

1 **Q. 2015 Capital Plan (p. 18) Transportation**

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3 **In Order No. P.U. 42(2013) made in Newfoundland and Labrador Hydro's 2014**  
4 **Capital Budget Application, the Board determined at page 21 the following:**

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6 **"The Consumer Advocate notes that there is not consistency between Hydro's**  
7 **practice and the other utility cited in its response to IC-NLH-59. He submits that,**  
8 **for its next capital budget application, Hydro should be required to provide a**  
9 **survey of the replacement practices for vehicles and aerial devices by at least the**  
10 **other Atlantic Canadian utilities. According to the Consumer Advocate this would**  
11 **allow for fuller and more complete analysis and consideration of this ongoing**  
12 **project.**

13 ...

14 **...Hydro agrees that the information requested by the Consumer Advocate and the**  
15 **Industrial Customer Group can be provided in future years if the Board considers it**  
16 **will be useful in considering this project at that time.**

17  
18 **The Board is satisfied that this project is justified based on the evidence. In its next**  
19 **capital budget application for similar replacements Hydro will be expected to**  
20 **provide, as supporting documentation, information on the replacement policies for**  
21 **similar utilities in Canada. The Board agrees this information may assist in its**  
22 **future consideration of this ongoing project. This project will be approved as**  
23 **proposed."**

24  
25 **Is Newfoundland Power able to provide this information for this current Capital**  
26 **Budget Application? If not, are there plans to commence gathering this information**  
27 **for future applications, given that transportation capital expenditures are expected**  
28 **to increase by approximately \$3.2 million annually between 2015 through 2019?**

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30 **A.** Transportation capital expenditures from 2015 through 2019 are expected to increase to  
31 an annual average of approximately \$3.2 million, compared to an annual average of \$2.6  
32 million from 2010 through 2014. This is an increase of approximately \$600,000 annually  
33 and not \$3.2 million as stated in the question.

34  
35 The increase in transportation capital expenditures from 2015 through 2019 is principally  
36 reflective of inflation and the number of heavy fleet and passenger vehicles expected to  
37 meet the replacement parameters over the period. Also, commencing in 2016 and  
38 continuing through 2019, the Company plans to increase the heavy fleet from 72 units to  
39 79 units to accommodate the increase in the number of journeyman powerline  
40 technicians resulting from the advancement of apprentices. This will reduce the number  
41 of 3 person crews and increase the number of 2 person crews, which, in turn, will  
42 improve efficiency of line operations.

Table 1 segments the transportation capital plan identifying the estimates for replacing existing vehicles separately from the estimates for purchasing new heavy fleet vehicles.

**Table 1**  
**Transportation Capital Plan**  
**2015 – 2019**  
**(\$000s)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Purchase Replacement Vehicles	2,917	2,675	2,634	2,795	2,951
Purchase New Heavy Fleet Vehicles	-	280	560	560	560
<b>Total</b>	<b>2,917</b>	<b>2,955</b>	<b>3,194</b>	<b>3,355</b>	<b>3,511</b>

Over the 5-year capital plan period, the annual average for the purchase of replacement vehicles, excluding the purchase of new heavy fleet vehicles to expand the fleet from 72 units to 79 units, is approximately \$2.8 million. This compares with an annual average of approximately \$2.6 million for the period from 2010 to 2014. The \$200,000 difference is reflective of inflation and the number of heavy fleet and passenger vehicles expected to be needed to meet the replacement parameters over the period.

Newfoundland Power individually evaluates vehicles considered for replacement according to a number of criteria to ensure replacement is the least cost option. Evaluation for replacement is *initiated* when individual vehicles reach a threshold age or level of usage. Heavy fleet vehicles are considered for replacement at 10 years of age or usage of 250,000 kilometres. For passenger vehicles, the guideline is five years of age or 150,000 kilometres. Vehicles reaching these thresholds are evaluated on a number of criteria, such as overall condition, maintenance history and immediate repair requirements, to determine whether they have reached the end of their useful service lives.

The replacement of vehicles is based upon condition assessment and not on the age and mileage thresholds.<sup>1</sup> Newfoundland Power will review Newfoundland and Labrador Hydro's survey when it is filed.

<sup>1</sup> For example, of the 35 passenger vehicles proposed for replacement in 2015, 26 vehicles will be between 6 and 9 years of age. These vehicles would have met the threshold age and possibly the level of usage criteria for inclusion in as many as 4 previous capital budget applications. In each of those years the condition assessment determined that it was least cost for the vehicle to remain in service.