

1 **Q. (Reference Schedule B, Reconstruction)**

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- 3 a) **Page 41 states "Over the period 2021 to 2025, equipment-related**
- 4 **failures on the distribution system accounted for an average of over**
- 5 **29,000,000 customer minutes of interruption annually." Please provide**
- 6 **the corresponding data for the periods 2016 to 2020 and 2011 to 2015**
- 7 **for the part of the system that has and has not been reconstructed.**
- 8 b) **The proposed budget of \$8,319,000 is 8.4% higher than the 2026F**
- 9 **figure of \$7,674,000. What is the basis for this increase?**
- 10 c) **Table 3 (page 42) indicates that not proceeding with the program**
- 11 **would pose a risk of High (25). If the program were funded at 60% of**
- 12 **the amount requested, then how would the risk assessment be**
- 13 **impacted?**
- 14

- 15 **A.** a) The requested information is not available for the specified periods. The statistic
- 16 quoted in the Request for Information was obtained from the Company's Outage
- 17 Management system, which was implemented in late 2019. Comparable data is
- 18 not available for periods prior to the implementation of this system.
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- 20 b) The increase in budgeted 2027 expenditures from forecast 2026 expenditures
- 21 primarily reflects increased annual expenditures in prior years relating to
- 22 inflationary increases, higher material costs, additional work required as a result
- 23 of major events and an increased replacement of rusty transformers.¹ These
- 24 increased expenditures in prior years are incorporated into the inflation-adjusted
- 25 historical average which is used to determine the budget amount for 2027. After
- 26 adjusting for inflation and additional costs related to major events, the annual
- 27 costs for this program ranged from \$6.9 million to \$8.8 million from 2022 to 2026
- 28 forecast. The proposed 2027 capital budget of \$8.3 million is within this range
- 29 and reasonably reflects the annual capital work requirements for this program.
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- 31 c) The *Reconstruction* program is a corrective maintenance program that involves
- 32 the replacement of deteriorated or damaged distribution structures and electrical
- 33 equipment. The program addresses high-priority deficiencies that are identified
- 34 during inspections or recognized during operational problems, including customer
- 35 outages and trouble calls. The nature of this work can vary from year to year
- 36 based on inspection results, trouble calls and significant events.
- 37
- 38 The risk score of (25) for the *Reconstruction* program was derived based on the
- 39 consequences of not proceeding with the program and the probability of such
- 40 consequences occurring if the program did not proceed. For the *Reconstruction*
- 41 program, the execution of the program will mitigate risks to the delivery of safe
- 42 and reliable service to customers by addressing high-priority deficiencies on the
- 43 distribution system. Newfoundland Power maintains approximately 227,000
- 44 distribution wooden support structures and overhead conductor on approximately

¹ The response to Request for Information CA-NP-027 as part of the *2026 Capital Budget Application* provides detailed explanations for these increases over the period 2021 to 2025.

1 9,800 kilometres of distribution line. The *Reconstruction* program is the
2 Company's corrective maintenance program for the entire distribution system,
3 resulting in a consequence score of (5). Deficiencies addressed under the
4 *Reconstruction* program include components that have already failed or are at
5 risk of imminent failure, or present a safety hazard to employees and the public,
6 resulting in a probability score of (5).² The budget amount does not factor into
7 the risk assessment of determining the consequence and probability values,
8 therefore, funding the program at a lesser budget amount would not impact the
9 assigned risk score.

² See the *2027 Capital Budget Application*, Schedule B, page 41.