

1 Q. **Reference: Volume I - Tab 1 - 2022 Capital Budget Overview**

2 The Application states on page 13, lines 7-10, that “Required refurbishment identified in 2021
3 inspections will be scheduled for 2023. This is to introduce a one-year gap between inspections
4 and the refurbishment activities that are identified. This ‘gap year’ will allow for better planning
5 and more accurate cost estimating going forward.” Were there issues with the planning and cost
6 estimation processes under the existing regime? If so, please explain how the introduction of a
7 gap year mitigates those issues. If not, what is the rationale for the introduction of a gap year?

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10 A. The expenditures associated with the Wood Pole Line Management Program can generally be
11 classified into two categories—inspection-related expenditures and refurbishment-related
12 expenditures. The gap year is being implemented to support enhanced planning for
13 refurbishment-related expenditures. The gap year will provide for a better time frame in which
14 to plan and execute work which is considered priority but not deemed critical.

15 On an annual basis, Newfoundland and Labrador Hydro (“Hydro”) inspects between 2,000–
16 3,000 poles per year. Any work that is deemed critical is completed in that same year and the
17 remaining priority refurbishment work has been typically completed in a 1 to 3 year time frame.
18 Hydro has experienced challenges, at times, as there was not adequate time between the
19 inspection portion of the work and the execution of the refurbishment work to allow for
20 planning for outages, environmental requirements, and procurement processes.

21 From an environmental perspective, in many cases, transmission structures are located in deep
22 bogs many kilometres from the nearest road. Significant mitigation is often required to prepare
23 the access routes and the area around the structures to allow safe and environmentally-
24 acceptable travel and operation of equipment. Environmental assessments must be completed
25 to determine the extent of mitigation required; these assessments can only be completed when
26 there is no snow cover. With respect to outages, in cases when outages are only available early
27 in the spring, there is insufficient time to assess and mitigate these areas prior to the outage.
28 With the introduction of a gap year, assessments and mitigation may be completed in the year

1 prior to refurbishment of the line. Finally, with respect to procurement, specific transmission
2 line parts cannot always be procured in time when outages are only available early in the
3 construction season. With the introduction of a gap year, procurement may be completed in the
4 year prior to refurbishment.

5 An additional benefit of adopting the gap year is the further refinement of cost estimates which
6 will now be informed by environmental, outage, and procurement considerations that were not
7 always available during the preparation of the annual capital budget cycle. Hydro's
8 implementation of the gap year is simply a further refinement to the management of its Wood
9 Pole Line Management Program.

10 Additional information on Hydro's approach is also found in its response to NP-NLH-002 of this
11 proceeding.