

Q. Reference: Newfoundland Power's 2027 Capital Budget Application, Section 2.2, Substation Power Transformer Strategy

For power transformer replacements associated with planned Substation Refurbishment and Modernization work:

- a) Explain how the transformer replacement scope and budget are coordinated with the related substation work, including any dependency between them.**
- b) Explain how Newfoundland Power determined that purchasing replacement transformers in advance would not predetermine the outcome of the Board's consideration of the associated substation capital work.**

- A.**
- a) The scope and budget for the four power transformers proposed for replacement as part of Newfoundland Power's *2027 Capital Budget Application*, report 2.2, *Substation Power Transformer Strategy* reflect the capital work necessary to replace the transformers within the existing substation configurations. This would include any substation modifications or temporary arrangements necessary to install the transformer while minimizing impacts on customers. Planned refurbishment and modernization projects whose execution are intended to be coordinated with power transformer replacements would be developed without overlapping the scope and budget of the associated transformer replacement project.

There are efficiencies associated with replacing transformers during refurbishment and modernization projects, as they typically require moving power transformers to new locations on site, recommissioning equipment, and making temporary arrangements to offload the substation. These costs would only need to be incurred once when transformer replacement and substation refurbishment and modernization projects are completed at the same time.¹

- b) See part a) above. Newfoundland Power has ensured that any power transformer identified for replacement in the *2027 Capital Budget Application* at a substation with planned future refurbishment and modernization work has sufficient justification, scope, and budget to allow the transformer replacement to be completed without undertaking the broader refurbishment and modernization work.

Future refurbishment and modernization work at these substations will be justified as part of future capital budget applications with appropriate condition assessments and with consideration for future substation requirements.

¹ Conversely, if power transformer replacement, refurbishment, and modernization work were not coordinated and executed concurrently, the Company would be required to offload the substation twice to complete both scopes of work. This would result in costs associated with the offload being incurred twice at the same location.

1 As a result of the appropriate scoping and budgeting of proposed power
2 transformer replacement projects, Newfoundland Power ensures that the Board
3 will retain full discretion to assess future substation refurbishment and
4 modernization projects on their own merits. As such, the procurement of
5 replacement power transformers will not predetermine the outcome of the
6 Board's future consideration of substation refurbishment and modernization
7 projects.