

1 **Q. In light of the fact that the CEA's proposal to Environment Canada is apparently**
2 **pending a response at this time, what consideration has NP given to how that**
3 **uncertainty should be managed from the perspective of proceeding with the**
4 **proposed \$1,500,000 project or adjusting the same having regard to the normal**
5 **maintenance cycle or adjusting the normal maintenance cycle.**

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7 **A. Newfoundland Power considered the regulatory uncertainty associated with this matter in**
8 **developing the *2011 PCB Removal Strategy*.**

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10 Due to both regulatory and technical uncertainty, the Company's approach has been to
11 schedule most testing in the early years and most replacement work in the later years of
12 this strategy.¹ Testing will be required whether or not the deadline for dealing with the
13 equipment is extended by Environment Canada. Based on the results of the testing in
14 2011 and any changes in regulatory requirements, the schedule and associated costs for
15 equipment replacement can be adjusted, as appropriate, for years beyond 2011.

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17 The approach adopted by Newfoundland Power will ensure reasonable least-cost
18 environmental compliance within the context of the regulatory uncertainty referred to in
19 the question. It allows the Company to comply in an orderly manner with the extension
20 to December 31, 2014 granted by Environment Canada in February 2010. It also allows
21 the flexibility to spread replacement costs over a longer time horizon (like, for example,
22 2025) should regulatory developments ultimately permit this.

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24 Please refer to the Response to Request for Information CA-NP-3.

¹ In 2011, Newfoundland Power expects to test 45 power transformers and 85 circuit breakers to determine PCB concentrations or identify which equipment cannot be practically tested. This represents approximately 28% of required testing on power transformers and approximately 46% of required testing on circuit breakers. In 2011, the Company expects to replace only 5 sets of power transformer bushings (or approximately 10% of total expected transformer bushing replacements) and no circuit breaker bushings.