

1 **Q. Reference: “2022/2023 General Rate Application,” Newfoundland Power, May 27,**
2 **2021, Volume 1, Exhibit 1, Line 2.**

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4 **Please provide the reason for the increase in transmission operations and**
5 **maintenance costs in 2020 and why this increase in costs is required for subsequent**
6 **years.**

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8 A. The increase in transmission operating costs from 2019 to 2020 is primarily due to
9 increased vegetation management activity.¹

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11 Vegetation management costs can vary from year to year primarily as a result of planned
12 maintenance activities and weather conditions. Planned activity is generally the result of
13 transmission line inspections. Any critical work identified during these inspections
14 would be prioritized to be completed based on the overall risk to safety and reliability.

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16 Vegetation management transmission costs for 2020 of \$556,000 were consistent with the
17 5-year historical average of \$559,000.

18
19 Increases in transmission operating costs over the 2021 to 2023 forecast period are
20 related to inflation.²

¹ Transmission vegetation management costs were \$179,000 higher in 2020 when compared 2019.

² For non-labour costs, such as vegetation management, the GDP deflator for Canada is used to determine inflationary increases. In Order No. P.U. 36 (1998-99), the Board ordered the adoption of the GDP deflator for Canada as an appropriate inflation index to forecast non-labour operating expenses.