

P. U. 35(2004)

IN THE MATTER OF the *Public Utilities Act*, R.S.N.1990, c. P-47, as amended (the “*Act*”)

AND

IN THE MATTER OF the application by Newfoundland and Labrador Hydro (the “Applicant”) for an order rescinding Board Order No. P.U. 26(2004), pursuant to Section 76 of the Act, and approving a revised Contribution in Aid of Construction (“CIAC”) for a single-phase line extension to serve the West Pond Cottage Area, Halls Bay near South Brook Junction, pursuant to Section 41(5) of the *Act*.

WHEREAS the Applicant is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS the Board approved a CIAC of \$3,935.70, including HST, for each of the twenty-nine (29) cottage lot owners at West Pond Cottage Area (the “Customers”), near South Brook Junction per Order No. P.U. 26 (2004) dated July 21, 2004; and

WHEREAS the Applicant has received CIAC payments from twenty-two (22) of the twenty-nine (29) Customers, and the remaining seven (7) Customers have informed the Applicant that they are unable to pay the CIAC and are not willing to accept electrical service at this time; and

WHEREAS the Applicant has recalculated the CIAC to reflect a reduction to the number of participating Customers from 29 to 22; and

WHEREAS the resulting CIAC (the “Recalculated CIAC”), calculated in accordance with Clauses 5(b) and 5(c) of the CIAC Policy: Distribution Line Extensions to Residential and Seasonal Residential Customers, approved by Order No. P.U. 7 (1997-98) dated September 30, 1997 (the “Policy”), which calculation assumes the Line extension will supply service to 22 Customers interested in the service, is \$4,839.30 including HST, per Customer; and

WHEREAS the Applicant has been informed and believes that additional Customers may decline to accept service if the Recalculated CIAC is required; and

WHEREAS the total potential number of Customers at West Pond is 64 and the Applicant believes that additional Customers will decide to accept service within a reasonable period after a Line extension is constructed into the West Pond Cottage Area; and

WHEREAS the Applicant proposes to deviate from the Policy by charging the 22 Customers the original CIAC amount rather than the Recalculated CIAC; and

WHEREAS the Applicant proposes that the entitlement of the Customers to refunds that may be calculated under Clause 6 of the Policy be suspended until the resulting shortfall is recovered by the Applicant from revenue to be received from additional Customers connecting to the Line extension and paying the CIAC; and

WHEREAS the Applicant proposes that the entitlement of the Customers to refunds that may be calculated under Clause 6 of the Policy be re-established only after 29 Customers have been connected to the Line extension; and

WHEREAS the establishment of the CIAC in this manner, and the suspension of refunds, is a deviation from the Policy; and

WHEREAS Clause 12(b) of the Policy states that any deviations from this Policy in the calculation of CIACs for Line extensions must be submitted to the Board for approval; and

WHEREAS Clause 12(c) of the Policy states that all CIACs for Main Line extensions for primarily Seasonal Residential Customers must be submitted to the Board for approval; and

WHEREAS the Applicant's request to deviate from the Policy with respect to refunds to the Customers is necessary to ensure that the Applicant's investment in the Line extension is compensatory over the useful life of the extension and will not be to the detriment of the Applicant's other Customers; and

WHEREAS the proposed expenditures on the Line extension are necessary for the Applicant to provide service and facilities to the Customers which are reasonably safe and adequate and just and reasonable as required pursuant to Section 37 of the *Act*.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 76 of the *Act* Order No. P.U. 26(2004) is hereby rescinded.

2. Pursuant to Section 41(5) of the *Act*, the Board approves:
 - (i) the contribution in aid of construction in the amount of three thousand, nine hundred thirty-five dollars and seventy cents (\$3,935.70) each, including HST, for the supply of single-phase electrical service to twenty-two (22) Seasonal Residential Customers located at the West Pond Cottage Area, Halls Bay, located near South Brook Junction; and
 - (ii) the suspension of the payment of refunds to the Customers until such time as the shortfall of \$19,879.20 is recovered.

Dated at St. John's, Newfoundland and Labrador, this 9th day of September 2004.

Robert Noseworthy,
Chair and Chief Executive Officer.

Darlene Whalen, P.Eng.,
Vice-Chair.

G. Cheryl Blundon,
Board Secretary.