

1 **Q. [Account 361.2 – Underground Cables] – As it relates to the rebuttal discussion for**  
2 **Account 361.2 – Underground Cables as set forth on pages 14 through 19 of**  
3 **Appendix B, please provide a detailed listing and corresponding narrative of each of**  
4 **the various factors causing the Company not to begin replacing underground cable**  
5 **at a significant level, as referenced on page 15 of Appendix B. Further, provide all**  
6 **underlying documentation associated with each factor.**

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8 A. Newfoundland Power's annual capital budget is approved by the Board following a  
9 rigorous review process in which the Consumer Advocate and Board staff participate.

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11 The Board has been quite clear in the Company's capital budget orders that "the decision  
12 to replace any asset should be made based on a complete engineering assessment of the  
13 asset itself in its current operating circumstances along with consideration of the  
14 operational, safety and reliability issues associated with any potential failure of the  
15 asset."<sup>1</sup>

16  
17 Similarly, the Consumer Advocate has expressed the opinion "The onus rests upon the  
18 utility to establish before the Board that the expenditures proposed are necessary in the  
19 year in which they are proposed and represent the lowest cost alternative for the provision  
20 of electricity service in the province."<sup>2</sup>

21  
22 The Company has not instituted a capital program to begin replacing significant sections  
23 of underground cable principally because there is no justification based upon current  
24 operational, safety or reliability issues associated with the potential failure of  
25 underground cables. While a capital program may be needed in the future, no  
26 expenditures are currently proposed. In future, if a capital program is required, the  
27 Company will present all underlying documentation associated with each factor  
28 supporting the justification to begin replacing underground cable.

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<sup>1</sup> See, for example, Board Order No. P.U. 27 (2008), page 7 lines 28 to 31.

<sup>2</sup> See submission of the Consumer Advocate, Newfoundland Power's 2012 Capital Budget Application, page 3 paragraph 6.