

Q. (Reference 2024 Capital Expenditures Report) It is stated (page 4 of 17) "With respect to the distribution class variance drivers, the Company has determined the 2025 budget for New Transformers and Replacement Transformers based on a 3-year average expenditure, along with an additional 11% cost increase to mitigate larger variances going forward." Please provide a comparison of transformer cost estimates included in NP's Capital Budgets for each of the past 5 years.

A. Prior to 2023, the capital budget for new and replacement transformers was combined under the *Transformers* program. For 2021, total capital expenditure for *Transformers* was \$6.3 million compared to a budget of \$5.9 million.¹ For 2022, total capital expenditure for *Transformers* was \$7.3 million compared to a budget of \$6.0 million.²

Table 1 provides a comparison of the capital expenditure and budget for the *New Transformers* program from 2023 through 2025 forecast.

Table 1 New Transformers Program Actual/Forecast and Budget (\$000s)		
Year	Actual/Forecast	Budget
2023	\$2,999	\$2,967
2024	5,153	3,264
2025F	5,623	5,623

Table 2 provides a comparison of the capital expenditure and budget and expenditures for the *Replacement Transformers* program from 2023 through 2025 forecast.

Table 2 Replacement Transformers Program Actual/Forecast and Budget (\$000s)		
Year	Actual/Forecast	Budget
2023	\$3,411	\$3,345
2024	6,038	3,681
2025F	6,340	6,340

¹ Actual capital expenditures were comprised of approximately \$3.0 million and \$3.3 million for new and replacement transformers, respectively.

² Actual capital expenditure comprised approximately \$3.4 million and \$3.9 million for new and replacement transformers, respectively.