

1 **Q. Re: 2012 Capital Expenditure Status Report, Appendix A, Page 5 of 6**

2
3 **What is the progress of Newfoundland Powers re-evaluation of its Fibre Optic**
4 **Replacement requirements?**

5
6 **A.** The re-evaluation of the *Fibre Optic Circuit Replacement* project is complete.

7
8 The project was first approved as part of the 2008 Capital Budget Application.¹ The
9 Company originally identified 16 leased fibre optic circuits for replacement over the
10 period from 2008 to 2011. The 2012 Capital Budget Application, Schedule B, page 73 of
11 90 identified 6 leased fibre optic circuits from the original 16 requiring replacement. At
12 the time of the filing the Company planned to replace 3 fibre optic circuits in 2011,
13 leaving 3 fibre optic circuits to be replaced in 2012.

14
15 In 2011, in light of increased competition and capacity in the local telecommunications
16 market and the potential impact on pricing of fibre capacity, the Company decided to re-
17 evaluate the project. In 2012 the original financial analysis was updated to include
18 current construction costs and leasing rates. Based on the analysis it was determined that
19 leasing the remaining 6 fibre optic circuits was the least cost alternative. In June 2012
20 the Company entered into a 5 year agreement with the vendor to continue to lease the
21 remaining 6 fibre optic circuits.

¹ The original report justifying the project can be found at tab **5.1 Fibre Optic Circuit Replacement** included in the 2008 Capital Budget Application.