

1 **Q. Please provide in a table the total capital expenditure for each of the above noted**
2 **years and the percentage of increase/decrease year over year, as the case may be.**

3
4 **A. A. Capital Expenditures**

5
6 Table 1 provides the total capital expenditure for each year from 2008 to 2019F, the
7 increase/decrease from the prior year and the percentage of increase/decrease year over
8 year.
9
10

Year	Capital Expenditure	Increase / Decrease	% Increase / Decrease
2008	64,770	-3,715	-5.4%
2009	70,334	5,564	8.6%
2010	73,579	3,245	4.6%
2011	76,171	2,592	3.5%
2012	80,672	4,501	5.9%
2013	86,497	5,825	7.2%
2014	116,395	29,898	34.6%
2015	104,231	-12,164	-10.5%
2016	103,527	-704	-0.7%
2017	96,810	-6,717	-6.5%
2018F ²	90,795	-6,015	-6.2%
2019F	93,304	2,509	2.8%

11
12
13 Over the 2008 to 2017 period Newfoundland Power's capital expenditures have totaled
14 \$873 million, or an average of \$87 million annually. The Company also forecasts
15 additional capital expenditures of \$184 million in 2018 and 2019. Over the 2008 to 2017
16 period rate base has grown by \$271 million.³ The difference between capital
17 expenditures and rate base growth over this period is largely reflective of Newfoundland
18 Power's focus on the replacement of aged and deteriorated assets.
19

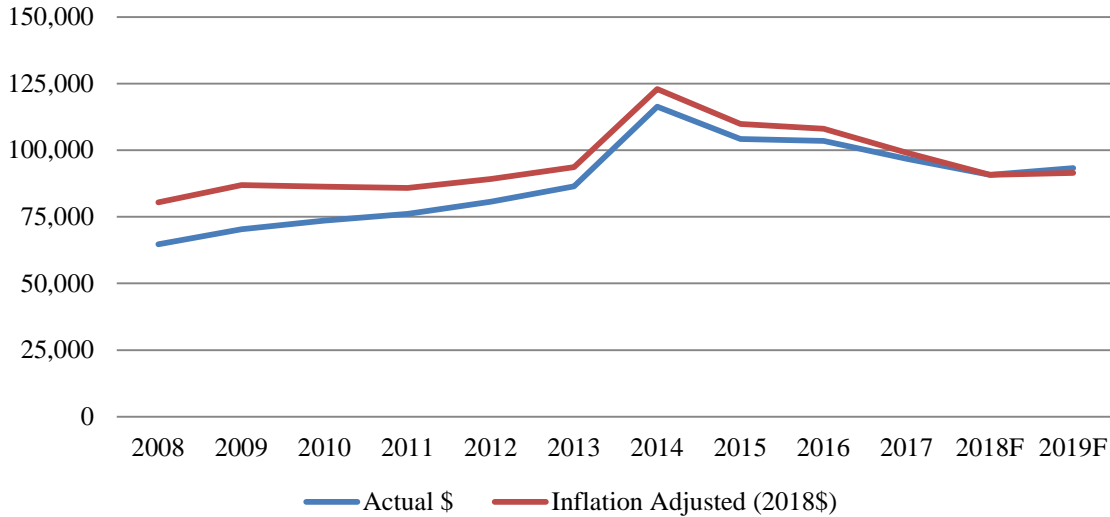
20 Chart 1 shows that on an inflation adjusted basis capital expenditures are relatively stable
21 over the period 2008 to 2019F.
22

¹ Capital Expenditures for 2008 to 2017 are as reported in Return 5 of Newfoundland Power's Annual Report to the Board.

² See 2018 Capital Expenditure Status Report pg. 2 of 13.

³ See the response to Request for Information CA-NP-001.

Chart 1
Capital Expenditures
2008 to 2019F
(\$000s)



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

In 2014, the replacement of the Bell Island Submarine Cable at \$13.4 million and the supplemental capital expenditures following the January 2014 outages at \$4.3 million attributed to the increase in capital expenditures in that year. Increased customer growth related expenditures between 2010 and 2015 also contributed significantly to increased capital expenditures over the period.⁴

The Company’s 2019 capital budget targets a stable level of capital investment required to maintain the condition of the electrical system. Consistent with previous capital budgets, it focuses primarily on expenditures related to plant replacement.

Stability and predictability in capital planning are conducive to rate stability for customers.⁵ Accordingly, to the extent that it can, Newfoundland Power continues to target stability and predictability in its annual capital budgeting.

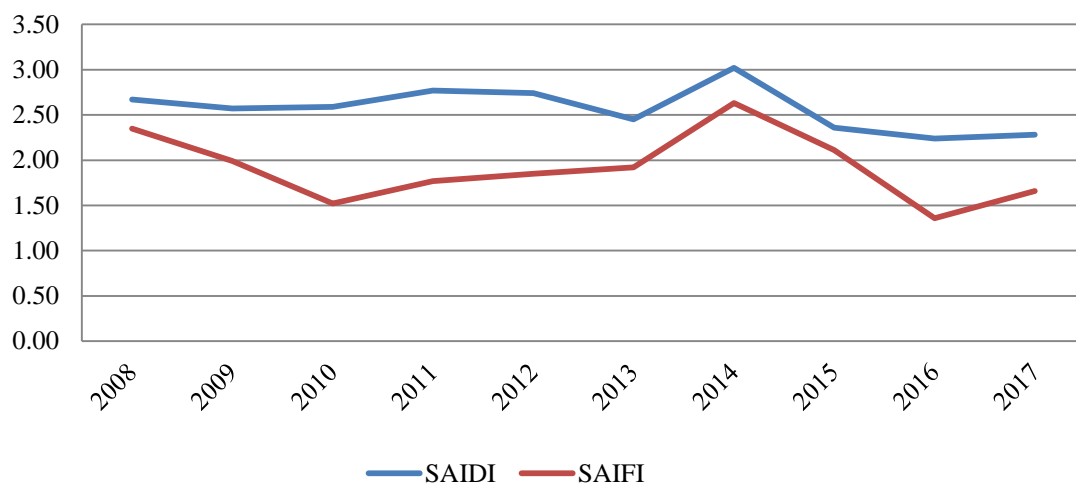
⁴ Over the 2010 to 2015 period customer growth related expenditures averaged \$30.3 million and gross new customer connections averaged 4,811 per year. By comparison, customer growth related expenditures in 2019F are \$18.2 million and gross new customer connections are estimated at 2,593.

⁵ In Order No. P.U. 36 (2002-2003), the Board stated it “believes more stable and predictable year over year capital budgets for NP is a desirable objective which will assist in fostering stable and predictable rates for consumers into the future.”

B. Reliability Performance

Over the 2008 to 2017 period Newfoundland Power’s reliability performance has continued to improve. In 2017, the average duration of customer outages has reduced by 15% and the frequency of customer outages has reduced by 29% from what it was in 2008. Chart 2 shows reliability performance for the period 2008 to 2017.

**Chart 2
SAIDI and SAIFI
2008 - 2017**



Newfoundland Power’s history of operating and capital expenditures focused on its in-service assets has contributed to reliable service to its customers.⁶

⁶ Conclusion 3.2 of the Liberty Consulting Group’s December 2014 Report on *Island Interconnected System to Interconnection with Muskrat Falls addressing Newfoundland Power* stated “Newfoundland Power uses an effective combination of periodic O&M inspection and maintenance programs and capital transmission, distribution, and annual capital substation capital rebuild and modernization projects to address condition, reliability, and operating issues with its transmission, distribution, and substation assets.”