

1 **Q. Reference: Newfoundland Power's 2027 Capital Budget Application, Response**
2 **to PUB-NP-004**

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4 **a) Explain whether the 2027 Rebuild Distribution Lines Program budget**
5 **should have been reduced to account for the additional standalone**
6 **feeder refurbishment projects proposed, given that the Rebuild**
7 **Distribution Lines Program budget remains generally consistent with**
8 **2026 levels and the feeder refurbishment projects include work similar**
9 **in nature to that completed under the Rebuild Program.**

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11 **b) How does Newfoundland Power plan to balance and prioritize the**
12 **Rebuild Distribution Lines Program and Feeder Refurbishment**
13 **projects?**

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15 **A. a)** The *Rebuild Distribution Lines* program is Newfoundland Power's preventative
16 maintenance program for the Company's distribution system. The budget for the
17 *Rebuild Distribution Lines* program is determined based on a historical average.
18 Actual expenditures, representing historical costs to complete capital work under
19 this program, form the basis of the forecast costs for the program. The proposed
20 program budget of \$5,502,000 in 2027 reasonably reflects the anticipated capital
21 work that will be required and executed under this program in 2027 based on
22 the historic level of work undertaken.

23
24 Over the last five years, an average of 1,868 deficiencies were corrected annually
25 under this program.¹ The Company's 308 distribution feeders undergo
26 inspections on a seven-year cycle, resulting in approximately 14% of the
27 distribution system being inspected annually, with identified deficiencies
28 addressed under either the *Reconstruction* program or the *Rebuild Distribution*
29 *Lines* program.² This is equivalent to approximately 1,400 kilometres of the
30 Company's distribution line addressed annually.³ The proposed distribution
31 feeder refurbishment projects involve refurbishing approximately 27 kilometres
32 of distribution line across five feeders, which represents only 2% of the
33 distribution system that would be inspected in 2026.⁴

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35 Due to the relatively small percentage of the Company's total distribution lines
36 being refurbished compared to the total kilometres of line inspected, the
37 Company does not recommend reducing the budget amount of the *Rebuild*
38 *Distribution Lines* program to account for the proposed distribution feeder
39 refurbishment projects.

¹ See the *2027 Capital Budget Application, Schedule B*, page 50.

² $(308 / 7) = 44$. $(44 / 308) = 0.14$ or 14%.

³ Newfoundland Power operates approximately 9,800 kilometres of distribution line. $(9,800 * 0.14) = 1,400$.

⁴ $(27 / 1,400) = 0.019$ or 2%.

b) Newfoundland Power continues to assess and update its capital plan annually as part of its comprehensive capital planning process.⁵ This process is completed annually to reflect the most recent information such as forecast customer requirements, asset condition, operational requirements and other factors.

The capital work to be undertaken as part of the *Rebuild Distribution Lines* program and future distribution feeder refurbishment capital projects will be informed by inspection results in accordance with the Company's *Distribution Inspection and Maintenance Practices*. As future distribution feeder capital projects move from the forecast year to the budget year, they are examined in detail to further assess the scope and justification of the required work, including an assessment of alternatives where required by the Provisional Guidelines.

Newfoundland Power notes that, while there is a larger number of capital projects to refurbish distribution feeders proposed in the *2027 Capital Budget Application* compared to the *2026 Capital Budget Application*, the proposed capital expenditure for these projects in 2027 is approximately \$1,500,000, or 31%, lower than the amount planned for 2027 distribution feeder refurbishment projects as outlined in the *2026 Capital Budget Application*.⁶ Additionally, the planned 2028 capital expenditure, which includes the second year of the proposed 2027 capital projects, is approximately \$1,100,000, or 18%, less than the planned 2028 capital expenditure as outlined in the *2026 Capital Budget Application*.⁷

These refinements are a direct reflection of the Company's comprehensive capital planning process that is completed annually to ensure that proposed capital investments represent those that are justified and necessary to meet the Company's statutory obligations under the *Public Utilities Act* and the *Electrical Power Control Act, 1994*.⁸ Most recent information available at the time of preparing the *2027 Capital Budget Application*, including engineering assessments and inspection results, allowed for the scope of proposed capital projects to be refined, as well as the use of multi-year projects to enable the effective deployment of resources to complete the identified capital work.

⁵ See the *2027 Capital Budget Application, 2027 Capital Budget Overview*, section 2.2 *Capital Planning at Newfoundland Power*.

⁶ The proposed capital budget for 2027 for the proposed distribution feeder refurbishment capital projects totals \$3,443,000. See the *2027 Capital Budget Application, 2027-2031 Capital Plan*, page A-2. In the *2026-2030 Capital Plan*, the planned 2027 capital budget for distribution feeder refurbishment capital projects totaled \$4,977,000. See the *2026 Capital Budget Application, 2026-2030 Capital Plan*, page A-2. $(3,443 - 4,977)/4,977 = -0.308$ or -31%.

⁷ The planned capital expenditure for 2028 for the second year of the proposed distribution feeder refurbishment capital projects and other planned distribution feeder refurbishments total \$4,780,000. See the *2027 Capital Budget Application, 2027-2031 Capital Plan*, page A-2. In the *2026-2030 Capital Plan*, the planned 2028 capital expenditures for distribution feeder refurbishment capital projects totaled \$5,851,000. See the *2026 Capital Budget Application, 2026-2030 Capital Plan*, page A-2. $(4,780 - 5,851)/5,851 = -0.183$ or -18%.

⁸ See the *2027 Capital Budget Application, 2027 Capital Budget Overview*, section 2.2 *Capital Planning at Newfoundland Power*.