

1 **Q. How does the 2011 sale of poles proposal address the observations found by the**
2 **expert engaged by the Board to conduct a pole audit, BDO Dunwoody, pursuant to**
3 **The Public Utilities Act(Pole Attachment Rate) Order, 1985, filed RFI - PUB-1.0,**
4 **page 9 in the 2001 Application [Consent # 2 (iv)]:**

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6 *“Another area of concern which arose during the audit was the fact that all parties*
7 *involved are spending a great deal of time and money attempting to comply with the*
8 *current system. Of particular concern was the difficulty in maintaining the joint use data*
9 *base.”*

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11 *In our opinion, the breakdown in the system was as a result of all parties involved not*
12 *being able to realistically provide and maintain the information and accounting records*
13 *required. All parties should share the responsibility as no one party strictly adhered to the*
14 *requirements. However, consideration must also be given to the fact that the system as*
15 *designed is extremely difficult to maintain. The cost of maintaining this system including*
16 *periodic tests to ensure that it is operating effectively is, in our opinion, extremely high and*
17 *there is no certainty that difficulties such as those experienced in the years 1988 to 1991*
18 *will not recur.”*

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20 **A.** The pole attachment audit performed by DBO Dunwoody and concluded in February
21 1996 (the “Pole Audit”) arose out of a dispute between cable operators and
22 Newfoundland Power. It was one of a number of disputes which came before the Board
23 concerning Joint Use of Support Structures in the decade or so prior to the mid-1990s.

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25 The Pole Audit covered historical cable attachment counts and tracking processes in the
26 period 1988 to 1992. For various reasons, the cable operators and Newfoundland Power
27 disagreed with certain aspects and conclusions of the Pole Audit.¹ However, in 1996 the
28 parties commenced negotiation of a comprehensive agreement governing all aspects of
29 cable operators’ use of Newfoundland Power’s Joint Use Support Structures, including
30 the reckoning of cable attachment counts and tracking processes.² Since this time, there
31 has been no dispute between Newfoundland Power and the cable operators that
32 negotiated the agreement concerning these matters. Cable attachment counts are settled
33 each year by use of proxies which are cost efficient.

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35 Currently, cable service providers which own over 99% of third party attachments to
36 Joint Use Support Structures are participating in the pole count survey. Once the pole
37 count survey is complete and up to date cable attachment counts confirmed, it is expected
38 that current third-party attachment agreements will be re-negotiated between
39 Newfoundland Power and the cable operators. As part of that negotiation, Newfoundland
40 Power expects that a mutually agreeable cost effective means of tracking cable
41 attachment counts will be agreed between Newfoundland Power and the cable operators.

¹ This was specifically noted as part of the comprehensive settlement and agreement which was implemented in April 1997.

² Nine cable operators participated in this agreement. One cable operator chose not to participate. See Prefiled Evidence, Page 1, footnote 2.

1 As indicated at page 1 of the Prefiled Evidence filed in support of the Application, since
2 the mid-1990s the terms of Joint Use in Newfoundland Power's service territory have
3 been predominantly established by way of negotiated agreement as opposed to regulatory
4 orders. This is consistent with Section 53 of the *Public Utilities Act* and least cost
5 management of the Company's electrical distribution facilities.