

P.U. 8 (2002-2003)

**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 Power Inc. ("the Applicant")
for approval of a contribution in aid of
construction (the "Application") for a line
extension to serve primarily seasonal
customers ("the Customers") 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 also subject to the
provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS the Customers are located at Butts Pond East, near Gambo and consist of twenty (20)
Seasonal Customers and ten (10) Residential Customers; and

WHEREAS the respective Customers have requested that the Applicant provide their permanent and
seasonal residences with single-phase electrical service which, in order to so provide, requires the
construction of a single-phase extension of 4,112 metres (the "Extension"); and

WHEREAS the Extension will not be jointly used by the Applicant and Aliant Telecom Inc.; and

WHEREAS a CIAC of the Extension was calculated in accordance with Clauses 5(a), 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 the 30th day of September, 1997 (the “Policy”), and the CIAC thus calculated is One thousand seven hundred sixty-three dollars and sixty-four cents (\$1,763.64), including HST, for each Residential Customer, and Four thousand one hundred nine dollars and sixty-four cents (\$4,109.64), including HST, for each Seasonal Customer; and

WHEREAS the Customers have requested that the Applicant ignore the distinction between Residential and Seasonal Customers and base the CIAC on the average cost to serve all Customers and the CIAC for each Customer, calculated on that basis, is Three thousand three hundred twenty-seven dollars and sixty-four cents (\$3,327.64), including HST (the “Average CIAC”); and

WHEREAS the Applicant received written acceptance of the Average CIAC amount from all thirty (30) Customers; and

WHEREAS the Applicant has since been informed that one (1) of the Seasonal Customers does not wish to avail of electric service at this time, and the Applicant has recalculated the CIAC to reflect a reduced number of participating customers and the resulting CIAC amount for twenty-nine (29) Customers is Three thousand four hundred twenty-one dollars and forty-five cents (\$3,421.45), including HST for each Customer (the “Revised CIAC”); and

WHEREAS in order to ascertain whether the Customers would all agree to accept service on the basis of the higher Revised CIAC, it would be necessary to communicate with the Customers in writing and obtain their written acceptance of the Revised CIAC, and should further Customers decline service, a further recalculation of the CIAC would be required, together with the need to obtain further written consents from the Customers; and

WHEREAS to avoid this scenario, the Applicant proposes to deviate from the Policy by charging the Customers the Average CIAC rather than the Revised CIAC, and suspend the entitlement of Customers to refunds as calculated under Clause 6 of the Policy until a shortfall in cost recovery of \$93.81 per customer is recovered from additional Customers connecting to the Extension; and

WHEREAS the establishment of the CIAC in this manner, and the suspension of refunds, represent deviations from the Policy and Clause 12(b) of the Policy requires that all deviations from the Policy in the calculations of CIACs for Line extensions must be submitted to the Board for approval; and

WHEREAS Clause 12(c) of the Policy requires that all CIACs for Main Line extensions for primarily seasonal residential customers must be submitted to the Board for approval; and

WHEREAS the proposed suspension of refunds to the Customers is necessary to ensure that the Applicant's investment in the 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 Board is satisfied that the deviations from the Policy are reasonable in the circumstances;
and

WHEREAS the proposed expenditures on the 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 s. 37 of the Act.

IT IS THEREFORE ORDERED THAT:

Pursuant to Section 41(5) of the Act, the Board approves:

1. the contribution in aid of construction in the amount of Three thousand, three hundred twenty-seven dollars and sixty-four cents (\$3,327.64), including HST, as calculated under the Policy;
and
2. the suspension of the payment of refunds to the Customers until such time as the shortfall of \$93.81 per customer referred to in the Application is recovered.

DATED at St. John's, Newfoundland and Labrador, this 12th day of June, 2002.

Robert Noseworthy,
Chair & Chief Executive Officer.

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

G. Cheryl Blundon,
Board Secretary.