

**Q.     SUBSTATIONS**

**PUB 33.0 (RE: B-19, Replacement and Standby Substation Equipment)**

**PUB 33.1**

**Confirm that the inventory levels of those items for which spares are to be acquired (“Corporate Spares and Replacements”, \$850,000, Volume II, Substations, Appendix 2, p.2) will not exceed the historical five (5) year average level of inventory for such items.**

A.     Newfoundland Power’s system of accounts contains an account titled “Substation Equipment”. The net book value of this account as of December 31, 2003 was approximately \$66 million. This account includes the cost of a range of substation equipment, including items as diverse as concrete foundations, switchboards, transformers, switches, relays, reclosers and breakers.

The Substation Equipment account would include the cost of all those items to be acquired under the “Corporate Spares and Replacements” budget item. Most items of equipment in the Substation Equipment account are specifically assigned to one of the Company’s 137 substations. The balance in this account represents spare and replacement substation equipment; in other words, equipment that has not been assigned to a particular substation.

Those items proposed to be acquired under the “Corporate Spares and Replacements” budget item will not result in the balance representing equipment not assigned to specific substations in the Substation Equipment account exceeding the historical 5-year average for that balance.