

- 1 **Q. The CSS Replacement Project is estimated to cost \$31.6 million over a 3-year**
 2 **implementation period.**
 3
- 4 a) **Is this likely to be the largest single capital expenditure that will be made by**
 5 **Newfoundland Power in this generation?**
 6
- 7 b) **It is understood that Newfoundland Power considered a separate application**
 8 **for this project but decided against it. Is this true? Why?**
 9
- 10 c) **Given that this once in a generation project does not warrant a separate**
 11 **application, is it accurate to say that Newfoundland Power does not believe**
 12 **that any of its capital projects now, or at any time in the future, should be the**
 13 **subject of a separate application?**
 14
- 15 d) **Is Newfoundland Power pushing the Board to approve this project before the**
 16 **stricter Capital Budget Guidelines recommended by its consultant, Midgard**
 17 **are approved?**
 18
- 19 e) **Wouldn't it be more appropriate to treat a project of this magnitude, the**
 20 **largest single capital project in a generation, under the new guidelines likely to**
 21 **be adopted by the Board?**
 22
- 23 f) **Should not a project of this magnitude, a once in a generation project, not be**
 24 **subject to more stringent requirements, in particular, an assessment where the**
 25 **risks and benefits are quantified?**
 26
- 27 g) **Would it not be appropriate and prudent, prior to embarking upon such a**
 28 **large expenditure, that there be a public hearing into this matter to allow**
 29 **ratepayers a full opportunity. in keeping with the Board's mandate to balance**
 30 **the interest of ratepayers with those of the Utility, prior to approving capital**
 31 **expenditure.**
 32
- 33 A. a) Newfoundland Power does not forecast capital expenditures for a generation.
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 35 The Company maintains a 5-year capital plan as part of its annual capital planning
 36 process. This plan is filed with the Board in accordance with Order No. P.U. 35
 37 (2003).
 38
 39 Newfoundland Power's 5-year capital plan includes an *LED Street Lighting*
 40 *Replacement Plan*. The expenditures estimated to execute this plan are comparable
 41 to the cost of executing the *CSS Replacement Project*.¹

¹ The cost of the *CSS Replacement Project* is estimated at approximately \$31.6 million. The cost of executing the *LED Street Lighting Replacement Plan* is estimated at approximately \$32.8 million.

- 1 b) Newfoundland Power considered whether a separate application would be required
2 for this project. The Company determined that subjecting this project to a separate
3 application: (i) would be inconsistent with the existing *Capital Budget Application*
4 *Guidelines*; (ii) would be inconsistent with efficient regulatory processes; and (iii) is
5 not necessary to permit an effective examination of the project by the Board or
6 other parties to this proceeding.

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8 For additional information, see response to Request for Information CA-NP-079.

- 9
10 c) It is not accurate to say that Newfoundland Power does not believe that any of its
11 capital projects now, or at any time in the future, should be the subject of a separate
12 application.

13
14 Newfoundland Power files capital budget applications with the Board in accordance
15 with the *Capital Budget Application Guidelines*. Under the existing guidelines,
16 separate applications are filed for unanticipated capital expenditures that cannot be
17 deferred to the subsequent year.

18
19 The existing guidelines do not require separate approval processes for capital
20 expenditures of a particular threshold. As a result, the Company does not file
21 separate applications for capital projects based on the level of expenditure requiring
22 approval.

- 23
24 d) Newfoundland Power is requesting the Board approve the *CSS Replacement Project*
25 to commence in 2021. This timeframe will ensure the Company can implement a
26 replacement solution in a manner that effectively mitigates the risks currently facing
27 its customer service delivery.

- 28
29 e) No, it would not be more appropriate to treat a project of this magnitude under the
30 new guidelines that may be adopted by the Board.

31
32 In Newfoundland Power's view, the record of this proceeding provides fulsome
33 information that the replacement of CSS is necessary to continue providing least-
34 cost, reliable service to customers. For information on why this project cannot be
35 deferred, see response to Request for Information PUB-NP-014.

- 36
37 f) No. The proposed *CSS Replacement Project* complies with the evidentiary
38 requirements of the existing *Capital Budget Application Guidelines*. In
39 Newfoundland Power's view, the existing guidelines have provided for the effective
40 oversight of capital expenditures since their implementation in 2007.

- 41
42 g) Newfoundland Power participates in public hearings for its applications at the
43 direction of the Board.

1 In Newfoundland Power’s view, the record of this proceeding provides fulsome
2 information that the replacement of CSS is necessary to continue providing least-
3 cost, reliable service to customers.