

1 **Q. Please explain how reported actual expenditures set out in Newfoundland**  
2 **Power's capital plan can change from one Capital Budget Application to**  
3 **another. For example, the 2023 actual expenditure for substations in Table 3**  
4 **on page 17 of the 2026 Capital Budget Application is \$21,230,000, whereas**  
5 **the amount noted in Table 3 on page 18 of the 2025 Capital Budget Application**  
6 **is \$20,955,000.**

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8 **A.** For capital projects that are not fully completed in the year in which they are approved,  
9 expenditures reported in the capital plan for subsequent years include: (i) amounts  
10 spent on the project in the year of approval; (ii) amounts of forecast expenditures for  
11 the project that are carried over and will require further expenditures in subsequent  
12 years<sup>1</sup>; and (iii) amounts spent on the project in subsequent years.  
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14 As a result, for reporting purposes, actual expenditures for capital projects that are not  
15 completed in the year of approval can change between annual capital budget filings  
16 when there are adjustments to previously reported forecast carryovers from prior  
17 years, or, where Newfoundland Power has made additional expenditures on the project  
18 in subsequent years.  
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20 Table 1 provides a summary of the 2023 reported capital expenditures for substations in  
21 the Company's *2025 and 2026 Capital Budget Applications* ("CBA"), which is intended to  
22 illustrate the effect of carryovers and subsequent capital expenditures on the continuity  
23 of 2023 project expenditures for reporting purposes.

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<sup>1</sup> These forecast expenditures are referred to as "carryovers" and are reported in the Company's annual capital expenditure reports filed in compliance with the prior year's capital budget order. Newfoundland Power's capital expenditure reports are filed within the first 60 days of the following year.

Table 1 2023 Reported Capital Expenditures for Substations <sup>2</sup> (\$000s)		
	2025 CBA	2026 CBA
Actual expenditures in 2023 <sup>3</sup>	\$18,970	\$18,970
Carryover of forecast expenditures	1,985 <sup>4</sup>	1,657 <sup>5</sup>
Actual expenditures in 2024 <sup>6</sup>	0	603
<b>Total Reported Capital Expenditures</b>	<b>\$20,955</b>	<b>21,230</b>

<sup>2</sup> Includes actual capital expenditures and forecast capital expenditures required to complete projects and programs approved for 2023.

<sup>3</sup> See Newfoundland Power's *2023 Capital Expenditure Report*, pages 5 and 14. The actual capital expenditures in 2023 remains constant for reporting on the project in subsequent years. The variables that produce changes in reported overall expenditures in subsequent years are forecast carryovers and additional project expenditures.

<sup>4</sup> Carryover of forecast expenditures in the 2025 CBA included \$1,499,000 for *Substation Spare Transformer Inventory*, \$260,000 for *Walbournes Substation Refurbishment and Modernization*, \$180,000 for *Molloy's Lane Substation Refurbishment and Modernization* and \$46,000 for *MUN-T2 Power Transformer Replacement*.

<sup>5</sup> Forecast carryovers in the 2026 CBA included \$1,657,000 for Substation Spare Transformer Inventory reflecting an increase to the forecast purchase cost for the transformer.

<sup>6</sup> In 2024, \$603,000 of actual expenditures was incurred in relation to the carryover of forecast expenditures included in the 2025 CBA.