

WHENEVER. WHEREVER.
We'll be there.



February 28, 2022

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Dear Ms. Blundon:

Re: 2021 Capital Expenditure Report

Enclosed please find Newfoundland Power Inc.'s 2021 Capital Expenditure Report (the "Report"). The Report is presented in compliance with Order No. P.U. 37 (2020).

The Report provides information on capital expenditures approved in Order Nos. P.U. 37 (2020), P.U. 12 (2021), P.U. 10 (2021), P.U. 5 (2020), and P.U. 37 (2017), as well as capital expenditures approved through the supplemental application in Order No. P.U. 30 (2021) including actual expenditures to December 31, 2021 and variances between actual and budgeted expenditures by project.

Variances of more than 10% of approved expenditures and \$100,000 or greater are explained in the Notes contained in Appendix A to the Report.

If you have any questions on the enclosed, please contact the undersigned at your convenience.

Yours truly,

A handwritten signature in blue ink, appearing to read "D. Foley".

Dominic Foley
Legal Counsel

Enclosure

cc. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, Q.C.
Browne Fitzgerald Morgan Avis

Newfoundland Power Inc.

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2021 Capital Expenditure Report

February 28, 2022

(Filed in compliance with Order No. P.U. 37 (2020))

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NEWFOUNDLAND 
POWER
A FORTIS COMPANY

Newfoundland Power Inc.

2021 Capital Expenditure Report

Explanatory Note

This report is filed in compliance with Order No. P.U. 37 (2020) of the Newfoundland and Labrador Board of Commissioners of Public Utilities (the “Board”).

Page 1 of the *2021 Capital Expenditure Report* outlines variances from budget of the capital expenditures approved by the Board in Order Nos. P.U. 37 (2020), P.U. 12 (2021), P.U. 10 (2021), P.U. 5 (2020), and P.U. 37 (2017), as well as capital expenditures approved through the supplemental application in Order No. P.U. 30 (2021). The tables on pages 2 through 14 provide additional detail on capital expenditures in 2021, and also include information on capital projects approved for 2018 and 2020 that were not completed prior to 2021. Page 14 provides additional detail on multi-year projects underway in 2021.

Variances of more than 10% of approved expenditure and \$100,000 or greater are explained in Appendix A. This is consistent with the variance criteria outlined in the *Capital Budget Application Guidelines*.

Newfoundland Power Inc.
2021 Capital Budget Variances
(000s)

	Approved ¹	Actual	Variance
Generation - Hydro	\$11,180	\$9,557 ²	(\$1,623)
Generation - Thermal	330	300	(30)
Substations	14,280	15,459 ³	1,179
Transmission	9,751	10,395 ⁴	644
Distribution	47,413	50,766 ⁵	3,353
General Property	2,776	2,671 ⁶	(105)
Transportation	4,032	4,098 ⁷	66
Telecommunications	462	424 ⁸	(38)
Information Systems	15,362	15,460 ⁹	98
Unforeseen Allowance	750	0	(750)
General Expenses Capitalized	6,500	6,795	295
Total	\$112,836	\$115,925	\$3,089

Projects carried forward from prior years \$10,470¹⁰

¹ Approved in Order No. P.U. 12 (2021), P.U. 30 (2021) and P.U. 37 (2020).

² Includes forecast expenditure of \$300,000 for *Topsail Hydro Plant Refurbishment* carried forward into 2022.

³ Includes forecast expenditure of \$2,547,000 for *Additions Due to Load Growth* carried forward into 2022.

⁴ Includes forecast expenditure of \$1,237,000 for *Transmission Line Extension - 35L* carried forward into 2022.

⁵ Includes forecast expenditure of \$2,950,000 carried forward into 2022 including expenditures associated with the Utility EV Charging Network project approved in Order No. P.U. 30 (2021). In Order No. P.U. 3 (2022), the Board approved Newfoundland Power's Amended General Rate Application. As part of that approval, the Electrification Cost Deferral Account was created to account for, among other things, capital expenditures associated with the 2021 Utility EV Charging Network project. Also includes forecast expenditures of \$792,000 for *Trunk Feeders* and \$671,000 for *Feeder Additions for Load Growth* carried forward into 2022.

⁶ Includes forecast expenditure of \$351,000 for *Company Building Renovations* carried forward into 2022.

⁷ Includes forecast expenditure of \$2,415,000 for *Purchase of Vehicles and Aerial Devices* carried forward into 2022.

⁸ Includes forecast expenditure of \$112,000 for *Fibre Optic Cable Builds* carried forward into 2022.

⁹ Includes forecast expenditures of \$7,093,000 for *Customer Service System Replacement*, \$186,000 for *Application Enhancements* and \$94,000 for *Network Infrastructure* carried forward into 2022. Newfoundland Power will report on the progress of the *Customer Service System Replacement* project in its 2023 *Capital Budget Application*.

¹⁰ Actual 2021 expenditures associated with projects carried forward from prior years.

**2021 Capital Expenditure Report
(000s)**

	Capital Budget			Actual Expenditure		Carryover	Total	Variance
	2018 - 2020	2021	Total	2018 - 2020	2021			
	A	B	C	D	E			
2021 Projects	\$ -	\$ 112,836	\$ 112,836	\$ -	\$ 98,640	\$ 17,285	\$ 115,925	\$ 3,089
2020 Projects	\$ 44,860	\$ -	\$ 44,860	\$ 33,022	\$ 10,470	\$ -	\$ 43,492	\$ (1,368)
Grand Total	\$ 44,860	\$ 112,836	\$ 157,696	\$ 33,022	\$ 109,110	\$ 17,285	\$ 159,417	\$ 1,721

Column A Approved Capital Budget for 2018 - 2020

Column B Approved Capital Budget for 2021

Column C Total of Columns A and B

Column D Actual Capital Expenditure for 2018 - 2020

Column E Actual Capital Expenditure for 2021, including \$51,000 associated with the Utility EV Charging Network project in 2021.

Column F Capital Projects Carried Forward to 2022

Column G Total of Columns D, E and F

Column H Column G less Column C

**2021 Capital Expenditure Report
(000s)**

Category: Generation - Hydro

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E				
2021 Projects									
Hydro Facility Rehabilitation	\$ -	\$ 1,806	\$ 1,806	\$ -	\$ 1,667	\$ -	\$ 1,667	\$ (139)	
	\$ -	\$ 1,806	\$ 1,806	\$ -	\$ 1,667	\$ -	\$ 1,667	\$ (139)	
2020 Projects									
Petty Harbour Hydro Plant Refurbishment	\$ 3,662	\$ -	\$ 3,662	\$ 337	\$ 3,162	\$ -	\$ 3,499	\$ (163)	
Rattling Brook Plant Refurbishment	1,183	-	1,183	100	785	-	885	(298)	1
Hydro Facility Rehabilitation	1,519	-	1,519	1,368	50	-	1,418	(101)	
	\$ 6,364	\$ -	\$ 6,364	\$ 1,805	\$ 3,997	\$ -	\$ 5,802	\$ (562)	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2020
Column B	Approved Capital Budget for 2021
Column C	Total of Columns A and B
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Column E	Actual Capital Expenditure for 2021
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**2021 Capital Expenditure Report
(000s)**

Category: Generation - Thermal

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E	F	G	H	
2021 Projects									
Thermal Plant Facility Rehabilitation	\$ -	\$ 330	\$ 330	\$ -	\$ 300	\$ -	\$ 300	\$ (30)	
	\$ -	\$ 330	\$ 330	\$ -	\$ 300	\$ -	\$ 300	\$ (30)	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2020
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**2021 Capital Expenditure Report
(000s)**

Category: Substations

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E	F	G	H	
2021 Projects									
Substation Refurbishment and Modernization	\$ -	\$ 5,153	\$ 5,153	\$ -	\$ 5,726	\$ -	\$ 5,726	\$ 573	2
Replacements Due to In-Service Failures	-	3,413	3,413	-	4,113	-	4,113	700	3
PCB Bushing Phase-out	-	717	717	-	565	-	565	(152)	4
Additions Due to Load Growth	-	4,997	4,997	-	2,508	2,547	5,055	58	
	<u>\$ -</u>	<u>\$ 14,280</u>	<u>\$ 14,280</u>	<u>\$ -</u>	<u>\$ 12,912</u>	<u>\$ 2,547</u>	<u>\$ 15,459</u>	<u>\$ 1,179</u>	

2020 Projects

Substation Feeder Termination	\$ 290	-	\$ 290	\$ 76	\$ 203	\$ -	\$ 279	\$ (11)	
	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ 290</u>	<u>\$ 76</u>	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 279</u>	<u>\$ (11)</u>	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2020
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**2021 Capital Expenditure Report
(000s)**

Category: Transmission

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E	F	G	H	
<u>2021 Projects</u>									
Transmission Line Rebuild	\$ -	\$ 6,170	\$ 6,170	\$ -	\$ 6,648	\$ -	\$ 6,648	\$ 478	
Transmission Line Maint. and 3rd Party Relocations	-	2,238	2,238	-	2,404	-	2,404	166	
Transmission Line Extension - 35L	-	1,343	1,343	-	106	1,237	1,343	-	
	<u>\$ -</u>	<u>\$ 9,751</u>	<u>\$ 9,751</u>	<u>\$ -</u>	<u>\$ 9,158</u>	<u>\$ 1,237</u>	<u>\$ 10,395</u>	<u>\$ 644</u>	
<u>2020 Projects</u>									
Transmission Line Rebuild	\$ 9,623	\$ -	\$ 9,623	\$ 8,002	\$ 2,067	\$ -	\$ 10,069	\$ 446	
	<u>\$ 9,623</u>	<u>\$ -</u>	<u>\$ 9,623</u>	<u>\$ 8,002</u>	<u>\$ 2,067</u>	<u>\$ -</u>	<u>\$ 10,069</u>	<u>\$ 446</u>	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2020
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**2021 Capital Expenditure Report
(000s)**

Category: Distribution

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E	F	G	H	
<u>2021 Projects</u>									
Extensions	\$ -	\$ 10,891	\$ 10,891	\$ -	\$ 12,427	\$ -	\$ 12,427	\$ 1,536	5
Meters	-	680	680	-	733	-	733	53	
Services	-	3,110	3,110	-	3,247	-	3,247	137	
Street Lighting	-	1,979	1,979	-	2,224	-	2,224	245	6
Street Lighting - LED Replacement Program	-	5,402	5,402	-	5,768	-	5,768	366	
Transformers	-	5,945	5,945	-	6,332	-	6,332	387	
Reconstruction	-	5,567	5,567	-	5,959	-	5,959	392	
Rebuild Distribution Lines	-	3,965	3,965	-	4,143	-	4,143	178	
Relocate/Replace Distribution Lines For Third Parties	-	3,155	3,155	-	3,060	-	3,060	(95)	
Trunk Feeders	-	800	800	-	7	792	799	(1)	
Feeder Additions for Load Growth	-	2,655	2,655	-	1,899	671	2,570	(85)	
Distribution Reliability Initiative	-	700	700	-	817	-	817	117	7
Distribution Feeder Automation	-	821	821	-	907	-	907	86	
Utility EV Charging Network	-	1,538	1,538	-	51	1,487	1,538	-	
Allowance for Funds Used During Construction	-	205	205	-	242	-	242	37	
\$ -	\$ 47,413	\$ 47,413	\$ -	\$ 47,816	\$ 2,950	\$ 50,766	\$ 3,353		
<u>2020 Projects</u>									
Trunk Feeders	\$ 2,820	\$ -	\$ 2,820	\$ 707	\$ 1,560	\$ -	\$ 2,267	\$ (553)	8
Feeder Additions for Load Growth	2,302	-	2,302	1,718	426	-	2,144	(158)	
\$ 5,122	\$ -	\$ 5,122	\$ 2,425	\$ 1,986	\$ -	\$ 4,411	\$ (711)		

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2020
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Column H	Column G less Column C

**2021 Capital Expenditure Report
(000s)**

Category: General Property

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E	F	G	H	
2021 Projects									
Tools and Equipment	\$ -	\$ 486	\$ 486	\$ -	\$ 458	\$ -	\$ 458	\$ (28)	
Additions to Real Property	-	598	598	-	551	-	551	(47)	
Company Building Renovations	-	1,392	1,392	-	1,038	351	1,389	(3)	
Physical Security Upgrades	-	300	300	-	273	-	273	(27)	
	<u>\$ -</u>	<u>\$ 2,776</u>	<u>\$ 2,776</u>	<u>\$ -</u>	<u>\$ 2,320</u>	<u>\$ 351</u>	<u>\$ 2,671</u>	<u>\$ (105)</u>	
2020 Projects									
Company Building Renovations	\$ 1,172	\$ -	\$ 1,172	\$ 1,116	\$ 76	\$ -	\$ 1,192	\$ 20	
	<u>\$ 1,172</u>	<u>\$ -</u>	<u>\$ 1,172</u>	<u>\$ 1,116</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 1,192</u>	<u>\$ 20</u>	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2020
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Column E	Actual Capital Expenditure for 2021
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Column G	Total of Columns D, E and F
Column H	Column G less Column C

**2021 Capital Expenditure Report
(000s)**

Category: Transportation

	<u>Capital Budget</u>			<u>Actual Expenditure</u>		<u>Carryover</u>	<u>Total</u>	<u>Variance</u>	<u>Notes*</u>
	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>2020</u>	<u>2021</u>				
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>				
<u>2021 Projects</u>									
Purchase Vehicles and Aerial Devices	\$ -	\$ 4,032	\$ 4,032	\$ -	\$ 1,683	\$ 2,415	\$ 4,098	\$ 66	
	<u>\$ -</u>	<u>\$ 4,032</u>	<u>\$ 4,032</u>	<u>\$ -</u>	<u>\$ 1,683</u>	<u>\$ 2,415</u>	<u>\$ 4,098</u>	<u>\$ 66</u>	
<u>2020 Projects</u>									
Purchase Vehicles and Aerial Devices	\$ 3,869	\$ -	\$ 3,869	\$ 2,254	\$ 1,261	\$ -	\$ 3,515	\$ (354)	
	<u>\$ 3,869</u>	<u>\$ -</u>	<u>\$ 3,869</u>	<u>\$ 2,254</u>	<u>\$ 1,261</u>	<u>\$ -</u>	<u>\$ 3,515</u>	<u>\$ (354)</u>	

* See Appendix A for notes containing variance explanations.

- Column A Approved Capital Budget for 2020
- Column B Approved Capital Budget for 2021
- Column C Total of Columns A and B
- Column D Actual Capital Expenditure for 2020
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- Column F Capital Projects Carried Forward to 2022
- Column G Total of Columns D, E and F
- Column H Column G less Column C

**2021 Capital Expenditure Report
(000s)**

Category: Telecommunications

	Capital Budget		Actual	Carryover	Total	Variance	Notes*
	2021	Total	Expenditure				
	A	B	2021	D	E	F	
<u>2021 Projects</u>							
Replace/Upgrade Communications Equipment	\$ 112	\$ 112	\$ 74	\$ -	\$ 74	\$ (38)	
Fibre Optic Cable Builds	350	350	238	112	350	-	
	<u>\$ 462</u>	<u>\$ 462</u>	<u>\$ 312</u>	<u>\$ 112</u>	<u>\$ 424</u>	<u>\$ (38)</u>	

* See Appendix A for notes containing variance explanations.

Column A	Approved Capital Budget for 2021
Column B	Total of Column A
Column C	Actual Capital Expenditure for 2021
Column D	Capital Projects Carried Forward to 2022
Column E	Total of Columns C and D
Column F	Column E less Column B

**2020 Capital Expenditure Report
(000s)**

Category: Information Systems

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2020	2021	Total	2020	2021				
	A	B	C	D	E				
2021 Projects									
Application Enhancements	\$ -	\$ 978	\$ 978	\$ -	\$ 852	\$ 186	\$ 1,038	\$ 60	
System Upgrades	-	2,410	2,410	-	2,263	-	2,263	(147)	
Personal Computer Infrastructure	-	495	495	-	531	-	531	36	
Shared Server Infrastructure	-	538	538	-	565	-	565	27	
Network Infrastructure	-	363	363	-	316	94	410	47	
Cybersecurity Upgrades	-	675	675	-	750	-	750	75	
\$ -	\$ 5,459	\$ 5,459	\$ -	\$ 5,277	\$ 280	\$ 5,557	\$ 98		
2020 Projects									
Application Enhancements	\$ 1,428	\$ -	\$ 1,428	\$ 1,346	\$ 206	\$ -	\$ 1,552	\$ 124	
System Upgrades	2,592	-	2,592	2,422	402	-	2,824	232	
\$ 4,020	\$ -	\$ 4,020	\$ 3,768	\$ 608	\$ -	\$ 4,376	\$ 356		

* See Appendix A for notes containing variance explanations.

- Column A Approved Capital Budget for 2020
- Column B Approved Capital Budget for 2021
- Column C Total of Columns A and B
- Column D Actual Capital Expenditure for 2020
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**2021 Capital Expenditure Report
(000s)**

Category: Unforeseen Allowance

	Capital Budget		Actual	Carryover	Total	Variance	Notes*
	2021	Total	Expenditure				
	A	B	2021 C				
<u>2021 Projects</u>							
Allowance for Unforeseen Items	\$ 750	\$ 750	\$ -	\$ -	\$ -	\$ (750)	9
	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (750)</u>	

* See Appendix A for notes containing variance explanations.

- Column A Approved Capital Budget for 2021
- Column B Total of Column A
- Column C Actual Capital Expenditure for 2021
- Column D Capital Projects Carried Forward to 2022
- Column E Total of Columns C and D
- Column F Column E less Column B

**2021 Capital Expenditure Report
(000s)**

Category: General Expenses Capitalized

	<u>Capital Budget</u>		<u>Actual</u>	<u>Carryover</u>	<u>Total</u>	<u>Variance</u>	<u>Notes*</u>
	<u>2021</u>	<u>Total</u>	<u>2021</u>				
	A	B	C	D	E	F	
<u>2021 Projects</u>							
General Expenses Capitalized	\$ 6,500	\$ 6,500	\$ 6,795	\$ -	\$ 6,795	\$ 295	
	<u>\$ 6,500</u>	<u>\$ 6,500</u>	<u>\$ 6,795</u>	<u>\$ -</u>	<u>\$ 6,795</u>	<u>\$ 295</u>	

* See Appendix A for notes containing variance explanations.

- Column A Approved Capital Budget for 2021
- Column B Total of Column A
- Column C Actual Capital Expenditure for 2021
- Column D Capital Projects Carried Forward to 2022
- Column E Total of Columns C and D
- Column F Column E less Column B

**2021 Capital Expenditure Report
Multi-Year Projects
(000s)**

Category: Multi-Year Projects

	Capital Budget			Actual Expenditure		Carryover	Total	Variance	Notes*
	2018 - 2020	2021	Total	2018 - 2020	2021				
	A	B	C	D	E				
<u>2021 Component</u>									
<u>Generation - Hydro</u>									
Topsail Hydro Plant Refurbishment	\$ -	\$ 9,374	\$ 9,374	\$ -	\$ 7,590	\$ 300	\$ 7,890	\$ (1,484)	10
<u>Information Systems</u>									
Customer Service System Replacement	-	9,903	9,903	-	2,810	7,093	9,903	-	
	<u>\$ -</u>	<u>\$ 19,277</u>	<u>\$ 19,277</u>	<u>\$ -</u>	<u>\$ 10,400</u>	<u>\$ 7,393</u>	<u>\$ 17,793</u>	<u>\$ (1,484)</u>	
<u>2018 - 2020 Component</u>									
<u>Generation Thermal</u>									
Purchase Mobile Generation	\$ 13,915	\$ -	\$ 13,915	\$ 13,257	\$ 102	\$ -	\$ 13,359	\$ (556)	
<u>Generation Hydro</u>									
Topsail Hydro Plant Refurbishment	485	-	485	319	170	-	489	4	
	<u>\$ 14,400</u>	<u>\$ -</u>	<u>\$ 14,400</u>	<u>\$ 13,576</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 13,848</u>	<u>\$ (552)</u>	

* See Appendix A for notes containing variance explanations.

Column A Approved Capital Budget for 2018 - 2020
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Generation Hydro

1. Rattling Brook Plant Refurbishment (2020 project):

Budget: \$1,183,000

Actual: \$885,000

Variance: (\$298,000)

The reduction in expenditure associated with the *Rattling Brook Plant Refurbishment* project was largely due to better than expected contract pricing through the tendering process. In addition, following an inspection completed after turbine disassembly, it was determined that less refurbishment work was required than was initially anticipated.

Substations

2. *Substation Refurbishment and Modernization:*

Budget: \$5,153,000 Actual: \$5,726,000 Variance: \$573,000

In 2021, actual expenditure on the *Substation Refurbishment and Modernization* project was \$573,000 or 11% higher than the budget estimate resulting primarily from higher material costs. Material costs were higher than expected due to the increased price of steel and copper in 2021 as compared to the budget estimate. Also, additional materials were required as a result of increased site work requirements at the Rattling Brook Substation.

3. *Replacements Due to In-Service Failures:*

Budget: \$3,413,000 Actual: \$4,113,000 Variance: \$700,000

The budget estimate for *Replacements Due to In-Service Failures* was based on historical costs incurred over the previous 5 years. In 2021, actual expenditure on the *Replacements Due to In-Service Failures* project was \$700,000 or 21% higher than the budget estimate resulting from an increase in failures experienced.

In 2021, there were increased failures of high voltage disconnect switches, power transformers, tap changers and components of portable substation equipment. In 2021, material costs associated with failed equipment were \$2,731,000 compared to an average of \$2,248,000 over the period from 2016 to 2020 for an increase of \$483,000. The remaining increase was related to the engineering and internal labour cost associated with the increased number of failures.

4. *PCB Bushing Phaseout:*

Budget: \$717,000 Actual: \$565,000 Variance: (\$152,000)

The *PCB Bushing Phaseout* project costs were lower than forecast as a result of efficiencies gained through the coordination of the required work with other Substation projects.

Distribution

5. *Extensions:*
Budget: \$10,891,000 Actual: \$12,427,000 Variance: \$1,536,000

The *Extensions* project budget is determined based on the forecast number of new customer connections and the average historical cost of constructing extensions. In 2021, the actual capital expenditure on the *Extensions* project was \$1,536,000, or 14%, higher than the budget estimate.

The *Extensions* project includes the cost of extending existing lines to connect new customers. The amount spent will vary with the number of new customers connected and the amount of new line that has to be built to connect those customers. The Company forecasted 2,389 new customer connections for 2021. The actual number of connections was 2,448, or 2.5% above forecast. In addition, the expenditures attributed to new pole installations for the *Extensions* project was 12% higher in 2021 than the historical 5-year average as a result of an increase in the average length of new line extensions.

Higher material costs also contributed to the variance in the *Extensions* project. Material costs were higher than expected due to the increased price of aluminum conductor in 2021. In addition, the cost of poles increased by 4.3% in 2021 compared to 2020, which was higher than expected in determining the estimates for the *2021 Capital Budget Application*.

6. *Street Lighting:*
Budget: \$1,979,000 Actual: \$2,224,000 Variance: \$245,000

Actual expenditure on the *Street Lighting* project was \$245,000 or 12% higher than the budget estimate.

The *Street Lighting* budget estimate of \$1,979,000 was based on the average expenditure incurred over the past five years.

The main contributor to *Street Lighting* project expenditure increases in 2021 was higher material costs. The purchase cost of # 6 duplex used for street lights increased by 10% and the purchase cost of poles increased by 4.3% in 2021, which were higher than expected in determining the estimates for the *2021 Capital Budget Application*.

Distribution7. *Distribution Reliability Initiative:*

Budget: \$700,000

Actual: \$817,000

Variance: \$117,000

Actual capital expenditure on the *Distribution Reliability Initiative* project was \$117,000 or 17% more than the budget estimate resulting primarily from higher material costs. Material costs were higher than expected primarily due to the increased price of aluminum conductor in 2021 as compared to the budget estimates. In addition, the cost of poles increased by 4.3% in 2021 compared to 2020, which was higher than expected in determining the estimates for the *2021 Capital Budget Application*.

8. *Trunk Feeders (2020 project):*

Budget: \$2,820,000

Actual: \$2,267,000

Variance: (\$553,000)

The *Trunk Feeders* project principally focused on the upgrade of the GFS-06 feeder. All work outlined in the budget was completed. The reduction in expenditure associated with the *Trunk Feeders* project was largely due to better than expected contract pricing through the tendering process.

Unforeseen Allowance

9. *Allowance for Unforeseen Items:*
Budget: \$750,000 Actual: \$0 Variance: (\$750,000)

No expenditure was required for this project in 2021.

Multi-Year Projects

10. *Topsail Hydro Plant Refurbishment:*

Budget: \$9,859,000

Actual: \$8,379,000

Variance: (\$1,480,000)

The *Topsail Hydro Plant Refurbishment* project was a multi-year project that commenced in 2020. The reduction in expenditure associated with the *Topsail Hydro Plant Refurbishment* project was largely due to better than expected contract pricing through the tendering process.