

1 **Q. In PUB-NP-003 the Board asks if there is an opportunity to delay or reduce capital**
2 **expenditures in light of current pressures on customer rates. The response indicates**
3 **that there is not because NP is “always required to ensure its capital expenditures are**
4 **consistent with the least-cost delivery of safe and reliable service to customers”. The**
5 **response goes on to say that all expenditures in the Capital Budget Application meet**
6 **this standard. At the Technical Conference it was stated that there have been times**
7 **in the past when capital projects have been delayed. Please provide examples of**
8 **capital projects that have been delayed in the past, and explain what subsequent**
9 **actions were taken and identify the impact of the delay on customers.**

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11 A. The discussion that took place during the technical conference held on November 14,
12 2019 was neither recorded nor transcribed. Unless expressly indicated in the response to
13 this Request for Information, Newfoundland Power is not to be taken to have adopted the
14 wording of any statement attributed to it in the question.

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16 Newfoundland Power does not accept the interpretation of its response to Request for
17 Information PUB-NP-003 as stated in this question.

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19 It is correct to state that Newfoundland Power is always required to ensure its capital
20 expenditures are consistent with the least-cost delivery of safe and reliable service to
21 customers. This is necessary to achieve compliance with the provincial power policy.¹

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23 It is not correct, however, to state that the Company does not consider opportunities to
24 delay or reduce capital expenditures as part of its capital budget applications.

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26 Newfoundland Power’s approach to controlling its capital expenditures is outlined in
27 detail in response to Request for Information PUB-NP-001. This response stated:

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29 *“Newfoundland Power exercises control over its annual capital*
30 *expenditures by: (i) targeting stability and predictability in its annual*
31 *capital budgeting and capital planning; and (ii) ensuring individual*
32 *capital projects are consistent with the least-cost delivery of reliable*
33 *service to customers.”²*

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35 The response outlined specific actions routinely taken by the Company to control its
36 capital expenditures. These include, among others: (i) investing in the life extension of
37 electrical system assets that continue to provide value to customers; and (ii) evaluating
38 alternatives to select the least-cost option for a particular capital project.³ These actions
39 can serve to delay or reduce capital expenditures.

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41 Examples of specific capital projects that have been delayed are on the record of this
42 proceeding. One example is the Company’s approach to delaying the rebuilding of

¹ The provincial power policy is contained in Section 3 of the *Electrical Power Control Act, 1994*.

² See response to Request for Information PUB-NP-001, page 1, lines 19-22.

³ See response to Request for Information PUB-NP-001, page 2, line 16 to page 3, line 6.

1 certain transmission lines through the selective replacement of deteriorated line
2 components.⁴ Another example is Newfoundland Power's efforts to extend the life of its
3 25-year-old Customer Service System.⁵ In each case, delayed projects undergo routine
4 risk assessments to ensure continued delay does not negatively impact the service
5 experienced by customers.⁶

⁴ See response to Request for Information NLH-NP-005.

⁵ The *2020 Capital Plan* includes a three-year project to replace the Company's 25-year-old Customer Service System (see Newfoundland Power's *2020 Capital Plan*, page 1). This system had an expected service life of 20 years. Newfoundland Power expects to extend the system's service life to 30 years. For more information, see response to Request for Information PUB-NP-008 filed as part of the Company's *2019/2020 General Rate Application*.

⁶ For information on Newfoundland Power's approach to assessing its transmission lines, see response to Request for Information PUB-NP-007. For information on its approach to assessing risks facing its Customer Service System, see response to Request for Information PUB-NP-008 filed as part of the Company's *2019/2020 General Rate Application*.