

1 **Q. With reference to CA-NP-98, what maintenance work was deferred to produce the**
2 **\$432,000 reduction in forecast Plants, Subs, System Oper. and Buildings.**

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4 A. The \$432,000 reduction in the Plants, Substations, System Operations and Buildings
5 expenditure breakdown resulted from budgetary decisions following review of the initial
6 inputs.

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8 Plants, Substations, System Operations and Buildings include a wide variety of
9 maintenance-related expenditures. Expenditures include water use license fees, oils and
10 lubricants, property maintenance, fencing, janitorial service, pest control, fire protection,
11 waste management and snow clearing.

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13 Material changes from the original budget inputs include a \$200,000 reduction in the
14 forecast of water use license fees, and a \$100,000 reduction related to the use of
15 reconditioned insulating oils in substation equipment.

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17 The original budget estimate of water use license fees was based on an assumption that
18 all licenses currently up for renewal by the provincial government would be renewed at
19 higher rates. Following a review of this item, the amount was lowered to reflect historic
20 expenditure levels and a more conservative approximation of the anticipated fee
21 increases.

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23 The initial budget estimate for insulating oils was based on the Company's early
24 understanding of the impact of changes in regulations governing the re-use of PCB-
25 contaminated insulating oils in substation equipment, and reflected the cost associated
26 with increased requirements for new oil and for disposal of contaminated oil. Further
27 evaluation of the regulations led the Company to source a vendor who would supply
28 reconditioned oil meeting regulatory requirements and also accept the used oil. This
29 resulted in a substantial decrease in the forecast cost of purchasing and disposing of
30 insulating oils.

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32 The \$1,952,000 forecast for the Plants, Substations, System Operations and Buildings
33 expenditure breakdown is consistent with historical experience. Newfoundland Power
34 believes that the forecast is reasonable, and is consistent with the provision of safe and
35 reliable electrical service to customers.