Q. (Reference Application Volume 2, Transmission Line Rebuild, page A-1, Table A-1) NP plans to ramp-up the Transmission Rebuild project according to the significantly increasing costs shown in the table. Please explain the urgency in ramping up this project at a time when electricity rates in the Province are under severe pressure.

A. The annual expenditure for the *Transmission Line Rebuild* project will vary each year depending upon the number of kilometers of transmission line to be rebuilt, the voltage of the transmission line and the structure design used.[1]

The increase in forecast Transmission expenditures in the 5-year plan is driven by the increase in the kilometers of transmission line forecast to be rebuilt annually as part of the *Transmission Line Rebuild Strategy* (the "Strategy"*)*. By the end of 2020, the Company will have completed rebuilds on approximately 76% of the lines identified for rebuild in the Strategy.[2] On average, 30 kilometres of transmission line have been rebuilt annually under the Strategy for the 5-year period 2016-2020F. The remaining rebuild projects, including those in 2021, continue to target the most deteriorated transmission lines in Newfoundland Power's electrical system. The 5-year plan for the *Transmission Line Rebuild* project included in the *2021 Capital Budget Application* includes, on average, approximately 49 kilometres of transmission line to be rebuilt per year for the 2021 to 2025 period.

The transmission lines identified for rebuild in the 5-year plan include three 138 kV transmission lines in Central and Eastern Newfoundland.[3] The extended line length of these rebuilds is the primary driver for the increase in forecast transmission expenditures, accounting for approximately 47% of total forecast expenditures in the 5-year plan. All 3 of these lines were originally constructed in 1964 and are amongst the oldest of the Company's transmission lines currently in service.

The *Transmission Line Rebuild Strategy* outlines a structured approach to rebuilding the Company's oldest and most deteriorated lines and prioritizes rebuild projects based on: (i) the physical conditions of the lines; (ii) the risk of failure; and (iii) the impact a failure would have on customers. Annual inspections will continue to be completed on these lines to monitor their condition. Based on these inspections, engineering assessments will determine if rebuilding of these lines is required to be included in future capital budget applications.[4] This approach is consistent with the least-cost delivery of reliable service to customers.

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1 Transmission line structure design employed by Newfoundland Power includes single pole and H-frame construction.

2 See the *2021 Capital Budget Application, Volume 2, Report 3.1, 2021 Transmission Line Rebuild,* page 1.

3 Included are transmission Line 146L from Gander to Gambo, 124L from Clarenville to Gambo and 100L from Sunnyside to Clarenville.

4 Transmission Line 105L was originally planned to be included in the *2021 Capital Budget Application*. This line was inspected in 2020 and, based on its condition, does not require rebuilding in 2021. This project has been deferred to 2026 and is no longer in the Company's current 5-year capital plan.

See the *2021 Capital Budget Application, Volume 1, 2021 Capital Plan, Section 2.0* for additional information on Newfoundland Power's capital planning process including the process of developing and updating the 5-year capital plan.