

1 Q. **Investments**

2 **IN-NLH-033, Att. 1 and IN-NLH-033, Rev. 1, Att. 1**

3 Please explain:

- 4 • why forecast capital expenditures in the revised table for 2016 have
5 almost doubled, compared to the original, and why those for 2017 have
6 increased by approximately 50%;
- 7 • why the transmission investments shown in Line 2 are negative for the
8 years 2014 through 2017;
- 9 • why the Lab West Transmission Line shown in the revised table (line 3)
10 was not found in the original table; and
- 11 • why the Average Change to Rate Base (line 8) for 2016 in the revised table
12 does not include line 7 from the previous year (\$203,249 in 2015, according
13 to the original table).

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16 A. The forecast capital expenditure in the original table for 2016 was \$152,869,000
17 and is \$313,640,000 in the revised table. The increase of \$160,771,000 in 2016
18 forecast capital expenditure is primarily attributable to two projects. An increase of
19 \$128,963,000 is due to the addition of the Labrador West Transmission Line project,
20 which was not in the capital plan when the original table was created but was in the
21 plan when the revised table was created. An increase of \$14,624,000 is due to an
22 increase in estimate compared to the original estimate for 2016 expenditures on
23 the new 230 kV transmission line to be constructed between Bay d’Espoir and
24 Western Avalon terminal stations.

1 The forecast capital expenditure in the original table for 2017 was \$146,711,000
2 and is \$223,374,000 in the revised table. The increase of \$76,663,000 is primarily
3 attributable to one project. An increase of \$49,305,000 is due to an increase in
4 estimate compared to the original estimate for 2017 expenditures on the new 230
5 kV transmission line to be constructed between Bay d’Espoir and Western Avalon
6 terminal stations.

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8 The transmission investments shown on line 2 are represented as negative. While
9 the transmission line is under construction in the years 2014 to 2017, the costs are
10 not yet included in rate base. The total costs of the line construction will be
11 allocated in the year 2018 when the line is scheduled to be connected with the
12 Island System.

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14 The Labrador West Transmission Line shown in the revised table (line 3) was not in
15 the original table (created November 2013) as the transmission line project was not
16 announced until February 2014. (see OC2014-035, dated February 13, 2014)

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18 The Average Change to Rate base (line 8) for 2016 in the revised table does not
19 include line 7 from the previous year because it is intended to show the incremental
20 impacts of spending in each year.