

1 **Q. (Reference Application, 2024 Capital Budget Overview, Appendix B, Table B-1)**
2 **The table indicates that Transmission Line 146L Rebuild and Gambo Substation**
3 **Refurbishment and Modernization projects were planned for 2023 but were**
4 **deferred to allow for engineering assessment. Is it more accurate to say that**
5 **NP was not ready to proceed with these projects in 2023 rather than to say**
6 **that the projects were deferred?**
7

8 A. No, it is not accurate to say that Newfoundland Power was not ready to proceed with
9 these projects in 2023 rather than to say that the projects were deferred.

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11 Newfoundland Power's annual capital expenditures are the product of a comprehensive
12 capital planning process. The Company's capital planning process applies sound
13 engineering and objective data to determine which expenditures are required annually
14 to provide customers with access to safe and reliable service at the lowest possible cost.
15 For additional details on the criteria Newfoundland Power applies to determine whether
16 a proposed capital project should be deferred, see the responses to Requests for
17 Information PUB-NP-007 and PUB-NP-008.

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19 The capital planning process commences each year with an update of the Company's
20 five-year capital plan. The capital plan provides a forecast of capital expenditures across
21 all asset classes for the next five years, including the upcoming budget year. The capital
22 plan is updated annually based on the most recent information of forecast customer
23 requirements, asset condition, operational requirements and other factors. In the case
24 of the *Transmission Line 146L Rebuild* and *Gambo Substation Refurbishment and*
25 *Modernization* projects, the annual update of the Company's five-year capital plan
26 resulted in the deferral of both projects.

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28 In the *Transmission Line Rebuild Strategy Schedule: 2022-2027* filed with the
29 *2022 Capital Budget Application*, Transmission Line 146L was scheduled to be rebuilt
30 commencing in 2023 and Transmission Line 55L was scheduled to be rebuilt in 2025.
31 The condition assessments completed in advance of the *2023 Capital Budget Application*
32 resulted in the rebuild of Transmission Line 55L being advanced and Transmission Line
33 146L being deferred.

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35 In the *Substation Refurbishment and Modernization Plan 5-Year Forecast 2019 to 2023*
36 filed with the *2019 Capital Budget Application*, both Gambo and Walbournes substations
37 were scheduled for refurbishment and modernization commencing in 2023. The
38 condition assessments completed in subsequent years resulted in the refurbishment and
39 modernization of Walbournes Substation being prioritized for 2023 and Gambo
40 Substation being deferred to 2024.