

1 **Q. Distribution - Extensions - p. 30 of 86, it states, “This Distribution project involves**
2 **the construction of both primary and secondary distribution lines to connect new**
3 **customers to the electrical distribution system. The project also includes upgrades**
4 **to the capacity of existing lines to accommodate customers who increase their**
5 **electrical load.” Please provide a breakdown of the \$8,856,000 sought for this**
6 **project as regards (i) the construction of distribution lines to connect new**
7 **customers, and; (ii) upgrades of capacity of existing lines to accommodate customers**
8 **who increase their electrical load.**

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10 **A.** Newfoundland Power is not able to separate the cost to connect new customers from the
11 cost to upgrade the capacity of existing lines to accommodate customers who increase
12 their electrical load.

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14 The costing methodology for the Extensions project is based upon historical data.
15 Historical annual expenditures are used to derive an average annual extension cost per
16 customer. The average annual extension cost per customer (inflation adjusted by the
17 GDP Deflator for Canada) is then multiplied by the forecast number of new customers for
18 the budget year to determine the budget estimate.