

**Q. 2004 CAPITAL EXPENDITURE STATUS REPORT**

**PUB 50 Note 7 Rebuild Substations - Variance: (\$105,000)**

**Please describe the work performed at the Trepassey site, providing the total cost of this rebuild, and showing how it differs from that described in the 2004 Capital Budget, Substations, Appendix 1.**

A. Newfoundland Power's 2004 Capital Budget Application included a project for the purchase of a 2.5 MW portable diesel generation unit that the Company planned to station at the Trepassey Substation. The budget also included \$145,000 in the Rebuild Substations project to enlarge the Trepassey Substation to accommodate both the existing portable gas turbine and the new portable diesel unit.

In Order No. P.U. 25 (2003), the Board decided not to approve the project to purchase the 2.5 MW portable diesel generation unit. Consequently, the modifications to the Trepassey Substation were not required, and the project was removed from Newfoundland Power's 2004 construction program.

The variance below budget of \$105,000 reported in the 2004 Capital Expenditure Status Report for the Rebuild Substations project primarily reflects the removal of the Trepassey Substation project of \$145,000 from Newfoundland Power's 2004 construction program. The variance below budget is offset by other Rebuild Substations projects that are projected to cost a combined \$40,000 more than anticipated in the 2004 Capital Budget.