance of the poorest performing distribution feeders. The assessments are necessarily more *local in nature* as opposed to system-wide in nature. The work performed tends to be much broader in scope and typically includes relocation of sections of line or implementation of higher standards to accommodate local weather conditions.

The analysis of each feeder proposed to be upgraded in 2006, together with the broader Company-wide engineering assessment, is contained in ***4.2 2005 Corporate Distribution Reliability Review***.

***Feeder Additions and Upgrades to Accommodate Growth***

Each year Newfoundland Power must make capital expenditures to its existing distribution network as a result of increasing customer requirements.

Customers' electricity requirements are not static. Increased load growth on a particular feeder may require that a component or system configuration be changed to ensure that the necessary capacity is available to meet that increased customer requirements safely and reliability.