

1 **Q. Capital Plan - Section 3.3 5 year plan: - it states, “While the Company accepts the**
2 **Board’s view of the desirable effects of year to year capital expenditure stability, the**
3 **nature of the utility’s obligation to serve will not in some circumstances, necessarily**
4 **facilitate such stability.”**

5
6 (a) What are the desirable effects of year to year capital expenditure stability
7 referred to in the above statement?
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9 (b) What projects have the Company deferred beyond 2010 in the interests of
10 capital expenditure stability? Please explain why it was reasonable to defer
11 these projects beyond 2010.
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13 A. (a) In Order No. P.U. 36 (2002-2003) it states “*the Board believes more stable and*
14 *predictable year over year capital budgets for NP is a desirable objective which*
15 *will assist in fostering stable and predictable rates for consumers into the future*”¹
16

17 These are the desirable effects of year to year capital expenditure stability referred
18 to.
19

20 (b) Please refer to the response to Request for Information CA-NP-40 for an
21 explanation of the Company’s current capital budget practice, including how year
22 to year project estimates vary (see line 19, *et. seq.*, Page 2 of3).
23

24 Newfoundland Power observes that deferral of necessary capital expenditures can
25 contribute to year to year capital expenditure *instability*.

¹ Order No. P.U. 36 (2002-2003), P. 25.