

1 **Q. In Board Order P.U. 36(2021) the Board quotes Newfoundland Power as**  
 2 **follows:**

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 4 ***"Newfoundland Power also reiterated that it does not expect the execution of***  
 5 ***its 2022 Capital Budget to be impacted by the Covid-19 pandemic."***

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 7 **a) How did the Covid pandemic impact the execution of Newfoundland**  
 8 **Power's 2022 Capital Budget and subsequent budgets?**

9 **b) Please provide details of any supply chain problems Newfoundland Power**  
 10 **had and continues to have since the Covid pandemic.**

11 **c) Please list each and every budgetary item beginning in 2022 which has been**  
 12 **put on hold, postponed, or delayed as a result of the impact of supply chain**  
 13 **and labour issues resulting from the Covid pandemic, and the approved**  
 14 **original budget for the item, and any changes in the budget which resulted.**

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 16 A. a) The COVID-19 pandemic did not impact the execution of Newfoundland Power's  
 17 2022 Capital Budget. The Company does not expect the execution of its 2023  
 18 Capital Budget or 2024 Capital Budget to be impacted by the COVID-19 pandemic.

19  
 20 b) Supply chain disruptions have contributed to reduced availability and extended  
 21 delivery times for certain materials. Higher material costs are being driven by  
 22 increased prices related to base metals such as steel, copper and aluminum along  
 23 with products such as conductor and wood poles. In particular, the supply chain  
 24 disruptions have impacted the procurement of power transformers and heavy-duty  
 25 fleet vehicles.<sup>1</sup>

26  
 27 The Company continues to monitor market conditions to assess potential impacts on  
 28 its operations. Procurement practices and project durations have been modified to  
 29 adapt to supply chain issues in order to mitigate project impacts. For example, the  
 30 Company has increased its use of multi-year projects.

31  
 32 Similar to 2021 and 2022, Newfoundland Power is managing supply chain issues and  
 33 higher material costs to limit its impact on overall 2023 annual capital expenditures.  
 34 Consistent with past practice, variances in actual expenditures from the approved  
 35 budget amounts will be reported to the Board in the Company's annual capital  
 36 expenditure report to be filed on March 1, 2024.<sup>2</sup>

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 38 c) For approved projects beginning in 2022, there have not been any projects put on  
 39 hold, postponed or delayed as a result of supply chain and labour issues resulting  
 40 from the COVID-19 pandemic.

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<sup>1</sup> Supply chain issues resulted in higher material costs and the requirement to ensure an adequate supply of inventory for distribution pole top and pad-mount transformers. Vendor pricing increases resulted from supply chain disruptions affecting the price of raw materials and parts, and from a manufacturer labour shortage. Manufacturers have reduced fleet incentives and production of vehicles, leading to higher prices for available models.

<sup>2</sup> See Order No. P.U. 38 (2022), page 32.