

1 **Reference: 2024-2028 Capital Plan**

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3 **Q. Page 6. It is stated that the while age is not a primary determinant as to**
4 **whether an asset requires refurbishment or replacement, it provides a**
5 **reasonable indication of the probability that an asset may begin to fail.**
6 **Explain how Newfoundland Power evaluates the age of an asset as a**
7 **consideration in determining whether to plan capital work on the asset.**
8 **Include in the response the other factors Newfoundland Power considers in**
9 **determining whether to plan capital work on an asset and how it weighs the**
10 **various factors.**

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12 A. Generally, the age of an asset is given higher consideration in the later years of the
13 capital plan (i.e. beyond year two of the plan). Newfoundland Power does not complete
14 detailed engineering assessments of future investment priorities. Age is therefore used
15 as an indicator that future investment may be required. For additional details on how
16 age is considered in Newfoundland Power's capital planning, see the response to
17 Request for Information PUB-NP-019.

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19 For example, the *Transmission Line Rebuild Strategy* (the "Strategy"), originally
20 submitted with Newfoundland Power's *2006 Capital Budget Application*, outlined a long-
21 term plan for rebuilding the Company's aging and deteriorated transmission lines.

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23 The Strategy was developed in response to the age and condition of the Company's
24 107 transmission lines.¹ Many of the Company's transmission lines were constructed
25 over 50 years ago and were not built to any particular standard.² These transmission
26 lines were not engineered to withstand local environmental conditions and are therefore
27 more susceptible to failure.

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29 Newfoundland Power reviews the Strategy each year as part of its annual capital
30 planning process. The review prioritizes transmission line rebuild projects based on the
31 methodology outlined in the Strategy and incorporates the results of the Company's
32 annual transmission line inspections. While transmission lines may have been identified
33 for rebuild in previous capital plans based on their age, as they are examined in
34 additional detail in the budget year. Inspection results, the condition of the equipment,
35 risk of failure, and impact on customers are the primary determinants of whether a
36 rebuild project will be proposed.³

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38 The annual update of Newfoundland Power's capital plan reflects the latest: (i) condition
39 assessments of electrical system assets; (ii) forecasts of electrical system load; (iii)
40 changes in economic factors or industry requirements; and (iv) changes in operational

¹ As a result of transmission system reconfigurations and transmission line additions since 2006, the Company currently has 111 transmission lines.

² Newfoundland Power currently designs its transmission lines to meet Canadian Standards Association standards and guidelines outlined in *C22.3 No. 1-15 Overhead Systems*. This standard designates Newfoundland Power's service territory as either severe or heavy weather loading areas.

³ For example, Transmission Line 146L was originally schedule for rebuild in 2008 as part of the Strategy. The rebuild of this line has been deferred for 15 years as a result of regular maintenance. See Newfoundland Power's *2024 Capital Budget Application*, report 3.1 *2024 Transmission Line Rebuild*, page 9.

- 1 requirements.⁴ These factors are considered differently for different assets. For
- 2 additional details on the criteria Newfoundland Power uses in its annual capital planning
- 3 process, see the response to Request for Information PUB-NP-008.

⁴ See Newfoundland Power's *2024 Capital Budget Application, 2024 Capital Budget Overview, Section 2.2.3 Capital Project Planning*.