

1 **Q. (Reference Schedule B, Transmission Line Maintenance)**

2 **a) It is stated (page 78) "The program also includes components to re-treat**
3 **transmission line assets with wood preservatives and to accommodate third-**
4 **party requests to relocate or replace sections of transmission lines." Do third-**
5 **parties who make such requests pay the full cost of the requested work? How**
6 **is the contribution determined? What portion of the \$3.3 million proposed**
7 **budget is expected to be covered by CIAC?**

8 **b) In Table 1 (page 78), program expenditure in Adjusted Cost is noticeably**
9 **higher in 2023 than the other years. Is there a specific reason for this and**
10 **were there any CIAC that helped offset it?**

11 **c) For each of the years, 2021 to 2025F inclusive, please provide a table**
12 **showing the decomposition of total expenditure in terms of cost categories:**
13 **Material, Labour-Internal, Labour-Contract, Engineering and Other.**

14 **d) The proposed 2026 budget for the program is \$3.306 million, which is**
15 **14.6% increase over the 2025F figure of \$2.884 million. Please provide an**
16 **explanation.**

17 **e) Footnote 22 of the 2026-2030 Capital Plan (page 9) indicates that**
18 **approximately 82% of NP' s Transmission Line Rebuild Strategy was**
19 **completed by the end of 2024. With such a high proportion of the Rebuild**
20 **Strategy completed, what is the anticipated impact on Transmission Line**
21 **Maintenance costs?**

22
23 **A. a) Third parties requesting work under the *Transmission Line Maintenance* program are**
24 **required to pay the estimated cost of the relocation less any betterment in**
25 **accordance with section 9(c) of Newfoundland Power's *Schedule of Rates, Rules and***
26 ***Regulations*.¹**

27
28 All contributions received from customers are recorded as reductions against
29 Newfoundland Power's net plant investment when calculating rate base.² The
30 Company does not record customer contributions as being part of a specific capital
31 program. The proposed 2026 Capital Budget includes an estimated amount of
32 \$2,500,000 in contributions that would be demanded of customers, and which will
33 be calculated in the manner approved by the Board.³

34
35 b) In 2023, the increased capital expenditure for the *Transmission Line Maintenance*
36 program was primarily due to higher material and contractor labour costs. In
37 addition, unplanned corrective maintenance activities to address transmission asset
38 failures occurred late in the year.⁴

¹ See Newfoundland Power's *Schedule of Rates, Rules and Regulations*, effective July 1, 2025, page 8.

² See Newfoundland Power's *2024 Annual Report to the Board*, Return 3, for the calculation of net plant investment and Return 7 for the annual contributions received from customers each year.

³ See the Company's *2026 Capital Budget Application, Application*, page 1, paragraph 3.

⁴ See Newfoundland Power's *2023 Capital Expenditure Report*, Appendix A, page 4.

Actual expenditures for capital programs vary year over year depending on the nature of the work encountered.⁵ Unplanned corrective maintenance can also be required in any given year to address transmission line equipment that has failed.

See the response to part a) with regards to customer contributions associated with the *Transmission Line Maintenance* program.

- c) Table 1 provides the breakdown of total expenditure for the *Transmission Line Maintenance* program from 2021 to 2025 forecast.

Table 1 <i>Transmission Line Maintenance</i> Program Expenditure by Cost Category (\$000s)					
Cost Category	2021	2022	2023	2024	2025F
Material	618	553	971	482	1,522
Labour – Internal	407	380	720	525	719
Labour – Contract	926	1,241	1,161	1,613	1,565
Engineering	69	38	62	8	127
Other	384	276	535	198	296
Total	2,404	2,488	3,449	2,826	4,229

- d) The Company's 2025 forecast for Transmission Line Maintenance is \$4.2 million and includes additional cost related to a large-scale work request.⁶ The 2026 proposed budget for the *Transmission Line Maintenance* program is based on an inflation-adjusted historical average. Historical annual expenditures over the 5-year period from 2021 through 2025 forecast are adjusted to remove additional costs related to a large-scale work request in 2025 and then inflation-adjusted in current-year dollars.

The average of these adjusted costs is used as the base year. The base year is adjusted for the inflationary increases forecast for the budget year using the Company's internal labour rate for labour costs and the GDP Deflator for Canada for non-labour to determine the proposed capital program budget for 2026.

⁵ The *Transmission Line Maintenance* program includes both corrective and preventative maintenance. Planned capital work requirements are typically identified through annual inspection and operating experience.

⁶ See the Company's *2026 Capital Budget Application, 2025 Capital Expenditure Status Report*, Appendix A, page 1.

1 As this is the first year that Newfoundland Power has included retreatment of
2 selected wood transmission poles with wood preservative, the estimate provided
3 through the averaging methodology was increased by \$250,000 to capture the
4 increased work scope.
5

- 6 e) Newfoundland Power's *Transmission Line Rebuild Strategy* ("Strategy") was
7 originally submitted with Newfoundland Power's *2006 Capital Budget Application* and
8 outlined a long-term plan for rebuilding the Company's oldest and most deteriorated
9 transmission lines, which were not built to a particular standard. Throughout the
10 execution of the Strategy, capital expenditures were focused on those 37
11 transmission lines.
12

13 In addition to this Strategy, Newfoundland Power has an established maintenance
14 program for its remaining 74 transmission lines. Transmission lines are inspected
15 and maintained as part of the Company's *Transmission Line Maintenance* program.
16 This program addresses the remediation and replacement of transmission line
17 infrastructure that has failed or is at risk of failure. These remaining transmission
18 lines are at various levels of condition and will continue to require ongoing capital
19 expenditures. Therefore, Newfoundland Power does not anticipate a material change
20 in *Transmission Line Maintenance* program expenditures following the completion of
21 the *Transmission Line Rebuild Strategy*.