

1      **Q.      2015 Capital Plan (p. 7)**

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3      **Newfoundland Power outlines the increase in the forecast annual capital**  
4      **expenditure is a reflection of inflation and requirements for specific projects related**  
5      **to replacement of deteriorated facilities, meeting customer load growth, replacing**  
6      **the company's SCADA system, and maintaining compliance with the federal**  
7      **regulations and a new portable generator. Does Newfoundland Power foresee any**  
8      **increases in its capital outlook due to interconnection? If so, how has this been**  
9      **reflected in the five year outlook?**

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11     A.     On pages 20-21 of Section 3.3 of its 2015 Capital Plan, the Company has identified some  
12     risks to the plan over the period 2015 through 2019. One such risk is the Muskrat Falls  
13     development, including the interconnection of the Island Interconnected System to  
14     Labrador and mainland Nova Scotia.

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16     The Muskrat Falls development will have an impact upon Newfoundland Power's capital  
17     expenditures. The Company will be involved in supplying construction power to sites  
18     within its service territory and potential rerouting of existing transmission and  
19     distribution lines to accommodate the Nalcor HVdc transmission line.<sup>1</sup> There may be  
20     other impacts associated with integrating the new HVdc transmission line with the  
21     existing power system.

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23     The 2015 capital plan has not envisioned material capital expenditures resulting from the  
24     Muskrat Falls development. If material capital expenditures resulting from the Muskrat  
25     Falls development do arise in the future they will either be included in future capital  
26     budget applications or in supplementary capital budget filings with the Board.

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<sup>1</sup> The cost for construction power and line relocation will be charged in accordance with Newfoundland Power's Contribution in Aid of Construction Policy. In Order No. P.U. 37(2013) the Board approved a Contribution in Aid of Construction for the Labrador-Island Link Limited Partnership to provide construction power at Soldier's Pond.