Q. Reference: "2022 Capital Budget Application," Newfoundland Power, May 18, 2021, Volume 1

The cost for distribution line upgrade and extension work listed in Newfoundland Power's 2021 CIAC policy range from $32 per metre to $64 per metre.

It appears that the average cost per metre of distribution line construction and extension in Newfoundland Power's Feeder Additions for Load Growth and Distribution Reliability Initiative projects is approximately $182 per metre. Please explain this discrepancy.

A. The unit (per meter) costs specified in Newfoundland Power's CIAC policy are not reflective of the work carried out under the *Feeder Additions for Load Growth* project or the *Distribution Reliability Initiative.*

The per meter rates specified in the CIAC policy reflect the amount a customer would pay for a new or upgraded service under two scenarios:

a) Construction of a new line extension to service a new customer; and

b) Placing additional conductor(s) on an existing pole line to accommodate a customer's increased load.

The per meter costs:

a) Do not include any pole line costs associated with replacement or relocation of poles, guys, secondary conductor, service wires, anchors, streetlighting or transformers. Appendix C of the CIAC policy details the additional costs to be added to the per meter costs for upgrade work when required for a CIAC estimate.

b) Include a credit associated with joint use of distribution support structures for new line extensions.[1]

The work required under the *Feeder Additions for Load Growth* project and *Distribution Reliability Initiative* primarily requires existing lines to be upgraded through replacement or relocation of support structures and components of the line. This work is not comparable to the extension or conductor additions covered by the per meter rates in the CIAC policy.

[1] Distribution support structures include poles, anchors and guys.