

- 1 **Q. In Table 2-7, transmission costs are forecast to increase while distribution costs**
2 **decrease. Please explain why this is happening and if the company regards**
3 **transmission as more or less risky than distribution.**
4
- 5 A. Newfoundland Power operates an integrated electrical system that includes both
6 distribution and transmission line assets. The majority of customer outages typically
7 occur on the distribution system.¹ However, a single transmission line can result in
8 outages to thousands of customers. Accordingly, both distribution and transmission line
9 assets can pose risks to the delivery of reliable service to customers.
- 10
11 Distribution costs are decreasing due to operating cost reductions resulting from
12 implementation of the *LED Street Lighting Replacement Plan*.²
13
- 14 See response to Request for Information NLH-NP-014 for an explanation on the
15 operating cost increase for transmission.

¹ See the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3: Finance, page 3-38, footnote 94.

² See the 2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations, page 2-34, footnote 77.