

1 **Q. (Reference 2024 Capital Expenditures Report, Appendix C - Key Performance**
2 **Indicators) Table 4 indicates that only 18 of 39 (46%) planned projects were**
3 **completed in 2024, and in 2023, only 19 of 37 (51%) planned projects were**
4 **completed. Why is NP's performance on project execution so poor and what**
5 **is being done to improve performance going forward?**

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7 **A.** The Capital Budget Application Guidelines (Provisional) require that summaries of key
8 performance indicators for capital projects include the "*number of projects planned and*
9 *the number of projects completed by materiality threshold.*"¹ Newfoundland Power
10 interprets the number of projects planned to be the total number of approved projects,
11 including multiyear projects. Excluding multiyear projects results in a project completion
12 rate of 19 out of 31 (approximately 61%) for 2023 and 18 out of 33 (approximately
13 55%) for 2024.^{2,3}

14
15 Several of the projects not completed in each period were substantially complete at year
16 end and required minor work scopes to be completed in the following year. This was
17 due to other considerations, including weather conditions⁴ and electrical system
18 conditions.⁵

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20 There are several factors that can affect the timing of capital project completion, some
21 of which are outside the Company's control. These factors may include: (i) vendor
22 delivery delays;⁶ (ii) permitting delays;⁷ and (iii) other unforeseen circumstances that
23 impact project timelines.⁸

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25 Where possible and practical, Newfoundland Power takes deliberate action to mitigate
26 known or anticipated constraints that may impact the completion of capital projects. For
27 example, the Company has transitioned to multiyear projects for substation and
28 transmission projects to accommodate the delivery of long-lead time materials,
29 engineering design and permitting.

1 See section V.C on page 7 of the *Capital Budget Application Guidelines (Provisional)*.

2 In 2023, six of the projects included in the 37 were multiyear projects not planned for completion in 2023.
(19/31) x 100%=61.2%. See Newfoundland Power's *2023 Capital Expenditure Report*, Appendix C, page 1.

3 In 2024, six of the projects included in the 39 were multiyear projects not planned for completion in 2024.
(18/33) x 100%=54.5%. See Newfoundland Power's *2024 Capital Expenditure Report*, Appendix C, page 1.

4 For example, civil work carried into 2025 for the substation refurbishment and modernization projects included
site restoration, ditching, and demolition of legacy civil assets. This civil work cannot typically be completed
during the winter season.

5 For example, construction on the 2024 component of the *Transmission Line 94L Refurbishment* was completed
early in 2025, however energizing the line was delayed to avoid transferring the load during the winter operating
period.

6 For example, completion of the *Substation Spare Transformer Inventory* project was delayed into 2025 due to
vendor delays in delivering the new transformer.

7 For example, the 2022 scope of the *Transmission Line 94L* project was not completed as planned due to delays
in the permitting and environmental assessment processes. This impacted execution in following years.

8 For example, completion of the *Sandy Brook Penstock Replacement* project was delayed into 2024 following the
identification of an issue during commissioning when water was introduced into the penstock. The necessary
repair could not be accomplished during the winter season and project completion was delayed until the
subsequent construction season.