

1 **Q. Does the Company maintain that the Board’s economic/financial consideration or review of**
2 **the Company’s application approving the sale to Bell Aliant of Joint Use Support**
3 **Structures as provided in the Purchase Agreement should be limited to examining the**
4 **period from 2011 to 2015, and not beyond 2015? If so, please explain why the effects on**
5 **customers beyond 2015 should not be a consideration in assessing the application?**
6

7 A. Article XIX (sic) of the 2011 Joint Use Agreement (the “2011 JUA”) provides that the
8 term of the JUA is 5 years commencing January 1, 2011. It is Newfoundland Power’s
9 view that the *pro forma* revenue requirement analysis over the 5-year term of the 2011
10 JUA provided in Exhibit 8 is an appropriate evidentiary basis for the Board’s
11 economic/financial consideration of the Application.¹
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13 Newfoundland Power does not assert that it is inappropriate for the Board to consider the
14 effects on customers beyond 2015 in its economic/financial consideration of the
15 Application.²
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17 A *pro forma* revenue requirement analysis, over the 10-year period commencing January
18 1, 2011, comparing the repurchase of 40% of the Joint Use Support Structures by Bell
19 Aliant, together with the 2011 JUA, to a 2011 renewal of the Joint Use Facilities
20 Partnership Agreement (the “JUFPA”) shows the proposed sale to have a positive net
21 present value of \$534,393. Therefore, considered on the basis of a 10-year term, the new
22 Joint Use regime is, from a customer perspective, a lower cost alternative than a 2011
23 renewal of the JUFPA.³

¹ This is consistent with the regulatory practice of assessing capital projects based on net present value analysis of the project’s impact over the life of the project.

² Based on historical experience, there is a possibility that the terms of joint use may change following the 5-year term of the 2011 JUA. (See the Response to Request for Information CA-NP-11). In addition, forecast uncertainty increases with the duration of any forecast. These observations are relevant to any consideration of the Application on the basis of a continuation of the 2011 JUA beyond 2015.

³ See the Response to Request for Information PUB-NP-81.