Q. <u>TRANSMISSIONS</u>

PUB 41.0

<u>B-22 Rebuild Transmission Lines - Re: 3.2.1 Bonavista Loop Transmission Planning</u>
There are only two options explored in the attached economic analysis – a rebuild of 110L and 111L as planned and an upgrade of the 66kV line to 138 kV.

Why didn't NP explore the option to defer this project for 1, 2 or 5 years as a means to compare the NPVs of all options?

A. The purpose of the economic analysis in *3.2.1 Bonavista Loop Transmission Planning* is to compare the alternatives for upgrading the transmission loop, not to establish the timing of the work. A deferral of 1, 2, or 5 years would have resulted in a lower net present value for the cost of each of the two options considered. Consequently, deferral would have been the preferred alternative, based on economic analysis alone.

The proposal to commence the Bonavista Loop project in 2006 is based on the engineering assessment of the condition of the line. As noted in *3.2 110L Transmission Line Rebuild*, the poles, conductor, crossarms and hardware of 110L are deteriorated and in a weakened state. This places the line at risk of more frequent power outages and makes it vulnerable to large scale, widespread damage should it become exposed to heavy wind, ice and snow load. Rebuilding portions of a line under emergency conditions would be more expensive, and less economic, than a planned rebuild project.

The rebuilding of 110L is part of Newfoundland Power's transmission line rebuild strategy outlined in *3.1 Transmission Line Rebuild Strategy*. As noted in that report, the important role transmission lines play in providing reliable service to large numbers of customers requires they be rebuilt before they deteriorate to the point that they fail in service.

Commencing the rebuild in 2006 as proposed is intended to ensure the continued provision of safe, reliable electrical service. It is the judgment of Newfoundland Power that deferral of the proposed rebuild of 6.7 kilometres of 110L is not an appropriate option for consideration.