

1 **Q. In the 2012 Capital Budget NP includes 29 pooled projects for expenditures totalling**  
2 **\$63,118,000. What criteria are used by NP to determine how projects are pooled for**  
3 **purposes of the Capital Budget?**  
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5 A. By definition, pooled projects are a series of expenditures which are neither inter-  
6 dependent nor related but which nonetheless are logically grouped together. Where  
7 appropriate, Newfoundland Power considers pooled projects on an asset class basis.  
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9 Newfoundland Power is predominantly a distribution wires company with 71% of its  
10 proposed 2012 capital budget expenditures in the substations, transmission and  
11 distribution asset classes.<sup>1</sup> When projects within an asset class are similar in terms of the  
12 nature of the work and justification, they are pooled for consideration as a single capital  
13 project.<sup>2</sup> Pooling projects in this manner provides efficiencies from a regulatory  
14 perspective, an engineering asset management perspective and a project management  
15 perspective.

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<sup>1</sup> Newfoundland Power maintains approximately 11,000 kilometres of transmission and distribution lines and 130 substations including 190 power transformers, 400 circuit breakers, 200 reclosers, 360 voltage regulators, 220 potential transformers, 115 battery banks and 2,500 high voltage switches.

<sup>2</sup> For example, the Rebuild Distribution Lines project on page 45 of 90 of Schedule B involves the replacement of deteriorated distribution structures and electrical equipment on 43 of the Company's 303 feeders. The work on the feeders is neither interdependent nor related because it is taking place on different feeders. However the scope of work and the work process is similar enough to be combined and managed as a single pooled project.