Q. (Reference Application Volume 2, 2021 Substation Refurbishment and Modernization, page A-1) Why is there such a large increase in budgeted costs from 2021 to 2022 and beyond? Please confirm that the projected costs in 2024 and 2025 are more than double the cost in 2021.

A. The forecast expenditures for the *Substation Refurbishment and Modernization* project included in the 5-year capital plan continue to be driven by the *Substation Strategic Plan*, as filed with the Company's *2007 Capital Budget Application*. See response to Request for Information CA-NP-026 for additional information on the benefits of the *Substation Refurbishment and Modernization* project and the *Substation Strategic Plan*.

Table 1 below includes the actual and forecast capital expenditures for the Substation Refurbishment and Modernization project for the 5-year period 2016 to 2020F and the 5-year period 2021F to 2025F.

Table 1
Actual and Forecast Expenditures
Substation Refurbishment and Modernization
(2016 to 2025F)

Year	**2016**	**2017**	**2018**	**2019**	**2020F**	***Average***
Total	$7,044	$10,777	$7,917	$7,384	$10,856	$8,796
Year	**2021F**	**2022F**	**2023F**	**2024F**	**2025F**	***Average***
Total	$5,153	$8,974	$7,671	$11,876	$10,881	$8,911

On average, the annual capital expenditures for the *Substation Refurbishment and Modernization* project for the period 2016 to 2020F are consistent with the planned expenditures for the period 2021F to 2025F.

It is confirmed that the forecast *Substation Refurbishment and Modernization* costs included in the Company's 5-year capital plan for 2024 and 2025 are more than double the cost in 2021.

The increase in forecast expenditures in the 2022 to 2025 period compared to 2021 are primarily the result of the requirement to complete refurbishment and modernization projects in major substations in Central and Western Newfoundland.[1] The projects identified for these substations are the primary drivers for the increase in forecast expenditures, accounting for 41% of total expenditures in the 2022 to 2025 period. Three

[1] These substations include Glovertown ("GLV"), Humber ("HUM"), Walbournes ("WAL"), Gander Bay ("GBY"), Grand Falls ("GFS") and Harmon ("HAR"). Total forecast expenditures for these substations equal $16,112,000, or 41%, of the total $39,402,000 included in the Substation Refurbishment and Modernization Plan for the 2022 to 2025 period.

of these substations contain aged and deteriorated metal-clad switchgear which is approaching end of life and requires replacement.

The 5-year capital plan is reviewed and updated annually. Each year the Company, through a comprehensive planning process, will determine the necessity, scope and *timing* of each proposed capital project. As projects move from the forecast period to the budget-year, they are assessed in detail to determine the least-cost alternative to the project requirements including deferral.