

1 **Q. Please provide a valuation of the life of these transmission lines and how it has been**
2 **determined that these transmission lines need to be rebuilt in 2020 or 2021 and 2022**
3 **and how that decision was reached?**
4

5 A. Newfoundland Power has not completed a valuation of the life of the transmission lines
6 that need to be rebuilt in 2020 or 2021 and 2022. The valuation of transmission line
7 assets would involve a complex process of attributing a financial value to an existing
8 transmission line and quantifying the financial benefits and cost associated with
9 rebuilding. The decision to rebuild the Company's transmission lines is not based on a
10 valuation of the life of the lines.

11
12 Newfoundland Power filed a multi-year plan to rebuild its aging and deteriorated
13 transmission lines as part of its *2006 Capital Budget Application* (the "Transmission Line
14 Rebuild Strategy," or the "Strategy").¹
15

16 The Strategy outlines a structured approach to rebuilding the Company's oldest and most
17 deteriorated lines and establishes that required rebuild projects would be prioritized based
18 on: (i) the physical condition of the lines; (ii) the risk of failures; and (iii) the impact a
19 failure would have on customers. Details on the methodology, execution and relevance
20 of Newfoundland Power's Strategy were provided in response to Request for Information
21 PUB-NP-007.
22

23 Through Newfoundland Power's annual engineering review process, transmission lines
24 363L, 403L and 49L were identified for rebuilding based on the criteria outlined above.
25 Newfoundland Power's *2020 Capital Budget Application*, Report 3.1 *2020 Transmission*
26 *Line Rebuild*, page 2-5, provides details on the engineering review, which includes
27 transmission line condition, inspection findings and engineering recommendations.

¹ See Newfoundland Power's *2006 Capital Budget Application, Volume II, Supporting Materials*, report 3.1 *Transmission Line Rebuild Strategy*. An update to the Strategy was filed as part of the Company's *2008 Capital Budget Application*. The primary purpose of the update was to provide updated cost estimates to reflect inflationary increases. The methodology remained the same.