

1 **Q. DISTRIBUTION**

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3 **PUB 18.0 (RE: p. 49 & 50 of 73) Distribution Reliability Initiative (\$872,000)**

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5 **PUB 18.2**

6 **Does NP consider this a multi-year project? If so, why does no amount appear**
7 **under Future Commitments?**

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9 A. The upgrade of the Lumsden/Cape Freels feeder (WES-02) proposed in the Company's
10 2004 capital budget application, and approved by the Board in Order No. P.U. 35 (2003),
11 was the initial phase of a two-year project. The Company is proposing 2005 capital
12 expenditures of approximately \$407,000 to complete the project. However, the work
13 completed in 2004 will be used and useful, whether the second phase of the project is
14 completed or not. Consequently, the work proposed for completion in 2005 was not
15 shown in last year's capital budget filing as a Future Commitment.

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17 Similarly, the proposed upgrade of the Carmanville/Gander Bay feeder (GBY-02) will
18 extend over two years, with capital expenditures of approximately \$465,000 proposed for
19 2005. However, the benefits of upgrading those portions of GBY-02 proposed for 2005
20 are independent of the work proposed for 2006. Consequently, there are no future
21 commitments associated with the capital expenditures proposed for 2005.

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23 In these cases, the fact that work on the feeders was to take place over 2 years was
24 identified in the filings. There were no future commitments *per se* because each years'
25 work was part of the Company's ongoing annual efforts to maintain its distribution
26 network.