

- 1 **Q. (Reference Application Schedule B, page 24 of 98) Please explain why Transmission**
2 **Line Maintenance costs are included in the capital budget.**
3
- 4 A. The Transmission Line Maintenance component of the *Transmission Line Maintenance*
5 *and 3rd Party Relocations* project involves *replacing* transmission line poles, crossarms,
6 conductors, insulators and hardware on the over 2,000 kilometres of Newfoundland
7 Power's transmission lines.¹ Each of these components is considered a unit of property
8 for a transmission line. As these components will provide benefits to customers for a
9 period greater than one year, they are considered to be capital assets in accordance with
10 U.S. GAAP.

¹ In prior Capital Budget Applications the type of capital expenditures included in the *2021 Transmission Line Maintenance and 3rd Party Relocations* project were included in the *Transmission Line Rebuild* project. To improve transparency around transmission line rebuild projects associated with the *Transmission Line Rebuild Strategy*, for the *2021 Capital Budget Application*, the Company separated these capital expenditures into 2 separate projects.