

- 1 **Q. (Reference 2022 Capital Expenditure Report, Appendix A, Substations**
 2 **Refurbishment and Modernization, page 1 of 8) With respect to the 30% cost**
 3 **overrun, it is stated “unexpected site-related issues at the Glovertown and**
 4 **Humber Substations led to construction delays and additional costs for**
 5 **unplanned work.”**
 6 **a) How much money was included in the budget for such “unexpected site-**
 7 **related issues”?**
 8 **b) Why were such site-related issues not understood? When did NP take**
 9 **ownership of these substations? Did NP staff visit the substation sites**
 10 **before preparing the budget estimate?**
 11 **c) What amount of money was included in the budget to cover contingencies?**
 12 **d) Please provide a detailed comparison of budget estimates and actual costs.**
 13
- 14 **A. a)** The budget for the *Substation Refurbishment and Modernization* projects included a
 15 contingency of approximately \$550,000. This contingency would normally cover
 16 items such as unexpected site-related issues.
 17
 18 Contingencies are included in the project cost estimates to account for unforeseen
 19 issues and costs that arise during actual construction. The costs for the unexpected
 20 site-related issues would have normally been covered by the budget contingency.
 21 However, as outlined in the response to Request for Information CA-NP-121, the
 22 Company experienced cost increases related to substation materials and contractor
 23 labour in 2022. These cost increases were much larger than could be
 24 accommodated under the budget contingencies along with the unexpected site-
 25 related issues.
 26
 27 b) The site-related issues included items such as additional overtime labour as a result
 28 of the late delivery of the steel to construct the new 138 kV structure, and
 29 installation of overhead 25 kV lines inside the substation as a result of the late
 30 delivery of underground cable. Issues like this were not anticipated as the project
 31 scope was based on the timely delivery of all necessary equipment to meet the
 32 project schedule.
 33
 34 Newfoundland Power has owned both Humber and Glovertown substations since
 35 their original construction in the 1950s and 1970s.
 36
 37 Yes, Newfoundland Power’s engineering staff visited the Humber and Glovertown
 38 substations to conduct condition assessments before preparing the budget
 39 estimates.
 40
 41 c) See part a).

- 1 d) Table 1 provides a detailed comparison of budget estimates and actual costs for the
2 *2022 Substation Refurbishment and Modernization* project.

Table 1		
2022 Substation Refurbishment & Modernization		
	Budget (000s)	Actuals¹ (000s)
Humber Substation	2,858	3,827
Glovertown Substation	1,745	3,209
Tors Cove Substation	1,813	1,605
Ground Grid Upgrades	446	353
Substation Monitoring Upgrades	187	141
TOTAL	7,049	9,135

¹ Actual Expenditures include carryover amount of \$1,126,000 carried forward from 2022 to 2023.