

October 22, 2020

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland Power Inc.'s 2021 Capital Budget Application – Newfoundland and Labrador Hydro's Submissions

On July 9, 2020, Newfoundland Power Inc. ("Newfoundland Power") filed its 2021 Capital Budget Application ("CBA") with the Board of Commissioners of Public Utilities ("Board"). On July 30, 2020, Newfoundland and Labrador Hydro ("Hydro") filed its Notice of Intention to Participate and subsequently issued Requests for Information ("RFIs") for additional detail on certain aspects of the CBA. The following are Hydro's comments with respect to Newfoundland Power's 2021 CBA, excluding the Customer Service System replacement project.¹

Transmission Line Rebuilds

Hydro does not object to the specific transmission line rebuild project contained in Newfoundland Power's 2021 CBA; however, Hydro questions the robustness of Newfoundland Power's inspection processes, as outlined in NLH-NP-025, in determining the requirement for replacement and delivering least-cost, reliable service. As noted in NLH-NP-025, Newfoundland Power has not mechanically tested any of its transmission infrastructure.²

In its submission regarding Newfoundland Power's 2020 CBA, Hydro submitted that Newfoundland Power should reassess its practices to ensure the most accurate and comprehensive information is obtained to justify future projects and to ensure its inspection and maintenance practices are consistent with the provision of least-cost, reliable service. Newfoundland Power submitted that it would be prudent to await the results of the second of Hydro's Wood Pole Line Management ("WPLM") Program inspection cycles, which is scheduled for completion by 2023, before determining whether a wood pole test and treatment program is warranted for its transmission lines.

In Order No. P.U. 5(2020) the Board noted that "The Board is satisfied that Newfoundland Power's current practices are reasonable in the circumstances. The Board believes that it may be appropriate for Newfoundland Power to review its practices upon the completion of the second inspection cycle in relation to Hydro's test and treat program."³

¹ The Board has determined that the Customer Service System replacement project will be considered separately.

² Response to NLH-NP-025, Newfoundland Power's 2021 CBA.

³ Order No. P.U. 5(2020), page 22, lines 24 through 27.

In order for Newfoundland Power to evaluate the appropriateness of a test and treat program for its transmission assets in the future, information regarding the current condition of transmission assets will be required. This is consistent with Hydro's experience with its WPLM program whereby a comprehensive database has been developed, proven by mechanical testing data. Hydro submits that Newfoundland Power should begin this testing now, to compile data that would be useful for a later review of its practices. Hydro submits that as a part of Newfoundland Power's 2021 transmission line rebuild project, Newfoundland Power should be required to mechanically test a representative sample of poles removed from service and report the results of this testing in its next capital budget application.

Conclusion

Hydro does not object to the approval of Newfoundland Power's 2021 CBA⁴ and the projects contained therein; however, as noted above, Hydro believes that further testing to contribute to future process and examination of Newfoundland Power's transmission line inspection process and replacement criteria is warranted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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SAW/kd

ecc: **Board of Commissioners of Public Utilities**
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Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

⁴ Excluding the Customer Service System replacement project that is subject to an upcoming technical conference; Hydro may provide submissions on that project at a later date.