

1 **Q. PUB-NP-1, page 2 states:**

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3 *“From a customer rates perspective, Newfoundland Power’s costs for Joint Use Support*
4 *Structures under the 2011 Joint Use Agreement are broadly comparable to those costs which*
5 *could be expected had the 2001 Joint Use Facilities Partnership Agreement been renewed to*
6 *reflect current financial parameters”*

7
8 **Please provide the details of the comparison.**

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10 **A.** Newfoundland Power’s costs for Joint Use Support Structures under the 2011 Joint Use
11 Agreement (“2011 JUA”) are broadly comparable to those costs which could be expected
12 had the 2001 Joint Use Facilities Partnership Agreement (“2001 JUFPA”) been renewed
13 to reflect current financial parameters. Exhibit 8 of the Evidence shows the *pro forma*
14 revenue requirement impacts on the Company of the sale of 40% on the Joint Use
15 Support Structures and the 2011 JUA, as compared with a renewal of the 2001 JUFPA to
16 reflect current financial parameters.¹

17 The impact on customer rates is determined by the Company’s revenue requirement.
18 Details of the comparison can be found in Exhibit 8 to the Evidence.² The levelized
19 revenue requirement impact for the 5 year period from 2011 to 2015 is forecast to be
20 positive at approximately \$123,000 in terms of Newfoundland Power’s forecast annual
21 revenue requirement. This translates into a positive impact of 0.02% in annual revenue
22 requirements. This shows that from a customer rate perspective the cost of the 2011 JUA
23 is broadly comparable to those expected had the 2001 JUFPA been renewed to reflect
24 current financial parameters.

25 The *pro forma* revenue requirement analysis completed in Exhibit 8 is conservative in
26 nature. The analysis contained in the Evidence does not consider potential increases in
27 the number of third party attachments resulting from the pole count survey or potential
28 third party attachment rate increases resulting from negotiations expected later in 2011.
29 Any increase in the number of third party attachments and third party attachment rates
30 will positively impact the revenue requirement to the benefit of customers.³

¹ The primary financial parameters include current embedded costs of Support Structures and current cost of capital. The 2001 JUFPA was based upon 2000 embedded costs of Support Structures and 2001 cost of capital.

² Exhibit 8 shows the incremental revenue requirement from 2011 to 2015, the term of the 2011 Joint Use Agreement.

³ See Response to Request for Information PUB-NP-35.