

**Public Utilities Board**  
**Requests for Information**  
**PUB-1 to PUB-19**

**Q. PUB 1.0**

Please provide, using the following scenarios and the assumptions currently being used in the company's five-year plan, the projected income statements, the total revenue requirements, the effect on rate base, the effect on rate of return on rate base, and the effect on rate of return on equity for each of the years from 2001 to 2005, inclusive:

- a. the status quo, with the continuation of the present Joint Use Agreement and without the purchase of the support structures;
- b. the purchase of 101,875 support structures using the payment schedule as outlined in the application;
- c. the purchase of 101,875 support structures using a payment schedule of 5 equal annual payments; and
- d. the purchase of 101,875 support structures if the 30,000 non-joint use poles were to be excluded from the rate base and the revenues from these poles were to be excluded from regulated earnings. This scenario assumes the payment schedule outlined in the application and the exclusion of the 30,000 poles from the rate base in 2001.

**A. General Overview**

Information Request PUB 1.0 has been interpreted by Newfoundland Power as principally requiring a number of accounting based analyses using pro-forma financial statements. These analyses are found in the appendices to this Response to Information Request PUB 1.0. Insofar as the Information Request PUB 1.0 refers to "...the total revenue requirements..." of Newfoundland Power, it has been dealt with on an incremental economic basis as opposed to accounting basis under *Revenue Requirements* below. Newfoundland Power cannot ascertain total revenue requirements as requested because revenue requirements are determined on a prospective or test-year basis in a general rate proceeding and cannot reasonably be ascertained on an pro-forma accounting basis over multiple period time horizons. As is shown in *Revenue Requirements* below, the net impact on total revenue requirements is small and in a range of approximately .2% to .3% of 1999 test year revenue requirements.

While accounting impacts are a significant aspect of any asset acquisition, it is widely accepted that investment decisions should be evaluated by means of economic analyses based upon net present values ("NPV") (see, for example, Chapter 5, *Principles of Corporate Finance*, Brealey, Myers, et. al.). This approach was endorsed by the Board in Order No. P.U. 6 (1991).

One advantage of NPV analyses is that they permit a greater level of confidence in sensitivity analysis. Accounting analyses using pro-forma corporate financial statements engage the complex interrelationships which are inherent in an enterprise such as Newfoundland Power and make direct conclusions as to the effect of changing assumptions much more difficult.

### *The Analyses*

#### *Appendix A*

*Appendix A* contains a 5 year pro-forma financial statement analysis assuming the Joint Use Agreement continued into the future. The assumptions used in this analysis are contained in *Appendix A* and are the assumptions used in Newfoundland Power's business planning for 2001 which was undertaken in the autumn of 2000.

Pro-forma forecasts for 2002 and subsequent years indicate eroding rates of return on rate base (see: *Appendix A*, Page 6, line 18) and common equity (see: *Appendix A*, Page 7, line 8).

The assumption that the current Joint Use Agreement could continue in its present form into the future does not reflect the reality of the relationship between Newfoundland Power and Aliant Telecom Inc. Changes in pole ownership and management responsibilities since execution of the current Joint Use Agreement would have required some changes to current arrangements in any event and negotiations to this end commenced in 1999.

#### *Appendix B*

*Appendix B* contains a 5 year pro-forma financial statement analysis based upon the assumptions in *Appendix A* indicating the effect of the proposed acquisition of the Aliant Telecom Inc. support structures.

The proposed acquisition of the Aliant Telecom Inc. support structures improves the rate of return on rate base for 2001 through 2005 by an average of 8 basis points per year (see: *Appendix B*, Page 6, line 18). The rate of return on common equity improves by an average of 35 basis points (see: *Appendix B*, Page 7 line 8) per year. These improved rates of return indicate that the proposed acquisition will have a positive impact on consumer rates.

### *Appendix C*

*Appendix C* contains a 5 year pro-forma financial statement analysis based upon the assumptions in *Appendix A* and assuming the proposed acquisition of the Aliant Telecom Inc. support structures using a payment schedule of 5 equal annual amounts.

Acquisition of the Aliant Telecom Inc. support structures by 5 equal annual payments improves the rate of return on rate base for 2001 through 2005 by an average of 6 basis points from those indicated in *Appendix A* (see: *Appendix C*, Page 6, line 18). This is 2 basis points (or approximately 25%) less improvement than indicated in *Appendix B* which reflects the proposed acquisition. Similarly, rates of return on equity are improved (by an average of 21 basis points) from those indicated in *Appendix A* (see: *Appendix C*, Page 7, line 8). But, this improvement is approximately 40% less than indicated for the proposed acquisition.

Newfoundland Power and Aliant Telecom Inc. have negotiated the deal over the course of approximately 2 years and there is little likelihood of an alteration in payment terms without a corresponding alteration in purchase price and/or rental rates.

### *Appendix D*

*Appendix D* contains a 5 year pro-forma financial statement analyses based upon the assumption in *Appendix A* and assuming that the 32,027 non-joint use poles were excluded from rate base and associated revenues were excluded from regulated earnings.

Exclusion of the non-joint use poles and associated revenues from regulated rate base and revenue respectively reduces the consumer benefits of this transaction. Such exclusion improves the rate of return in rate base by an average of 6 basis points for 2001 through 2005 from those indicated in *Appendix A* (see: *Appendix D*, Page 6, line 18). This is less improvement than indicated in *Appendix B* which reflects the proposed acquisition. Similarly rates of return on equity are improved (by an average of 28 basis points) from those indicated in *Appendix A* (see: *Appendix D*, Page 7, line 8). But, this improvement is approximately 20% less than indicated for the proposed acquisition.

The difference between the improved rates of return indicated in *Appendix D* and *Appendix B* would, in the event that the non-joint use support structures were excluded from rate base, accrue to Newfoundland Power's shareholders as opposed to consumers. Newfoundland Power chose not to propose such a course for a number of reasons.

Firstly, the mix of joint and non-joint use support structures is dynamic and the tracking of each structure is time consuming and inefficient. The difficulties associated with tracking attachments on a pole by pole basis was the subject of protracted proceedings before the Board in the mid 1990s. During the course of these proceedings, the Board's



consultants BDO Dunwoody in their report observed that the costs of maintaining the information and accounting records required to accurately track attachments on over 200,000 poles is *extremely high* (emphasis added, copy attached, Pages 6 to 9). As the proposed acquisition is driven by improving cost efficiency such an approach was assessed by Newfoundland Power to be counter-productive. Secondly, the total value of the non-joint use poles is relatively small at \$5,418,000 and does not justify segregation given the overall value of the transaction including cashflows. Inclusion of the non-joint use poles in rate base improves consumer benefits. Finally, on an ongoing basis, the joint-use arrangements will require Aliant Telecom Inc. to pay 60% of the cost of any non-joint use pole installations. This protects electricity consumers from any cross-subsidization in a manner which is substantially the same as current policies governing contributions in aid construction which have been approved by the Board in Order No. P.U. 7 (1997-98).

### ***Revenue Requirements***

Schedule A to Exhibit 10 shows the incremental effect of the proposed transaction on Newfoundland Power's total revenue requirements. For 2001 through 2005, the effects on total revenue requirements are as follows:

	Proposed Transaction Effects on Revenue Requirements (\$000s)				
	2001	2002	2003	2004	2005
Surplus (Deficiency)	914	498	408	580	698

If the proposed acquisition of the Aliant Telecom Inc. support structures was paid for by a schedule of 5 equal annual amounts the effect on revenue requirements is as follows:

	5 Equal Annual Payments Effects on Revenue Requirements (\$000s)				
	2001	2002	2003	2004	2005
Surplus (Deficiency)	(64)	78	269	542	799

These impacts on revenue requirements are generally positive, however, they are not as positive as those resulting from the payment schedule contained in the transaction proposed by Newfoundland Power in this Application.

If the 32,027 non-joint use poles and associated revenues were excluded from regulated rate base and revenue respectively the effect on revenue requirements of the proposed acquisition is as follows:

	<b>Exclusion of Non-Joint Use Poles Effects on Revenue Requirements (\$000s)</b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Surplus (Deficiency)	789	391	301	439	531

These impacts on revenue requirements are less positive than either the proposed payment schedule or 5 equal payments.

REPORT  
TO THE BOARD OF COMMISSIONERS OF  
PUBLIC UTILITIES, NEWFOUNDLAND AND LABRADOR

AUDIT OF THE POLE ACCOUNTS OF  
NEWFOUNDLAND LIGHT & POWER CO. LTD.  
FOR THE YEARS 1988 THROUGH 1992

## TERMS OF REFERENCE

The mandate of this engagement was to conduct an audit of the pole accounts of Newfoundland Light and Power Co. Ltd. under Section 6 of the Public Utilities Act (Pole Attachment Rate) Order, 1985, including Sections 5 and 6 thereof, with respect to the pole attachment rates for the five annual periods commencing with January 1, 1988 and ending December 31, 1992.

The Terms of Reference for this engagement are as follows:

The independent Auditor (the "Auditor") appointed under Section 6 of The Public Utilities Act (Pole Attachment Rate) Order, 1985 (the "Order") shall conduct an audit in accordance with the Order, including Sections 5 and 6 thereof, with respect to the pole attachment rates for the five annual periods commencing with January 1, 1988 and ending December 31, 1992. More specifically, the audit should include procedures to enable the Auditor to report whether or not:

- (a) the number of poles for which charges have been made to operators of licensed cable television systems is reasonable in the circumstances; and
- (b) the calculation of the Pole Attachment Rate has been made in accordance with clauses 2 and 4 of the Order and the calculations of the weighted average embedded cost per pole and annual carrying charge rate are appropriate in the circumstances and calculated in accordance with the definitions set out in Order No: P.U. 8 (1986), issued by the Board of Commissioners of Public Utilities, dated April 14, 1986.

The audit procedures would also include such other tests of systems, related internal controls, accounting records and supporting information that the Auditor considers necessary in order to arrive at a conclusion with regard to the Pole Attachment Rate and the number of poles on which Cable Companies are attached.

In preparing for and conducting the audit, the Auditor shall observe the following steps and procedures:

#### TERMS OF REFERENCE (cont'd)

1. Upon receipt of the terms of reference for the audit, and upon consideration of any input from the interested parties which is communicated to the Auditor through the Board of Commissioners of Public Utilities, the Auditor will develop a detailed audit plan, including an approach and methodology for satisfying each requirement of the Terms of Reference, and a budget for conducting the work. A copy of the detailed audit plan and budget will be filed with the Board of Commissioners of Public Utilities and copies sent to the interested parties. The interested parties will have a period of time to comment, after which time the Board shall approve the audit plan, either as is or with changes.
2. The Auditor will then conduct the audit according to the detailed plan, as approved by the Board, and will prepare and file with the Board, a detailed draft report as to their findings with respect to each requirement of the Terms of Reference. The Auditor will keep working papers in accordance with normal auditing practice in order to be able to answer questions with respect to the audit.
3. The interested parties will have a period of time to comment on the Auditor's draft report. On the basis of those comments and the Board's own review, the Board will advise the Auditor of any additional work which is required to satisfy the requirements of Terms of Reference.
4. Once this additional work, if any, has been carried out, the Auditor will complete the final report and file it with the Board.
5. The Auditor will be available to answer questions before the Board if the interested parties have questions to ask.

## OBSERVATIONS

There are a number of matters that should be taken into account when assessing this report. The first is that the amounts shown as owing as calculated in this report are, especially for the earlier years, estimates calculated using the assumptions stated herein. We believe that the results of the audit are appropriate, which is that net amounts are owed to NLP by the cable companies, however owing to the lack of proper records in the earlier years, we were unable to establish the amounts for those years with any great degree of certainty using the results of our pole count procedures. As set out later in this report, amounts for the years 1988 to 1991 were derived primarily by calculation using the subscriber bases of the various cable companies.

Another area of concern which arose during the audit was the fact that all parties involved are spending a great deal of time and money attempting to comply with the current system. Of particular concern was the difficulty in maintaining the joint use data base. Newfoundland Light and Power is in the very difficult position of trying to account for attachments on over 200,000 poles over the entire island. This is an extremely difficult task as there are no controls in place to ensure that they are being provided with the appropriate information to continually update this data base. The system of recording pole attachments did not function reliably in the earlier years and cable attachments were made without the appropriate reports either being made or, if made, details were not entered in the data base by NLP. In fact the system had broken down.

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

Newfoundland Power  
Pro-forma  
Income Statement  
( 000s)

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1 Revenue from Rates	\$ 347,931	\$ 351,502	\$ 355,844	\$ 361,059	\$ 363,550
2 Purchased Power	<u>197,861</u>	<u>200,371</u>	<u>203,602</u>	<u>207,371</u>	<u>208,867</u>
3 Contribution	150,070	151,131	152,242	153,688	154,683
4					
5 Other Revenue	2,191	2,211	2,232	2,263	2,263
6					
7 Operating Expenses	49,562	50,086	51,693	53,250	54,923
8 Depreciation	33,346	35,963	37,405	39,178	40,782
9 Finance Charges	<u>27,733</u>	<u>28,347</u>	<u>29,425</u>	<u>30,123</u>	<u>30,733</u>
10 Total Expenses	110,641	114,396	118,523	122,551	126,438
11					
12 Income Before Taxes	41,620	38,946	35,951	33,400	30,508
13					
14 Provision for Income Taxes	<u>16,200</u>	<u>17,860</u>	<u>15,935</u>	<u>13,731</u>	<u>12,303</u>
15					
16 Net Income	25,420	21,086	20,016	19,669	18,205
17					
18 Preference Dividends	<u>626</u>	<u>626</u>	<u>626</u>	<u>626</u>	<u>626</u>
19					
20 Earnings Common Shares	<u>\$ 24,794</u>	<u>\$ 20,460</u>	<u>\$ 19,390</u>	<u>\$ 19,043</u>	<u>\$ 17,579</u>

Newfoundland Power  
Pro-forma  
Statement of Retained Earnings  
( 000s)

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1 Balance - Beginning	\$ 179,389	\$ 185,194	\$ 186,665	\$ 187,066	\$ 187,120
2 Net Income for the Period	<u>25,420</u>	<u>21,086</u>	<u>20,016</u>	<u>19,669</u>	<u>18,205</u>
3	204,809	206,280	206,681	206,735	205,325
4					
5 Dividends					
6 Preference Shares	626	626	626	626	626
7 Common Shares	<u>18,989</u>	<u>18,989</u>	<u>18,989</u>	<u>18,989</u>	<u>18,989</u>
8	19,615	19,615	19,615	19,615	19,615
9					
10 Balance - End of Period	<u>\$ 185,194</u>	<u>\$ 186,665</u>	<u>\$ 187,066</u>	<u>\$ 187,120</u>	<u>\$ 185,710</u>



Newfoundland Power  
Pro-forma  
Balance Sheet  
( 000s)

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Assets</u>					
1 Property Plant & Equipment	\$ 951,985	\$ 979,072	\$ 1,009,313	\$ 1,037,691	\$ 1,063,918
2 Less: Accumulated Depreciation	<u>417,189</u>	<u>438,359</u>	<u>462,793</u>	<u>487,831</u>	<u>515,396</u>
3	<u>534,796</u>	<u>540,713</u>	<u>546,520</u>	<u>549,860</u>	<u>548,522</u>
4					
5 Current Assets					
6 Accounts Receivable	35,880	36,054	37,367	38,382	38,660
7 Materials & Supplies	4,500	4,500	4,500	4,500	4,500
8 Rate Stabilization Account	<u>4,222</u>	<u>4,222</u>	<u>4,222</u>	<u>4,222</u>	<u>4,222</u>
9	<u>44,602</u>	<u>44,776</u>	<u>46,089</u>	<u>47,104</u>	<u>47,382</u>
10					
11 Corporate Income Tax Deposit	6,747	6,747	6,747	6,747	6,747
12 Deferred Charges	<u>58,432</u>	<u>60,765</u>	<u>64,183</u>	<u>67,496</u>	<u>71,251</u>
13					
14 Total Assets	<u>\$ 644,577</u>	<u>\$ 653,001</u>	<u>\$ 663,539</u>	<u>\$ 671,207</u>	<u>\$ 673,902</u>
15					
16 <u>Shareholder's Equity &amp; Liabilities</u>					
17					
18 Shareholder's Equity					
19 Common Shares	\$ 70,321	\$ 70,321	\$ 70,321	\$ 70,321	\$ 70,321
20 Retained Earnings	<u>185,194</u>	<u>186,665</u>	<u>187,066</u>	<u>187,120</u>	<u>185,710</u>
21 Common Shareholder's Equity	255,515	256,986	257,387	257,441	256,031
22 Preference Shares	<u>9,890</u>	<u>9,890</u>	<u>9,890</u>	<u>9,890</u>	<u>9,890</u>
23	<u>265,405</u>	<u>266,876</u>	<u>267,277</u>	<u>267,331</u>	<u>265,921</u>
24					
25 Debt	320,399	326,031	334,989	341,856	344,838
26					
27 Current Liabilities					
28 Accounts Payable & Accrued Charges	47,909	49,062	49,997	50,533	51,483
29					
30 Deferred Credits	<u>10,864</u>	<u>11,032</u>	<u>11,276</u>	<u>11,487</u>	<u>11,660</u>
31					
32 Total Liabilities	<u>\$ 644,577</u>	<u>\$ 653,001</u>	<u>\$ 663,539</u>	<u>\$ 671,207</u>	<u>\$ 673,902</u>

Newfoundland Power  
Pro-forma  
Statement of Cashflows  
( 000s)

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Cash From (Used In) Operations					
1 Net Income	\$ 25,420	\$ 21,086	\$ 20,016	\$ 19,669	\$ 18,205
2					
3 Items Not Affecting Cash:					
4 Depreciation	33,346	35,963	37,405	39,178	40,782
6 Amortization of Deferred Charges	231	231	236	244	241
7 Changes In Non-Cash Working Capital	(1,915)	979	(376)	(480)	672
8	57,082	58,259	57,281	58,611	59,900
9					
10 Cash From (Used In) External Financing					
11 Contributions In Aid of Construction	1,390	1,390	1,500	1,500	1,500
12	1,390	1,390	1,500	1,500	1,500
13					
14 Cash From (Used In) Investing					
15 Net Capital Expenditures	(39,005)	(43,102)	(44,472)	(43,806)	(40,771)
17 Increase In Deferred Charges	(8,539)	(2,564)	(3,652)	(3,557)	(3,996)
18	(47,544)	(45,666)	(48,124)	(47,363)	(44,767)
19					
20					
21 DIVIDENDS					
22 Preference shares	(626)	(626)	(626)	(626)	(626)
23 Common shares	(18,989)	(18,989)	(18,989)	(18,989)	(18,989)
24	(19,615)	(19,615)	(19,615)	(19,615)	(19,615)
25					
26 (Increase) Decrease In Debt	(8,687)	(5,632)	(8,958)	(6,867)	(2,982)
27 Debt, Beginning	(311,712)	(320,399)	(326,031)	(334,989)	(341,856)
28 Debt, Ending	\$ (320,399)	\$ (326,031)	\$ (334,989)	\$ (341,856)	\$ (344,838)

Newfoundland Power  
Pro-forma  
Rate Base  
( 000s )

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1 Plant Investment	\$ 949,382	\$ 976,519	\$ 1,006,673	\$ 1,035,091	\$ 1,061,497
2					
3 <u>Deduct:</u>					
4 Accumulated Depreciation	417,189	438,359	462,793	487,831	515,396
5 Contributions In Aid of Construction	19,618	19,785	20,030	20,241	20,416
6 Weather Normalization Reserve	<u>(8,752)</u>	<u>(8,752)</u>	<u>(8,752)</u>	<u>(8,752)</u>	<u>(8,752)</u>
7	<u>428,055</u>	<u>449,392</u>	<u>474,071</u>	<u>499,320</u>	<u>527,060</u>
8					
9	521,327	527,127	532,602	535,771	534,437
10 Add: Contributions Country Homes	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
11					
12 Balance Current Year	521,627	527,427	532,902	536,071	534,737
13					
14 Balance Previous Year	<u>517,105</u>	<u>521,627</u>	<u>527,427</u>	<u>532,902</u>	<u>536,071</u>
15					
16 Average	519,366	524,527	530,164	534,486	535,404
17					
18 Cash Working Capital Allowance	4,470	4,549	4,599	4,652	4,682
19 Materials And Supplies	<u>3,677</u>	<u>3,677</u>	<u>3,677</u>	<u>3,677</u>	<u>3,677</u>
20					
21 Average Rate Base At Year End	<u>\$ 527,513</u>	<u>\$ 532,753</u>	<u>\$ 538,440</u>	<u>\$ 542,815</u>	<u>\$ 543,763</u>

Newfoundland Power  
Pro-forma  
Return on Rate Base Calculation  
( 000s)

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1 Net Income	\$ 25,420	\$ 21,086	\$ 20,016	\$ 19,669	\$ 18,205
2 Non-Deductible Expenses (Net of Tax)	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>
3	26,120	21,786	20,716	20,369	18,905
4					
5 <u>ADD:</u>					
6 Interest on Long Term Debt	26,981	26,685	28,129	29,548	29,220
7 Other Interest	2,089	3,042	2,685	1,949	2,838
8 Interest Earned	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
9 Interest Charged To Construction	(368)	(410)	(425)	(418)	(365)
10 Amortization of Debt Discount & Expense	161	161	169	178	176
11 Amortization of Capital Stock Issue Expenses	<u>70</u>	<u>70</u>	<u>66</u>	<u>66</u>	<u>64</u>
12	27,733	28,348	29,424	30,123	30,733
13					
14 Regulated Earnings	<u>53,853</u>	<u>50,134</u>	<u>50,140</u>	<u>50,492</u>	<u>49,638</u>
15					
16 Average Rate Base	<u>527,513</u>	<u>532,753</u>	<u>538,440</u>	<u>542,815</u>	<u>543,763</u>
17					
18 Rate of Return on Average Rate Base	10.21%	9.41%	9.31%	9.30%	9.13%

Newfoundland Power  
Pro-forma  
Cost of Capital  
(000s)

Appendix A  
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	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1 Earnings Applicable To Common Shares	\$ 24,794	\$ 20,460	\$ 19,390	\$ 19,043	\$ 17,579
2 Non-Deductible Expenses (Net of Tax)	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>
3					
4 Regulated Earnings	\$ 25,494	\$ 21,160	\$ 20,090	\$ 19,743	\$ 18,279
5					
6 Regulated Average Common Shareholder's Equity	<u>258,965</u>	<u>263,303</u>	<u>264,938</u>	<u>265,865</u>	<u>265,886</u>
7					
8 Regulated Rate of Return on Common Equity	9.84%	8.04%	7.58%	7.43%	6.87%
9					
10 <u>Regulated Capitalization Statistics (\$)</u>					
11					
12 Average Debt	\$ 316,055	\$ 323,215	\$ 330,510	\$ 338,422	\$ 343,347
13 Preferred Shares	9,890	9,890	9,890	9,890	9,890
14 Average Common Equity	<u>258,965</u>	<u>263,303</u>	<u>264,938</u>	<u>265,865</u>	<u>265,886</u>
15	\$ 584,910	\$ 596,408	\$ 605,338	\$ 614,177	\$ 619,123
16					
17 <u>Regulated Capitalization Statistics (%)</u>					
18					
19 Average Debt	54.04%	54.19%	54.60%	55.10%	55.45%
20 Preferred Shares	1.69%	1.66%	1.63%	1.61%	1.60%
21 Average Common Equity	<u>44.27%</u>	<u>44.15%</u>	<u>43.77%</u>	<u>43.29%</u>	<u>42.95%</u>
22	100.00%	100.00%	100.00%	100.00%	100.00%

## **Pro-forma Accounting Analysis Assumptions**

### ***Allowed Rate of Return on Rate Base***

By Orders P.U. 16 (1998-99) and P.U. 36 (1998-99), the Board approved an automatic adjustment mechanism for adjusting rates based upon changes in long Canada bond yields. No adjustment from current rates is assumed in this analysis.

### ***Customer and Energy Sales Forecasts***

Customer and energy sales forecasts are based on economic indicators taken from the Conference Board of Canada forecast dated July 19, 2000 which was used by Newfoundland Power in preparation of its 2001 capital budget which was approved by the Board in Order No. P.U. 24 (2000-2001).

### ***Purchased Power***

Purchased power is based on estimated sales less estimated power produced, and the usual allowances for line losses and Company usage. Rates charged by Newfoundland and Labrador Hydro at August 31, 2000 and approved by the Board were used to forecast purchased power expense.

### ***Escalation Factors***

Wage rates beyond 2001 are based on rates established in the collective agreement with unionized staff. Wage rates for managerial staff are escalated based on management's best estimate. Non-labor expenses have been escalated, in accordance with Order No. P.U. 7 (1996-97), using the GDP deflator for Canada, where appropriate.

### ***Pensions***

Accounting for pensions is in accordance with Order No. P.U. 17 (1987) with funding based upon actuarial valuations and expense based upon the Canadian Institute of Chartered Accountants Handbook, section 3461 in effect January 1, 2000.

### ***Interest Rates***

Short-term interest rates are assumed to be 6.25 per cent for 2001 and 2002, increasing by 0.025 per cent each year thereafter. Interest on long term debt is assumed to be 7.5% over the forecast period.

Newfoundland Power  
Pro-forma  
Income Statement  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Revenue from Rates	\$ 347,931	\$ -	\$ 347,931	\$ 351,502	\$ -	\$ 351,502	\$ 355,844	\$ -	\$ 355,844	\$ 361,059	\$ -	\$ 361,059	\$ 363,550	\$ -	\$ 363,550
2 Purchased Power	197,861	-	197,861	200,371	-	200,371	203,602	-	203,602	207,371	-	207,371	208,867	-	208,867
3 Contribution	150,070	-	150,070	151,131	-	151,131	152,242	-	152,242	153,688	-	153,688	154,683	-	154,683
4															
5 Other Revenue	2,191	3,956	6,147	2,211	5,693	7,904	2,232	6,612	8,844	2,263	7,552	9,815	2,263	8,498	10,761
6															
7 Operating Expenses	49,562	500	50,062	50,086	507	50,593	51,693	513	52,206	53,250	521	53,771	54,923	528	55,451
8 Depreciation	33,346	895	34,241	35,963	1,281	37,244	37,405	1,503	38,908	39,178	1,727	40,905	40,782	1,952	42,734
9 Finance Charges	27,733	890	28,623	28,347	2,477	30,824	29,425	2,796	32,221	30,123	3,080	33,203	30,733	3,331	34,064
10 Total Expenses	110,641	2,285	112,926	114,396	4,265	118,661	118,523	4,812	123,335	122,551	5,328	127,879	126,438	5,811	132,249
11															
12 Income Before Taxes	41,620	1,671	43,291	38,946	1,428	40,374	35,951	1,800	37,751	33,400	2,224	35,624	30,508	2,687	33,195
13															
14 Provision for Income Taxes	16,200	919	17,119	17,660	658	18,518	15,935	744	16,679	13,731	872	14,603	12,303	1,052	13,355
15															
16 Net Income	25,420	752	26,172	21,086	770	21,856	20,016	1,056	21,072	19,669	1,352	21,021	18,205	1,635	19,840
17															
18 Preference Dividends	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
19															
20 Earnings Common Shares	\$ 24,794	\$ 752	\$ 25,546	\$ 20,460	\$ 770	\$ 21,230	\$ 19,390	\$ 1,056	\$ 20,446	\$ 19,043	\$ 1,352	\$ 20,395	\$ 17,579	\$ 1,635	\$ 19,214

Newfoundland Power  
Pro-forma  
Statement of Retained Earnings  
( 000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Balance - Beginning	\$ 179,389	\$ -	\$ 179,389	\$ 185,194	\$ 752	\$ 185,946	\$ 186,665	\$ 1,522	\$ 188,187	\$ 187,066	\$ 2,578	\$ 189,644	\$ 187,120	\$ 3,930	\$ 191,050
2 Net Income for the Period	<u>25,420</u>	<u>752</u>	<u>26,172</u>	<u>21,086</u>	<u>770</u>	<u>21,856</u>	<u>20,016</u>	<u>1,056</u>	<u>21,072</u>	<u>19,669</u>	<u>1,352</u>	<u>21,021</u>	<u>18,205</u>	<u>1,635</u>	<u>19,840</u>
3	204,809	752	205,561	206,280	1,522	207,802	206,681	2,578	209,259	206,735	3,930	210,665	205,325	5,565	210,890
4															
5 Dividends															
6 Preference Shares	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
7 Common Shares	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>
8	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615
9															
10 Balance - End of Period	<u>\$ 185,194</u>	<u>\$ 752</u>	<u>\$ 185,946</u>	<u>\$ 186,665</u>	<u>\$ 1,522</u>	<u>\$ 188,187</u>	<u>\$ 187,066</u>	<u>\$ 2,578</u>	<u>\$ 189,644</u>	<u>\$ 187,120</u>	<u>\$ 3,930</u>	<u>\$ 191,050</u>	<u>\$ 185,710</u>	<u>\$ 5,565</u>	<u>\$ 191,275</u>



Newfoundland Power  
Pro-forma  
Balance Sheet  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
<b>Assets</b>															
1 Property Plant & Equipment	\$ 951,985	\$ 24,728	\$ 976,713	\$ 979,072	\$ 35,392	\$ 1,014,464	\$ 1,009,313	\$ 41,517	\$ 1,050,830	\$ 1,037,691	\$ 47,695	\$ 1,085,386	\$ 1,063,918	\$ 53,926	\$ 1,117,844
2 Less: Accumulated Depreciation	417,189	233	417,422	438,359	843	439,202	462,793	1,664	464,457	487,831	2,699	490,530	515,396	3,948	519,344
3	534,796	24,495	559,291	540,713	34,549	575,262	546,520	39,853	586,373	549,860	44,996	594,856	548,522	49,978	598,500
4															
5 Current Assets															
6 Accounts Receivable	35,880	-	35,880	36,054	-	36,054	37,367	-	37,367	38,382	-	38,382	38,660	-	38,660
7 Materials & Supplies	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500
8 Rate Stabilization Account	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222
9	44,602	-	44,602	44,776	-	44,776	46,089	-	46,089	47,104	-	47,104	47,382	-	47,382
10															
11 Corporate Income Tax Deposit	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747
12 Deferred Charges	58,432	-	58,432	60,765	-	60,765	64,183	-	64,183	67,496	-	67,496	71,251	-	71,251
13															
14 Total Assets	\$ 644,577	\$ 24,495	\$ 669,072	\$ 653,001	\$ 34,549	\$ 687,550	\$ 663,539	\$ 39,853	\$ 703,392	\$ 671,207	\$ 44,996	\$ 716,203	\$ 673,902	\$ 49,978	\$ 723,880
15															
<b>Shareholder's Equity &amp; Liabilities</b>															
16															
17															
18 Shareholder's Equity															
19 Common Shares	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321
20 Retained Earnings	185,194	752	185,946	186,665	1,522	188,187	187,066	2,578	189,644	187,120	3,930	191,050	185,710	5,565	191,275
21 Common Shareholder's Equity	255,515	752	256,267	256,986	1,522	258,508	257,387	2,578	259,965	257,441	3,930	261,371	256,031	5,565	261,596
22 Preference Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
23	265,405	752	266,157	266,876	1,522	268,398	267,277	2,578	269,855	267,331	3,930	271,261	265,921	5,565	271,486
24															
25 Debt	320,399	23,743	344,142	326,031	33,027	359,058	334,989	37,275	372,264	341,856	41,066	382,922	344,838	44,413	389,251
26															
27 Current Liabilities															
28 Accounts Payable & Accrued Charges	47,909	-	47,909	49,062	-	49,062	49,997	-	49,997	50,533	-	50,533	51,483	-	51,483
29															
30 Deferred Credits	10,864	-	10,864	11,032	-	11,032	11,276	-	11,276	11,487	-	11,487	11,660	-	11,660
31															
32 Total Liabilities	\$ 644,577	\$ 24,495	\$ 669,072	\$ 653,001	\$ 34,549	\$ 687,550	\$ 663,539	\$ 39,853	\$ 703,392	\$ 671,207	\$ 44,996	\$ 716,203	\$ 673,902	\$ 49,978	\$ 723,880

Newfoundland Power  
Pro-forma  
Statement of Cashflows  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
Cash From (Used In) Operations															
1 Net Income	\$ 25,420	\$ 752	\$ 26,172	\$ 21,086	\$ 770	\$ 21,856	\$ 20,016	\$ 1,056	\$ 21,072	\$ 19,669	\$ 1,352	\$ 21,021	\$ 18,205	\$ 1,635	\$ 19,840
2															
3 Items Not Affecting Cash:															
4 Depreciation	33,346	895	34,241	35,963	1,281	37,244	37,405	1,503	38,908	39,178	1,727	40,905	40,782	1,952	42,734
6 Amortization of Deferred Charges	231	-	231	231	-	231	236	-	236	244	-	244	241	-	241
7 Changes In Non-Cash Working Capital	(1,915)	-	(1,915)	979	-	979	(376)	-	(376)	(480)	-	(480)	672	-	672
8	57,082	1,647	58,729	58,259	2,051	60,310	57,281	2,559	59,840	58,611	3,079	61,690	59,900	3,587	63,487
9															
10 Cash From (Used In) External Financing															
11 Contributions In Aid of Construction	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
12	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
13															
14 Cash From (Used In) Investing															
15 Net Capital Expenditures	(39,005)	(25,390)	(64,395)	(43,102)	(11,335)	(54,437)	(44,472)	(6,807)	(51,279)	(43,806)	(6,870)	(50,676)	(40,771)	(6,934)	(47,705)
17 Increase In Deferred Charges	(8,539)	-	(8,539)	(2,564)	-	(2,564)	(3,652)	-	(3,652)	(3,557)	-	(3,557)	(3,996)	-	(3,996)
18	(47,544)	(25,390)	(72,934)	(45,666)	(11,335)	(57,001)	(48,124)	(6,807)	(54,931)	(47,363)	(6,870)	(54,233)	(44,767)	(6,934)	(51,701)
19															
20															
21 DIVIDENDS															
22 Preference shares	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)
23 Common shares	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)
24	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)
25															
26 (Increase) Decrease In Debt	(8,687)	(23,743)	(32,430)	(5,632)	(9,284)	(14,916)	(8,958)	(4,248)	(13,206)	(6,867)	(3,791)	(10,658)	(2,982)	(3,347)	(6,329)
27 Debt, Beginning	(311,712)	-	(311,712)	(320,399)	(23,743)	(344,142)	(326,031)	(33,027)	(359,058)	(334,989)	(37,275)	(372,264)	(341,856)	(41,066)	(382,922)
28 Debt, Ending	\$ (320,399)	\$ (23,743)	\$ (344,142)	\$ (326,031)	\$ (33,027)	\$ (359,058)	\$ (334,989)	\$ (37,275)	\$ (372,264)	\$ (341,856)	\$ (41,066)	\$ (382,922)	\$ (344,838)	\$ (44,413)	\$ (389,251)

Newfoundland Power  
Pro-forma  
Rate Base  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Plant Investment	\$ 949,382	\$ 24,728	\$ 974,110	\$ 976,519	\$ 35,392	\$ 1,011,911	\$ 1,006,673	\$ 41,517	\$ 1,048,190	\$ 1,035,091	\$ 47,695	\$ 1,082,786	\$ 1,061,497	\$ 53,926	\$ 1,115,423
2															
3 Deduct:															
4 Accumulated Depreciation	417,189	233	417,422	438,359	843	439,202	462,793	1,664	464,457	487,831	2,699	490,530	515,396	3,948	519,344
5 Contributions In Aid of Construction	19,618	-	19,618	19,785	-	19,785	20,030	-	20,030	20,241	-	20,241	20,416	-	20,416
6 Weather Normalization Reserve	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)
7	<u>428,055</u>	<u>233</u>	<u>428,288</u>	<u>449,392</u>	<u>843</u>	<u>450,235</u>	<u>474,071</u>	<u>1,664</u>	<u>475,735</u>	<u>499,320</u>	<u>2,699</u>	<u>502,019</u>	<u>527,060</u>	<u>3,948</u>	<u>531,008</u>
8															
9	521,327	24,495	545,822	527,127	34,549	561,676	532,602	39,853	572,455	535,771	44,996	580,767	534,437	49,978	584,415
10 Add: Contributions Country Homes	300	-	300	300	-	300	300	-	300	300	-	300	300	-	300
11															
12 Balance Current Year	521,627	24,495	546,122	527,427	34,549	561,976	532,902	39,853	572,755	536,071	44,996	581,067	534,737	49,978	584,715
13															
14 Balance Previous Year	<u>517,105</u>	<u>-</u>	<u>517,105</u>	<u>521,627</u>	<u>24,495</u>	<u>546,122</u>	<u>527,427</u>	<u>34,549</u>	<u>561,976</u>	<u>532,902</u>	<u>39,853</u>	<u>572,755</u>	<u>536,071</u>	<u>44,996</u>	<u>581,067</u>
15															
16 Average	519,366	12,248	531,614	524,527	29,522	554,049	530,164	37,201	567,365	534,486	42,425	576,911	535,404	47,487	582,891
17															
18 Cash Working Capital Allowance	4,470	24	4,494	4,549	20	4,569	4,599	21	4,620	4,652	24	4,676	4,682	27	4,709
19 Materials And Supplies	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>
20															
21 Average Rate Base At Year End	<u>\$ 527,513</u>	<u>\$ 12,272</u>	<u>\$ 539,785</u>	<u>\$ 532,753</u>	<u>\$ 29,542</u>	<u>\$ 562,295</u>	<u>\$ 538,440</u>	<u>\$ 37,222</u>	<u>\$ 575,662</u>	<u>\$ 542,815</u>	<u>\$ 42,449</u>	<u>\$ 585,264</u>	<u>\$ 543,763</u>	<u>\$ 47,514</u>	<u>\$ 591,277</u>

Newfoundland Power  
Pro-forma  
Return on Rate Base Calculation  
( 000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Net Income	\$ 25,420	\$ 752	\$ 26,172	\$ 21,086	\$ 770	\$ 21,856	\$ 20,016	\$ 1,056	\$ 21,072	\$ 19,669	\$ 1,352	\$ 21,021	\$ 18,205	\$ 1,635	\$ 19,840
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3	26,120	752	26,872	21,786	770	22,556	20,716	1,056	21,772	20,369	1,352	21,721	18,905	1,635	20,540
4															
5 <b>ADD:</b>															
6 Interest on Long Term Debt	26,981	-	26,981	26,685	-	26,685	28,129	-	28,129	29,548	-	29,548	29,220	-	29,220
7 Other Interest	2,089	890	2,979	3,042	2,477	5,519	2,685	2,796	5,481	1,949	3,080	5,029	2,838	3,331	6,169
8 Interest Earned	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)
9 Interest Charged To Construction	(368)	-	(368)	(410)	-	(410)	(425)	-	(425)	(418)	-	(418)	(365)	-	(365)
10 Amortization of Debt Discount & Expense	161	-	161	161	-	161	169	-	169	178	-	178	176	-	176
11 Amortization of Capital Stock Issue Expenses	70	-	70	70	-	70	66	-	66	66	-	66	64	-	64
12	27,733	890	28,623	28,348	2,477	30,825	29,424	2,796	32,220	30,123	3,080	33,203	30,733	3,331	34,064
13															
14 Regulated Earnings	53,853	1,642	55,495	50,134	3,247	53,381	50,140	3,852	53,992	50,492	4,432	54,924	49,638	4,966	54,604
15															
16 Average Rate Base	527,513	12,272	539,785	532,753	29,542	562,295	538,440	37,222	575,662	542,815	42,449	585,264	543,763	47,514	591,277
17															
18 Rate of Return on Average Rate Base	10.21%		10.28%	9.41%		9.49%	9.31%		9.38%	9.30%		9.38%	9.13%		9.23%

Newfoundland Power  
Pro-forma  
Cost of Capital  
( 000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Earnings Applicable To Common Shares	\$ 24,794	\$ 752	\$ 25,546	\$ 20,460	\$ 770	\$ 21,230	\$ 19,390	\$ 1,056	\$ 20,446	\$ 19,043	\$ 1,352	\$ 20,395	\$ 17,579	\$ 1,635	\$ 19,214
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3															
4 Regulated Earnings	\$ 25,494	\$ 752	\$ 26,246	\$ 21,160	\$ 770	\$ 21,930	\$ 20,090	\$ 1,056	\$ 21,146	\$ 19,743	\$ 1,352	\$ 21,095	\$ 18,279	\$ 1,635	\$ 19,914
5															
6 Regulated Average Common Shareholder's Equity	258,965	377	259,342	263,303	1,138	264,441	264,938	2,052	266,990	265,865	3,256	269,121	265,886	4,751	270,637
7															
8 Regulated Rate of Return on Common Equity	9.84%		10.12%	8.04%		8.29%	7.58%		7.92%	7.43%		7.84%	6.87%		7.36%
9															
10 <u>Regulated Capitalization Statistics (\$)</u>															
11															
12 Average Debt	\$ 316,055	\$ 11,872	\$ 327,927	\$ 323,215	\$ 16,514	\$ 339,729	\$ 330,510	\$ 18,638	\$ 349,148	\$ 338,422	\$ 20,533	\$ 358,955	\$ 343,347	\$ 22,207	\$ 365,554
13 Preferred Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
14 Average Common Equity	258,965	377	259,342	263,303	1,138	264,441	264,938	2,052	266,990	265,865	3,256	269,121	265,886	4,751	270,637
15	\$ 584,910	\$ 12,249	\$ 597,159	\$ 596,408	\$ 17,652	\$ 614,060	\$ 605,338	\$ 20,690	\$ 626,028	\$ 614,177	\$ 23,789	\$ 637,966	\$ 619,123	\$ 26,958	\$ 646,081
16															
17 <u>Regulated Capitalization Statistics (%)</u>															
18															
19 Average Debt	54.04%	0.87%	54.91%	54.19%	1.13%	55.33%	54.60%	1.17%	55.77%	55.10%	1.16%	56.27%	55.45%	1.13%	56.58%
20 Preferred Shares	1.69%	-0.03%	1.66%	1.66%	-0.05%	1.61%	1.63%	-0.05%	1.58%	1.61%	-0.06%	1.55%	1.60%	-0.07%	1.53%
21 Average Common Equity	44.27%	-0.84%	43.43%	44.15%	-1.08%	43.06%	43.77%	-1.12%	42.65%	43.29%	-1.10%	42.18%	42.95%	-1.06%	41.89%
22	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

Newfoundland Power  
Pro-forma  
Income Statement  
( 000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Revenue from Rates	\$ 347,931	\$ -	\$ 347,931	\$ 351,502	\$ -	\$ 351,502	\$ 355,844	\$ -	\$ 355,844	\$ 361,059	\$ -	\$ 361,059	\$ 363,550	\$ -	\$ 363,550
2 Purchased Power	197,861	-	197,861	200,371	-	200,371	203,602	-	203,602	207,371	-	207,371	208,867	-	208,867
3 Contribution	150,070	-	150,070	151,131	-	151,131	152,242	-	152,242	153,688	-	153,688	154,683	-	154,683
4															
5 Other Revenue	2,191	1,582	3,773	2,211	3,305	5,516	2,232	5,012	7,244	2,263	6,747	9,010	2,263	8,499	10,762
6															
7 Operating Expenses	49,562	500	50,062	50,086	507	50,593	51,693	513	52,206	53,250	521	53,771	54,923	528	55,451
8 Depreciation	33,346	397	33,743	35,963	783	36,746	37,405	1,171	38,576	39,178	1,561	40,739	40,782	1,952	42,734
9 Finance Charges	27,733	419	28,152	28,347	1,618	29,965	29,425	2,345	31,770	30,123	3,015	33,138	30,733	3,625	34,358
10 Total Expenses	110,641	1,316	111,957	114,396	2,908	117,304	118,523	4,029	122,552	122,551	5,097	127,648	126,438	6,105	132,543
11															
12 Income Before Taxes	41,620	266	41,886	38,946	397	39,343	35,951	983	36,934	33,400	1,650	35,050	30,508	2,394	32,902
13															
14 Provision for Income Taxes	16,200	206	16,406	17,860	243	18,103	15,935	458	16,393	13,731	685	14,416	12,303	965	13,268
15															
16 Net Income	25,420	60	25,480	21,086	154	21,240	20,016	525	20,541	19,669	965	20,634	18,205	1,429	19,634
17															
18 Preference Dividends	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
19															
20 Earnings Common Shares	\$ 24,794	\$ 60	\$ 24,854	\$ 20,460	\$ 154	\$ 20,614	\$ 19,390	\$ 525	\$ 19,915	\$ 19,043	\$ 965	\$ 20,008	\$ 17,579	\$ 1,429	\$ 19,008

Newfoundland Power  
Pro-forma  
Statement of Retained Earnings  
( 000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Balance - Beginning	\$ 179,389	\$ -	\$ 179,389	\$ 185,194	\$ 60	\$ 185,254	\$ 188,665	\$ 214	\$ 188,879	\$ 187,066	\$ 739	\$ 187,805	\$ 187,120	\$ 1,704	\$ 188,824
2 Net Income for the Period	<u>25,420</u>	<u>60</u>	<u>25,480</u>	<u>21,086</u>	<u>154</u>	<u>21,240</u>	<u>20,016</u>	<u>525</u>	<u>20,541</u>	<u>19,669</u>	<u>965</u>	<u>20,634</u>	<u>18,205</u>	<u>1,429</u>	<u>19,634</u>
3	204,809	60	204,869	206,280	214	206,494	206,681	739	207,420	206,735	1,704	208,439	205,325	3,133	208,458
4															
5 Dividends															
6 Preference Shares	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
7 Common Shares	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>
8	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615
9															
10 Balance - End of Period	<u>\$ 185,194</u>	<u>\$ 60</u>	<u>\$ 185,254</u>	<u>\$ 186,665</u>	<u>\$ 214</u>	<u>\$ 186,879</u>	<u>\$ 187,066</u>	<u>\$ 739</u>	<u>\$ 187,805</u>	<u>\$ 187,120</u>	<u>\$ 1,704</u>	<u>\$ 188,824</u>	<u>\$ 185,710</u>	<u>\$ 3,133</u>	<u>\$ 188,843</u>

Newfoundland Power  
Pro-forma  
Balance Sheet  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
<b>Assets</b>															
1 Property Plant & Equipment	\$ 951,985	\$ 10,971	\$ 962,956	\$ 979,072	\$ 21,635	\$ 1,000,707	\$ 1,009,313	\$ 32,345	\$ 1,041,658	\$ 1,037,691	\$ 43,110	\$ 1,080,801	\$ 1,063,918	\$ 53,926	\$ 1,117,844
2 Less: Accumulated Depreciation	417,189	(265)	416,924	438,359	(153)	438,206	462,793	336	463,129	487,831	1,205	489,036	515,396	2,454	517,850
3	534,796	11,236	546,032	540,713	21,788	562,501	546,520	32,009	578,529	549,860	41,905	591,765	548,522	51,472	599,994
4															
5 Current Assets															
6 Accounts Receivable	35,880	-	35,880	36,054	-	36,054	37,367	-	37,367	38,382	-	38,382	38,660	-	38,660
7 Materials & Supplies	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500
8 Rate Stabilization Account	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222
9	44,602	-	44,602	44,776	-	44,776	46,089	-	46,089	47,104	-	47,104	47,382	-	47,382
10															
11 Corporate Income Tax Deposits	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747
12 Deferred Charges	58,432	-	58,432	60,765	-	60,765	64,183	-	64,183	67,496	-	67,496	71,251	-	71,251
13															
14 Total Assets	\$ 644,577	\$ 11,236	\$ 655,813	\$ 653,001	\$ 21,788	\$ 674,789	\$ 663,539	\$ 32,009	\$ 695,548	\$ 671,207	\$ 41,905	\$ 713,112	\$ 673,902	\$ 51,472	\$ 725,374
15															
<b>Shareholder's Equity &amp; Liabilities</b>															
16															
17															
18 Shareholder's Equity															
19 Common Shares	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321
20 Retained Earnings	185,194	60	185,254	186,665	214	186,879	187,066	739	187,805	187,120	1,704	188,824	185,710	3,133	188,843
21 Common Shareholder's Equity	255,515	60	255,575	256,986	214	257,200	257,387	739	258,126	257,441	1,704	259,145	256,031	3,133	259,164
22 Preference Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
23	265,405	60	265,465	266,876	214	267,090	267,277	739	268,016	267,331	1,704	269,035	265,921	3,133	269,054
24															
25 Debt	320,399	11,176	331,575	326,031	21,574	347,605	334,989	31,270	366,259	341,856	40,201	382,057	344,838	48,339	393,177
26															
27 Current Liabilities															
28 Accounts Payable & Accrued Charges	47,909	-	47,909	49,062	-	49,062	49,997	-	49,997	50,533	-	50,533	51,483	-	51,483
29															
30 Deferred Credits	10,864	-	10,864	11,032	-	11,032	11,276	-	11,276	11,487	-	11,487	11,660	-	11,660
31															
32 Total Liabilities	\$ 644,577	\$ 11,236	\$ 655,813	\$ 653,001	\$ 21,788	\$ 674,789	\$ 663,539	\$ 32,009	\$ 695,548	\$ 671,207	\$ 41,905	\$ 713,112	\$ 673,902	\$ 51,472	\$ 725,374



Newfoundland Power  
Pro-forma  
Statement of Cashflows  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
Cash From (Used In) Operations															
1 Net Income	\$ 25,420	\$ 60	\$ 25,480	\$ 21,086	\$ 154	\$ 21,240	\$ 20,016	\$ 525	\$ 20,541	\$ 19,669	\$ 965	\$ 20,634	\$ 18,205	\$ 1,429	\$ 19,634
2															
3 Items Not Affecting Cash:															
4 Depreciation	33,346	397	33,743	35,963	783	36,746	37,405	1,171	38,576	39,178	1,561	40,739	40,782	1,952	42,734
6 Amortization of Deferred Charges	231	-	231	231	-	231	236	-	236	244	-	244	241	-	241
7 Changes In Non-Cash Working Capital	(1,915)	-	(1,915)	979	-	979	(376)	-	(376)	(480)	-	(480)	672	-	672
8	57,082	457	57,539	58,259	937	59,196	57,281	1,696	58,977	58,611	2,526	61,137	59,900	3,381	63,281
9															
10 Cash From (Used In) External Financing															
11 Contributions In Aid of Construction	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
12	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
13															
14 Cash From (Used In) Investing															
15 Net Capital Expenditures	(39,005)	(11,633)	(50,638)	(43,102)	(11,335)	(54,437)	(44,472)	(11,392)	(55,864)	(43,806)	(11,457)	(55,263)	(40,771)	(11,519)	(52,290)
17 Increase In Deferred Charges	(8,539)	-	(8,539)	(2,564)	-	(2,564)	(3,652)	-	(3,652)	(3,557)	-	(3,557)	(3,996)	-	(3,996)
18	(47,544)	(11,633)	(59,177)	(45,666)	(11,335)	(57,001)	(48,124)	(11,392)	(59,516)	(47,363)	(11,457)	(58,820)	(44,767)	(11,519)	(56,286)
19															
20															
21 DIVIDENDS															
22 Preference shares	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)
23 Common shares	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)
24	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)
25															
26 (Increase) Decrease In Debt	(8,687)	(11,176)	(19,863)	(5,632)	(10,398)	(16,030)	(8,958)	(9,696)	(18,654)	(6,867)	(8,931)	(15,798)	(2,982)	(8,138)	(11,120)
27 Debt, Beginning	(311,712)	-	(311,712)	(320,399)	(11,176)	(331,575)	(326,031)	(21,574)	(347,605)	(334,989)	(31,270)	(366,259)	(341,856)	(40,201)	(382,057)
28 Debt, Ending	\$ (320,399)	\$ (11,176)	\$ (331,575)	\$ (326,031)	\$ (21,574)	\$ (347,605)	\$ (334,989)	\$ (31,270)	\$ (366,259)	\$ (341,856)	\$ (40,201)	\$ (382,057)	\$ (344,838)	\$ (48,339)	\$ (393,177)

Newfoundland Power  
Pro-Ioma  
Rate Base  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Plant Investment	\$ 949,382	\$ 10,971	\$ 960,353	\$ 976,519	\$ 21,635	\$ 998,154	\$ 1,006,673	\$ 32,345	\$ 1,039,018	\$ 1,035,091	\$ 43,110	\$ 1,078,201	\$ 1,061,497	\$ 53,926	\$ 1,115,423
2															
3 Deduct:															
4 Accumulated Depreciation	417,189	(265)	416,924	438,359	(153)	438,206	462,793	336	463,129	487,831	1,205	489,036	515,396	2,454	517,850
5 Contributions In Aid of Construction	19,618	-	19,618	19,785	-	19,785	20,030	-	20,030	20,241	-	20,241	20,416	-	20,416
6 Weather Normalization Reserve	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)
7	<u>428,055</u>	<u>(265)</u>	<u>427,790</u>	<u>449,392</u>	<u>(153)</u>	<u>449,239</u>	<u>474,071</u>	<u>336</u>	<u>474,407</u>	<u>499,320</u>	<u>1,205</u>	<u>500,525</u>	<u>527,060</u>	<u>2,454</u>	<u>529,514</u>
8															
9	521,327	11,236	532,563	527,127	21,788	548,915	532,602	32,009	564,611	535,771	41,905	577,676	534,437	51,472	585,909
10 Add: Contributions Country Homes	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
11															
12 Balance Current Year	521,627	11,236	532,863	527,427	21,788	549,215	532,902	32,009	564,911	536,071	41,905	577,976	534,737	51,472	586,209
13															
14 Balance Previous Year	<u>517,105</u>	<u>-</u>	<u>517,105</u>	<u>521,627</u>	<u>11,236</u>	<u>532,863</u>	<u>527,427</u>	<u>21,788</u>	<u>549,215</u>	<u>532,902</u>	<u>32,009</u>	<u>564,911</u>	<u>536,071</u>	<u>41,905</u>	<u>577,976</u>
15															
16 Average	519,366	5,618	524,984	524,527	16,512	541,039	530,164	26,899	557,063	534,486	36,957	571,443	535,404	46,689	582,093
17															
18 Cash Working Capital Allowance	4,470	12	4,482	4,549	13	4,562	4,599	17	4,616	4,652	21	4,673	4,682	25	4,707
19 Materials And Supplies	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>
20															
21 Average Rate Base At Year End	<u>\$ 527,513</u>	<u>\$ 5,630</u>	<u>\$ 533,143</u>	<u>\$ 532,753</u>	<u>\$ 16,525</u>	<u>\$ 549,278</u>	<u>\$ 538,440</u>	<u>\$ 26,916</u>	<u>\$ 565,356</u>	<u>\$ 542,815</u>	<u>\$ 36,978</u>	<u>\$ 579,793</u>	<u>\$ 543,763</u>	<u>\$ 46,714</u>	<u>\$ 590,477</u>

Newfoundland Power  
Pro-forma  
Return on Rate Base Calculation  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
Net Income	\$ 25,420	\$ 60	\$ 25,480	\$ 21,086	\$ 154	\$ 21,240	\$ 20,016	\$ 525	\$ 20,541	\$ 19,669	\$ 965	\$ 20,634	\$ 18,205	\$ 1,429	\$ 19,634
Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
	26,120	60	26,180	21,786	154	21,940	20,716	525	21,241	20,369	965	21,334	18,905	1,429	20,334
<b>ADD:</b>															
Interest on Long Term Debt	26,981	-	26,981	26,685	-	26,685	28,129	-	28,129	29,548	-	29,548	29,220	-	29,220
Other Interest	2,089	419	2,508	3,042	1,618	4,660	2,685	2,345	5,030	1,949	3,015	4,964	2,838	3,625	6,463
Interest Earned	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)
Interest Charged To Construction	(368)	-	(368)	(410)	-	(410)	(425)	-	(425)	(418)	-	(418)	(365)	-	(365)
Amortization of Debt Discount & Expense	161	-	161	161	-	161	169	-	169	178	-	178	176	-	176
Amortization of Capital Stock Issue Expenses	70	-	70	70	-	70	66	-	66	66	-	66	64	-	64
	27,733	419	28,152	28,348	1,618	29,966	29,424	2,345	31,769	30,123	3,015	33,138	30,733	3,625	34,358
Regulated Earnings	53,853	479	54,332	50,134	1,772	51,906	50,140	2,870	53,010	50,492	3,980	54,472	49,638	5,054	54,692
Average Rate Base	527,513	5,630	533,143	532,753	16,525	549,278	538,440	26,916	565,356	542,815	36,978	579,793	543,763	46,714	590,477
Rate of Return on Average Rate Base	10.21%		10.19%	9.41%		9.45%	9.31%		9.38%	9.30%		9.40%	9.13%		9.26%

Newfoundland Power  
Pro-forma  
Cost of Capital  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Earnings Applicable To Common Shares	\$ 24,794	\$ 60	\$ 24,854	\$ 20,460	\$ 154	\$ 20,614	\$ 19,390	\$ 525	\$ 19,915	\$ 19,043	\$ 965	\$ 20,008	\$ 17,579	\$ 1,429	\$ 19,008
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3															
4 Regulated Earnings	\$ 25,494	\$ 60	\$ 25,554	\$ 21,160	\$ 154	\$ 21,314	\$ 20,090	\$ 525	\$ 20,615	\$ 19,743	\$ 965	\$ 20,708	\$ 18,279	\$ 1,429	\$ 19,708
5															
6 Regulated Average Common Shareholder's Equity	258,965	31	258,996	263,303	138	263,441	264,938	478	265,416	265,865	1,224	267,089	265,886	2,422	268,308
7															
8 Regulated Rate of Return on Common Equity	9.84%		9.87%	8.04%		8.09%	7.58%		7.77%	7.43%		7.75%	6.87%		7.35%
9															
10 <u>Regulated Capitalization Statistics (\$)</u>															
11															
12 Average Debt	\$ 316,055	\$ 5,588	\$ 321,643	\$ 323,215	\$ 10,787	\$ 334,002	\$ 330,510	\$ 15,635	\$ 346,145	\$ 338,422	\$ 20,101	\$ 358,523	\$ 343,347	\$ 24,170	\$ 367,517
13 Preferred Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
14 Average Common Equity	258,965	31	258,996	263,303	138	263,441	264,938	478	265,416	265,865	1,224	267,089	265,886	2,422	268,308
15	\$ 584,910	\$ 5,619	\$ 590,529	\$ 596,408	\$ 10,925	\$ 607,333	\$ 605,338	\$ 16,113	\$ 621,451	\$ 614,177	\$ 21,325	\$ 635,502	\$ 619,123	\$ 26,592	\$ 645,715
16															
17 <u>Regulated Capitalization Statistics (%)</u>															
18															
19 Average Debt	54.04%	0.44%	54.47%	54.19%	0.80%	54.99%	54.60%	1.10%	55.70%	55.10%	1.31%	56.41%	55.45%	1.47%	56.92%
20 Preferred Shares	1.69%	-0.02%	1.67%	1.66%	-0.03%	1.63%	1.63%	-0.04%	1.59%	1.61%	-0.05%	1.56%	1.60%	-0.07%	1.53%
21 Average Common Equity	44.27%	-0.42%	43.86%	44.15%	-0.77%	43.38%	43.77%	-1.06%	42.71%	43.29%	-1.26%	42.03%	42.95%	-1.39%	41.55%
22	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

Newfoundland Power  
Pro-forma  
Income Statement  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Revenue from Rates	\$ 347,931	\$ -	\$ 347,931	\$ 351,502	\$ -	\$ 351,502	\$ 355,844	\$ -	\$ 355,844	\$ 361,059	\$ -	\$ 361,059	\$ 363,550	\$ -	\$ 363,550
2 Purchased Power	197,861	-	197,861	200,371	-	200,371	203,602	-	203,602	207,371	-	207,371	208,867	-	208,867
3 Contribution	150,070	-	150,070	151,131	-	151,131	152,242	-	152,242	153,688	-	153,688	154,683	-	154,683
4															
5 Other Revenue	2,191	3,400	5,591	2,211	4,869	7,080	2,232	5,663	7,895	2,263	6,476	8,739	2,263	7,293	9,556
6															
7 Operating Expenses	49,562	425	49,987	50,086	431	50,517	51,693	436	52,129	53,250	443	53,693	54,923	448	55,371
8 Depreciation	33,346	779	34,125	35,963	1,119	37,082	37,405	1,315	38,720	39,178	1,512	40,690	40,782	1,711	42,493
9 Finance Charges	27,733	776	28,509	28,347	2,173	30,520	29,425	2,462	31,887	30,123	2,722	32,845	30,733	2,954	33,687
10 Total Expenses	110,641	1,980	112,621	114,396	3,723	118,119	118,523	4,213	122,736	122,551	4,677	127,228	126,438	5,113	131,551
11															
12 Income Before Taxes	41,620	1,420	43,040	38,946	1,146	40,092	35,951	1,450	37,401	33,400	1,799	35,199	30,508	2,180	32,688
13															
14 Provision for Income Taxes	16,200	786	16,986	17,860	535	18,395	15,935	605	16,540	13,731	712	14,443	12,303	861	13,164
15															
16 Net Income	25,420	634	26,054	21,086	611	21,697	20,016	845	20,861	19,669	1,087	20,756	18,205	1,319	19,524
17															
18 Preference Dividends	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
19															
20 Earnings Common Shares	\$ 24,794	\$ 634	\$ 25,428	\$ 20,460	\$ 611	\$ 21,071	\$ 19,390	\$ 845	\$ 20,235	\$ 19,043	\$ 1,087	\$ 20,130	\$ 17,579	\$ 1,319	\$ 18,898

Newfoundland Power  
Pro-forma  
Statement of Retained Earnings  
( 000s )

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Balance - Beginning	\$ 179,389	\$ -	\$ 179,389	\$ 185,194	\$ 634	\$ 185,828	\$ 186,665	\$ 1,245	\$ 187,910	\$ 187,066	\$ 2,090	\$ 189,156	\$ 187,120	\$ 3,177	\$ 190,297
2 Net Income for the Period	25,420	634	26,054	21,086	611	21,697	20,016	845	20,861	19,869	1,087	20,756	18,205	1,319	19,524
3	204,809	634	205,443	206,280	1,245	207,525	206,681	2,090	208,771	206,735	3,177	209,912	205,325	4,496	209,821
4															
5 Dividends															
6 Preference Shares	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
7 Common Shares	18,989	-	18,989	18,989	-	18,989	18,989	-	18,989	18,989	-	18,989	18,989	-	18,989
8	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615
9															
10 Balance - End of Period	\$ 185,194	\$ 634	\$ 185,828	\$ 186,665	\$ 1,245	\$ 187,910	\$ 187,066	\$ 2,090	\$ 189,156	\$ 187,120	\$ 3,177	\$ 190,297	\$ 185,710	\$ 4,496	\$ 190,206

Newfoundland Power  
Pro-forma  
Balance Sheet  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
<b>Assets</b>															
1 Property Plant & Equipment	\$ 951,985	\$ 21,511	\$ 973,496	\$ 979,072	\$ 30,922	\$ 1,009,994	\$ 1,009,313	\$ 36,328	\$ 1,045,641	\$ 1,037,691	\$ 41,780	\$ 1,079,471	\$ 1,063,918	\$ 47,275	\$ 1,111,193
2 Less: Accumulated Depreciation	417,189	188	417,377	438,359	708	439,067	462,793	1,415	464,208	487,831	2,310	490,141	515,396	3,395	518,791
3	534,796	21,323	556,119	540,713	30,214	570,927	546,520	34,913	581,433	549,860	39,470	589,330	548,522	43,880	592,402
4															
5 Current Assets															
6 Accounts Receivable	35,880	-	35,880	36,054	-	36,054	37,367	-	37,367	38,382	-	38,382	38,660	-	38,660
7 Materials & Supplies	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500
8 Rate Stabilization Account	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222
9	44,602	-	44,602	44,776	-	44,776	46,089	-	46,089	47,104	-	47,104	47,382	-	47,382
10															
11 Corporate Income Tax Deposit	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747
12 Deferred Charges	58,432	-	58,432	60,765	-	60,765	64,183	-	64,183	67,496	-	67,496	71,251	-	71,251
13															
14 Total Assets	\$ 644,577	\$ 21,323	\$ 665,900	\$ 653,001	\$ 30,214	\$ 683,215	\$ 663,539	\$ 34,913	\$ 698,452	\$ 671,207	\$ 39,470	\$ 710,677	\$ 673,902	\$ 43,880	\$ 717,782
15															
<b>Shareholder's Equity &amp; Liabilities</b>															
16															
17															
18 Shareholder's Equity															
19 Common Shares	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321
20 Retained Earnings	185,194	634	185,828	186,665	1,245	187,910	187,066	2,090	189,156	187,120	3,177	190,297	185,710	4,496	190,206
21 Common Shareholder's Equity	255,515	634	256,149	256,986	1,245	258,231	257,387	2,090	259,477	257,441	3,177	260,618	256,031	4,496	260,527
22 Preference Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
23	265,405	634	266,039	266,876	1,245	268,121	267,277	2,090	269,367	267,331	3,177	270,508	265,921	4,496	270,417
24															
25 Debt	320,399	20,689	341,088	326,031	28,969	355,000	334,989	32,823	367,812	341,856	36,293	378,149	344,838	39,384	384,222
26															
27 Current Liabilities															
28 Accounts Payable & Accrued Charges	47,909	-	47,909	49,062	-	49,062	49,997	-	49,997	50,533	-	50,533	51,483	-	51,483
29															
30 Deferred Credits	10,864	-	10,864	11,032	-	11,032	11,276	-	11,276	11,487	-	11,487	11,660	-	11,660
31															
32 Total Liabilities	\$ 644,577	\$ 21,323	\$ 665,900	\$ 653,001	\$ 30,214	\$ 683,215	\$ 663,539	\$ 34,913	\$ 698,452	\$ 671,207	\$ 39,470	\$ 710,677	\$ 673,902	\$ 43,880	\$ 717,782

Newfoundland Power  
Pro-forma  
Statement of Cashflows  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
Cash From (Used In) Operations															
1 Net Income	\$ 25,420	\$ 634	\$ 26,054	\$ 21,086	\$ 611	\$ 21,697	\$ 20,016	\$ 845	\$ 20,861	\$ 19,669	\$ 1,087	\$ 20,756	\$ 18,205	\$ 1,319	\$ 19,524
2															
3 Items Not Affecting Cash:															
4 Depreciation	33,346	779	34,125	33,963	1,119	37,082	37,405	1,315	38,720	39,178	1,512	40,690	40,782	1,711	42,493
6 Amortization of Deferred Charges	231	-	231	231	-	231	236	-	236	244	-	244	241	-	241
7 Changes in Non-Cash Working Capital	(1,915)	-	(1,915)	979	-	979	(376)	-	(376)	(480)	-	(480)	672	-	672
8	57,082	1,413	58,495	58,259	1,730	59,989	57,281	2,160	59,441	58,611	2,599	61,210	59,900	3,030	62,930
9															
10 Cash From (Used In) External Financing															
11 Contributions In Aid of Construction	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
12	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
13															
14 Cash From (Used In) Investing															
15 Net Capital Expenditures	(39,005)	(22,102)	(61,107)	(43,102)	(10,010)	(53,112)	(44,472)	(6,014)	(50,486)	(43,806)	(6,069)	(49,875)	(40,771)	(6,121)	(46,892)
17 Increase In Deferred Charges	(8,539)	-	(8,539)	(2,564)	-	(2,564)	(3,652)	-	(3,652)	(3,557)	-	(3,557)	(3,996)	-	(3,996)
18	(47,544)	(22,102)	(69,646)	(45,666)	(10,010)	(55,676)	(48,124)	(6,014)	(54,138)	(47,363)	(6,069)	(53,432)	(44,767)	(6,121)	(50,888)
19															
20															
21 DIVIDENDS															
22 Preference shares	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)
23 Common shares	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)
24	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)
25															
26 (Increase) Decrease In Debt	(8,687)	(20,689)	(29,376)	(5,632)	(8,280)	(13,912)	(8,958)	(3,854)	(12,812)	(6,867)	(3,470)	(10,337)	(2,982)	(3,091)	(6,073)
27 Debt, Beginning	(311,712)	-	(311,712)	(320,399)	(20,689)	(341,088)	(326,031)	(28,969)	(355,000)	(334,989)	(32,823)	(367,812)	(341,856)	(36,293)	(378,149)
28 Debt, Ending	<u>\$ (320,399)</u>	<u>\$ (20,689)</u>	<u>\$ (341,088)</u>	<u>\$ (326,031)</u>	<u>\$ (28,969)</u>	<u>\$ (355,000)</u>	<u>\$ (334,989)</u>	<u>\$ (32,823)</u>	<u>\$ (367,812)</u>	<u>\$ (341,856)</u>	<u>\$ (36,293)</u>	<u>\$ (378,149)</u>	<u>\$ (344,838)</u>	<u>\$ (39,384)</u>	<u>\$ (384,222)</u>



Newfoundland Power  
Pro-forma  
Rate Base  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Plant Investment	\$ 949,382	\$ 21,511	\$ 970,893	\$ 976,519	\$ 30,922	\$ 1,007,441	\$ 1,006,673	\$ 36,328	\$ 1,043,001	\$ 1,035,091	\$ 41,780	\$ 1,076,871	\$ 1,061,497	\$ 47,275	\$ 1,108,772
2															
3 <u>Deduct:</u>															
4 Accumulated Depreciation	417,189	188	417,377	438,359	708	439,067	462,793	1,415	464,208	487,831	2,310	490,141	515,396	3,395	518,791
5 Contributions In Aid of Construction	19,618	-	19,618	19,785	-	19,785	20,030	-	20,030	20,241	-	20,241	20,416	-	20,416
6 Weather Normalization Reserve	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)
7	<u>428,055</u>	<u>188</u>	<u>428,243</u>	<u>449,392</u>	<u>708</u>	<u>450,100</u>	<u>474,071</u>	<u>1,415</u>	<u>475,486</u>	<u>499,320</u>	<u>2,310</u>	<u>501,630</u>	<u>527,060</u>	<u>3,395</u>	<u>530,455</u>
8															
9	521,327	21,323	542,650	527,127	30,214	557,341	532,602	34,913	567,515	535,771	39,470	575,241	534,437	43,880	578,317
10 Add: Contributions Country Homes	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>	<u>300</u>
11															
12 Balance Current Year	521,627	21,323	542,950	527,427	30,214	557,641	532,902	34,913	567,815	536,071	39,470	575,541	534,737	43,880	578,617
13															
14 Balance Previous Year	<u>517,105</u>	<u>-</u>	<u>517,105</u>	<u>521,627</u>	<u>21,323</u>	<u>542,950</u>	<u>527,427</u>	<u>30,214</u>	<u>557,641</u>	<u>532,902</u>	<u>34,913</u>	<u>567,815</u>	<u>536,071</u>	<u>39,470</u>	<u>575,541</u>
15															
16 Average	519,366	10,662	530,028	524,527	25,769	550,296	530,164	32,564	562,728	534,486	37,192	571,678	535,404	41,675	577,079
17															
18 Cash Working Capital Allowance	4,470	21	4,491	4,549	16	4,565	4,599	18	4,617	4,652	20	4,672	4,682	22	4,704
19 Materials And Supplies	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>	<u>3,677</u>	<u>-</u>	<u>3,677</u>
20															
21 Average Rate Base At Year End	<u>\$ 527,513</u>	<u>\$ 10,683</u>	<u>\$ 538,196</u>	<u>\$ 532,753</u>	<u>\$ 25,785</u>	<u>\$ 558,538</u>	<u>\$ 538,440</u>	<u>\$ 32,582</u>	<u>\$ 571,022</u>	<u>\$ 542,815</u>	<u>\$ 37,212</u>	<u>\$ 580,027</u>	<u>\$ 543,763</u>	<u>\$ 41,697</u>	<u>\$ 585,460</u>

Newfoundland Power  
Pro-forma  
Return on Rate Base Calculation  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Net Income	\$ 25,420	\$ 634	\$ 26,054	\$ 21,086	\$ 611	\$ 21,697	\$ 20,016	\$ 845	\$ 20,861	\$ 19,669	\$ 1,087	\$ 20,756	\$ 18,205	\$ 1,319	\$ 19,524
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3	26,120	634	26,754	21,786	611	22,397	20,716	845	21,561	20,369	1,087	21,456	18,905	1,319	20,224
4															
5 ADD:															
6 Interest on Long Term Debt	26,981	-	26,981	26,685	-	26,685	28,129	-	28,129	29,548	-	29,548	29,220	-	29,220
7 Other Interest	2,089	776	2,865	3,042	2,173	5,215	2,685	2,462	5,147	1,949	2,722	4,671	2,838	2,954	5,792
8 Interest Earned	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)
9 Interest Charged To Construction	(368)	-	(368)	(410)	-	(410)	(425)	-	(425)	(418)	-	(418)	(365)	-	(365)
10 Amortization of Debt Discount & Expense	161	-	161	161	-	161	169	-	169	178	-	178	176	-	176
11 Amortization of Capital Stock Issue Expenses	70	-	70	70	-	70	66	-	66	66	-	66	64	-	64
12	27,733	776	28,509	28,348	2,173	30,521	29,424	2,462	31,886	30,123	2,722	32,845	30,733	2,954	33,687
13															
14 Regulated Earnings	53,853	1,410	55,263	50,134	2,784	52,918	50,140	3,307	53,447	50,492	3,809	54,301	49,638	4,273	53,911
15															
16 Average Rate Base	527,513	10,683	538,196	532,753	25,785	558,538	538,440	32,582	571,022	542,815	37,212	580,027	543,763	41,697	585,460
17															
18 Rate of Return on Average Rate Base	10.21%		10.27%	9.41%		9.47%	9.31%		9.36%	9.30%		9.36%	9.13%		9.21%

Newfoundland Power  
Pro-forma  
Cost of Capital  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Earnings Applicable To Common Shares	\$ 24,794	\$ 634	\$ 25,428	\$ 20,460	\$ 611	\$ 21,071	\$ 19,390	\$ 845	\$ 20,235	\$ 19,043	\$ 1,087	\$ 20,130	\$ 17,579	\$ 1,319	\$ 18,898
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3															
4 Regulated Earnings	\$ 25,494	\$ 634	\$ 26,128	\$ 21,160	\$ 611	\$ 21,771	\$ 20,090	\$ 845	\$ 20,935	\$ 19,743	\$ 1,087	\$ 20,830	\$ 18,279	\$ 1,319	\$ 19,598
5															
6 Regulated Average Common Shareholder's Equity	258,965	318	259,283	263,303	941	264,244	264,938	1,669	266,607	265,865	2,636	268,501	265,886	3,840	269,726
7															
8 Regulated Rate of Return on Common Equity	9.84%		10.08%	8.04%		8.24%	7.58%		7.85%	7.43%		7.76%	6.87%		7.27%
9															
10 <u>Regulated Capitalization Statistics (\$)</u>															
11															
12 Average Debt	\$ 316,055	\$ 10,344	\$ 326,399	\$ 323,215	\$ 14,484	\$ 337,699	\$ 330,510	\$ 16,412	\$ 346,922	\$ 338,422	\$ 18,147	\$ 356,569	\$ 343,347	\$ 19,692	\$ 363,039
13 Preferred Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
14 Average Common Equity	258,965	318	259,283	263,303	941	264,244	264,938	1,669	266,607	265,865	2,636	268,501	265,886	3,840	269,726
15	\$ 584,910	\$ 10,662	\$ 595,572	\$ 596,408	\$ 15,425	\$ 611,833	\$ 605,338	\$ 18,081	\$ 623,419	\$ 614,177	\$ 20,783	\$ 634,960	\$ 619,123	\$ 23,532	\$ 642,655
16															
17 <u>Regulated Capitalization Statistics (%)</u>															
18															
19 Average Debt	54.04%	0.76%	54.80%	54.19%	1.00%	55.19%	54.60%	1.04%	55.64%	55.10%	1.05%	56.15%	55.45%	1.04%	56.49%
20 Preferred Shares	1.69%	-0.03%	1.66%	1.66%	-0.04%	1.62%	1.63%	-0.04%	1.59%	1.61%	-0.05%	1.56%	1.60%	-0.06%	1.54%
21 Average Common Equity	44.27%	-0.74%	43.54%	44.15%	-0.96%	43.19%	43.77%	-1.00%	42.77%	43.29%	-1.00%	42.29%	42.95%	-0.98%	41.97%
22	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

**Q. PUB 2.0**

**At what point did negotiations begin for the purchase of these support structures?  
Which company initiated the negotiations?**

- A. In January 1994, Newfoundland Power and NewTel Communications entered into a Pole Ownership Agreement and a Joint Use Agreement, which together provided for the joint management and shared ownership of all utility pole infrastructure in Newfoundland Power's service territory. The initial 5-year terms of the two agreements expired on December 31, 1999.

In anticipation of the expiry of the initial term of the agreements, the two companies held intermittent and informal discussions to explore ways to improve the management and administration of the joint use of poles. The concept of single ownership of the poles evolved out of these discussions.

Commencing in the summer of 1999, the two companies continued discussions on a more formal basis. During the formal discussions, it was agreed in principle that an arrangement whereby Newfoundland Power would acquire full ownership of all of the poles was desirable. Detailed negotiations of the key terms of such an arrangement were carried out in the late summer and fall of 2000. By December 2000, the two companies had agreed to the fundamental elements of the arrangement, and the detailed negotiation of definitive agreements began, leading to the execution of the Support Structures Purchase Agreement on March 1<sup>st</sup>, 2001.

**Q. PUB 3.0**

**On page 7 of the Direct Evidence, paragraph 3, reference is made to the repeated site visits as a result of the loosening of the guys supporting the pole lines during the installation of the steel strand for the telecommunications cable on the poles. Since January 1, 2000 how many such instances can be documented?**

- A. Newfoundland Power does not formally track such site visits; however, when queried, regional staff readily identified several sites where such work has been performed since January 1, 2000. The table below identifies the locations and provides an approximate estimate of the time involved.

Based on the information in the table, the average occurrence would require an eight-hour workday to resolve. The average daily cost of a two-person line crew is approximately \$600.

Location	Approximate Crew Hours Worked
Connecticut Dr., Stephenville	2
Route 470, Isle-aux-Mort	4
Eastbourne Crescent, St. John's	8
Howley Estates, St. John's	8
Outer Ring Road, St. John's	16
Jacob's Creek, Paradise	4
Trails End, Paradise	8

**Q. PUB 4.0**

**If the design, construction and management of joint use poles are currently being done by Newfoundland Power Inc., in what way will single ownership cause more efficient operations for Newfoundland Power Inc.? Please provide concrete examples, as well as illustrations of how this has not been the case in the past.**

- A.** Single ownership of support structures and a simplified process for the calculation of rentals will result in more streamlined management and administration of the joint use of support structures.

Under the current joint ownership arrangement, detailed tracking of expenditures is necessary to support charges to Aliant for routine maintenance or repair of Aliant-owned poles. Unless an emergency or public safety hazard exists, an engineering technician must correspond with an Aliant counterpart to obtain Aliant's prior approval for the work. This increases the time required to complete a task without adding any value to the work. Further, because of the delays inherent in this process, opportunities may be lost to schedule the work to be performed by a crew that is already working in the area.

When a contractor is engaged to install new poles or to perform tree trimming and brush clearing, the tracking and allocating of costs between Newfoundland Power and Aliant on mixed-ownership pole lines is unduly time-consuming, requiring Newfoundland Power to maintain detailed records of pole ownership on each pole line, and to perform a detailed analysis of contractor invoices and work records for each job. Further, due to the detailed nature of the billing processes, disputes with Aliant often arise, requiring additional investment of time by engineering technicians.

Under the new arrangement, maintenance and repair costs are included in the rental rate, and detailed invoicing is eliminated. The new arrangement will also reduce the need for interaction between the technical staff of the two companies and eliminate the associated duplication of effort and operational delays. It will allow staff to focus instead on improving the efficient performance of value-added work.

The Company has approximately 30 engineering technicians assigned to distribution line design and construction. Their average rate of pay, including overhead and vehicle costs is approximately \$40 per hour. Employing a conservative assumption that the new arrangement will eliminate only one hour per week of unnecessary interaction with Aliant on issues that add no value to the operation and maintenance of the distribution system, the avoided cost would exceed \$60,000 per year.

**Q. PUB 5.0**

- 5.1 On page 3 of the Pre-filed Direct Evidence of Newfoundland Power and in Exhibit 4, reference is made to the survey conducted with respect to the practice of other electrical utilities. Of the seven cases where electrical utilities own all of the Support Structures in their service territory, how many electrical utilities own poles that are used exclusively by the telecommunications company?**
- 5.2 If there are cases where the electrical utility owns poles that are used exclusively by the telecommunications company, are these non-joint use of poles included in the electrical utility's rate base?**
- 5.3 What is the net book value of the 30,027 Aliant non-joint use poles that are subject to this application?**
- 5.4 Does Newfoundland Power presently have any responsibility for maintenance of the non-joint use poles?**

**A.**

- 5.1** None of the respondent electric utilities own the Support Structures used exclusively by the telecommunications company, however, the pole rental fee of \$32 proposed in this Application is approximately double the average of \$15.63 disclosed in the Joint Use Survey.

The efficiencies to be gained by eliminating current duplication of effort on both an administrative and operational basis as described at pp.6 *et seq* of the Direct Evidence and in the Response to Information Request PUB 4.0 can be only be achieved by single ownership of support structures. It is the elimination of the inefficient duplication inherent in both Newfoundland Power and Aliant Telecom owning support structures which is, to a large degree, the justification of the higher \$32 rental rate. This is described in more detail under the title *Non-Joint Use Poles* at p.7 of the Direct Evidence.

- 5.2** See the response to PUB 5.1 above.
- 5.3** The net book value of the 32,027 Aliant non-joint use poles that are subject to this application is \$5,418,000.

The net book value of \$5,418,000 is a combination of 2 values. Firstly, it includes a nominal value of \$1 per pole for 16,500 utility poles that Aliant acquired from Terra Nova Telecommunications Inc. (the "TNT Poles") in 1989. Secondly, it includes 15,527 poles valued at just less than \$348 per pole ( $\$347.88 \times 15,527 = \$5,401,500$ ).

The Facilities Partnership Agreement will provide for a \$32 per year rental fee from Aliant for each of these poles. This \$1,024,864 ( $\$32 \times 32,027$ ) in rental recovery exceeds Newfoundland Power's costs (including its cost of capital) of ownership and maintenance of the non-joint use poles. On a per pole basis, the \$32 per pole per year rental far exceeds the costs associated with the TNT poles. This, in turn, serves to reduce the overall cost of pole ownership borne by Newfoundland Power's customers in their electric rates. This is one of the principal reasons justifying inclusion of the relatively low-cost non-joint use poles in Newfoundland Power's rate base as outlined under Appendix D at pages 3-4 of Response to Information Request PUB 1.0.

- 5.4 As noted at page 6, lines 42 - 45, of the Direct Testimony, Newfoundland Power currently designs and installs all utility poles in its service territory. This includes responsibility for the installation of new non-joint use utility poles and for the replacement of non-joint use structures damaged or destroyed as a result of severe weather conditions or motor vehicle accidents.

Newfoundland Power is responsible for coordinating the engineering and the installation of non-joint use utility poles. Where Aliant is the owner of the structure, Newfoundland Power tracks the cost of labour and materials, and invoices Aliant for the services provided. This detailed tracking and billing process will be eliminated under the proposed arrangement.



**Q. PUB 6.0**

**6.1 On page two of the report of JT Browne Consulting it states that**

For example, for NP the average installed cost of a 40-foot joint use pole is \$896 while the cost of a 35-foot non-joint use pole is \$794. In the case of a telecommunications company, it may be able to get by with a 30-foot pole if it only had to meet its own needs.

In addition, Exhibit 1 states (under the heading "Newfoundland Power Inc. Distribution Poles: General Description) that:

A typical pole is 40 feet long and supports power conductors and communication cables. Poles come in varying lengths and widths to meet special requirements.

What percentage of the non-joint use poles being purchased by Newfoundland Power are:

- (a) 40 feet
- (b) 35 feet, and
- (c) 30 feet.

**6.2 When Newfoundland Power designs poles for its own non-joint use, what percentage of the poles are designed to be:**

- (a) 40 feet:
- (b) 35 feet; and
- (c) 30 feet.

**6.3 If the application is approved, and Newfoundland Power is responsible for design and installation all future Aliant non-joint use poles, what percentage of future non-joint use poles will be:**

- (a) 40 feet;
- (b) 35 feet; and
- (c) 30 feet.

A.

## 6.0 General Overview

Comprehensive accounting detail for support structure costs and attachments to individual support structures is not generally available.

With respect to costs, for example, Newfoundland Power, segregates its treated distribution poles on an annual basis into 2 asset classes: (1) poles up to and including 35 feet in length and (2) poles over 35 feet in length. Typically, pole lengths are in 5 foot increments (although irregular lengths do exist) and pole widths (referred to as pole class) also vary. While the number of poles installed each year is maintained by Newfoundland Power in its plant records, there is no distinction made between joint use and non-joint use poles.

Aliant Telecom accounts for its treated distribution pole costs on an annual basis by the dollar value of total investment, but does not keep accounting record of the number of poles installed each year. Aliant Telecom accounting records like Newfoundland Power records does not distinguish between joint use and non-joint use poles.

Over the history of joint use, a number of means of estimating the total number of poles in the field have been used. Typically, each joint use agreement negotiation included an agreement between Newfoundland Power and Aliant Telecom on the number of joint use poles. While these negotiations reached mutually acceptable estimates of joint use poles, they were acknowledged to have an element of imprecision in them.

The matter of accounting and data limitations has been before the Board in the past. In an award dated October 29<sup>th</sup>, 1991, the Board resolved a number of cost related issues between Newfoundland Power (then, Newfoundland Light & Power Co. Ltd.) and Aliant Telecom (then, Newfoundland Telephone Company Ltd.). A copy of the Board's award is attached to this Response to Information Request PUB-6. At pp. 6-7 of the award, the Board specifically commented upon the accounting systems and estimates or proxies used in joint use administration.

During the late 1980s and early 1990s Newfoundland Power and Aliant Telecom developed a joint use database (the "joint use database") to provide better information on joint use pole ownership and CATV attachments. The joint use database contained more detailed information on joint use poles including pole length, attachments and ownership. The chief deficiencies of the joint use database were that it had incomplete information regarding non-joint use poles and it was extremely expensive to maintain.

In 1996, as part of an omnibus PUB inquiry into numerous issues between Newfoundland Power and CATV operators relating to the number of CATV attachments, BDO Dunwoody, the Board's consultants, reported that detailed tracking of individual

attachments was an expensive time consuming process (see: Response to Information Request PUB-1.0). Following this, in late 1996, Newfoundland Power concluded agreement with all CATV operators (excluding Glovertown Cable TV) which made the process of attachment determination and billing more cost efficient by use of an agreed upon annual proxy (the annual number of CATV subscribers for each company multiplied by an agreed upon ratio of attachments per subscriber).

From an asset accounting perspective, Newfoundland Power tends to view distribution support structures as more of a single interconnected asset than a group of hundreds of thousands of individual assets. On an operational basis, the distribution power lines which actually deliver electricity to customers tend to be the most common perspective within which support structures are viewed.

- 6.1 Approximately 85% of Aliant Telecom's non-joint use support structures are recorded in the joint use database. Based on the breakdown of pole lengths contained in those records, the estimated breakdown of the 32,027 non-joint use poles by length is as follows:

(a)	40 feet or longer	10%
(b)	35 feet, and	14%
(c)	30 feet or less	76%

- 6.2 Both joint use and non-joint use pole lines are built to the minimum CSA overhead standard CAN3 - C22.3 No.1 - M87. Pole heights must be sufficient to allow for the required clearance above the ground and to provide for the required separation between cables. The length of each pole depends primarily on the conductor and other electrical equipment that will be mounted on the pole. Typically, service poles and secondary structures are 30 feet long, structures supporting primary single-phase and horizontal 3-phase conductors are 35 feet long, and poles supporting primary vertical 3-phase conductors or transformers are 40 feet long. Other factors, such as changes in terrain and the need to route lines across roads, also influence the length of poles to be used in particular circumstances.

The records in the joint use database indicate that the breakdown of Newfoundland Power-owned non-joint use poles by length is as follows:

(a)	40 feet or longer	25%
(b)	35 feet	35%
(c)	30 feet or less	40%

A review of the past three years provides a better indication of current installations by length of poles. For the period of 1998 to 2000 the percentages were as follows:

- |     |                   |     |
|-----|-------------------|-----|
| (a) | 40 feet or longer | 51% |
| (b) | 35 feet           | 24% |
| (c) | 30 feet           | 25% |

Generally, non-joint use poles of Newfoundland Power are increasing in length over time. This is principally driven by the greater safety provided by increased clearances from ground.

- 6.3 The records in the joint use database indicate the following breakdown of Aliant Telecom owned non-joint use poles installed in the period 1998 to 2000:

- |     |                    |     |
|-----|--------------------|-----|
| (a) | 40 feet and longer | 10% |
| (b) | 35 feet and longer | 48% |
| (c) | 30 feet and longer | 42% |

Generally, non-joint use poles of Aliant Telecom are also increasing in length. This is principally the result of the increase in fibre optic installation and the need for greater security provided by increased clearances from ground.

Using the total number of non-joint use poles installed between 1998 and 2000 as a guide, we estimate the percentage of future non-joint use poles (both Newfoundland Power and Aliant Telecom) to be as follows:

- |     |                   |     |
|-----|-------------------|-----|
| (a) | 40 feet or longer | 44% |
| (b) | 35 feet           | 28% |
| (c) | 30 feet           | 28% |

IN THE MATTER OF AN ARBITRATION

BETWEEN

THE NEWFOUNDLAND TELEPHONE  
COMPANY LIMITED. (hereinafter  
referred to as "Newfoundland  
Telephone")

AND

NEWFOUNDLAND LIGHT & POWER  
CO. LIMITED (hereinafter referred to  
as "the Power Company")

Before:

The Board of Commissioners of Public  
Utilities of Newfoundland  
R.E. Good, Chairperson  
L.E. Galway, C.A., M.B.A.,  
Commissioner  
W.W. Thistle, LL.B., C.Arb.,  
Commissioner

Hearing Dates:

September 4, 5, 6, 24 and 26, 1991

At:

St. John's, Newfoundland

Representing the Board:

Sean Hanrahan, LL.B.

Representing Newfoundland  
Telephone Company Ltd.:

Evan Kipnis

Representing Newfoundland  
Light & Power Co. Limited:

Peter Alteen

The Newfoundland Telephone Company Limited (hereinafter called "Newfoundland Telephone") and the Newfoundland Light & Power Co. Limited (hereinafter called the "Power Company") entered a Joint Use Agreement (hereinafter called "the Agreement") effective January 1, 1988, setting out the terms and conditions of the joint use of their respective poles and joint use of buried construction. The Agreement was executed on June 29, 1988. It contained at Schedule "A" a set of Administrative Practices intended to provide for the detailed administration of the Agreement through a Joint Use Committee.

Section 14 of the Administrative Practices required that the parties exchange data annually in order to determine the rental charges owing each other for use of Joint Use Poles. For the period January 1, 1990, to December 31, 1990, the parties exchanged the required data. Newfoundland Telephone indicated in a letter dated 1990 03 13 from Mr. D.L. Hutchens, General Manager - Operations East, that its total number of poles in services as of 1989 12 31 was 68,718, the embedded cost of poles in service was \$23,206,300 and the annual carrying cost factor was 0.2202. Mr. F.M. Swantee, Manager, Distribution Systems and Services, responded on 1990 03 14 asking that this information be revised in accordance with Clause 2.04 of the Agreement and 13.01 of the Administrative Practices. Mr. Swantee provided information concerning the Power Company's data on 1990 05 01. He wrote again to Mr. Hutchens on

1990 12 20 indicating the Power Company could not endorse the calculations provided by Newfoundland Telephone for 1990.

A letter from Mr. A.F. Ryan, President and Chief Executive Officer of the Power Company, to Mr. V.G. Withers, President and Chief Executive Officer of Newfoundland Telephone, dated 1990 12 19 provided the detail as to why the Power Company did not accept the data as presented by Newfoundland Telephone:

"Article 8.01 of the Joint Use Agreement dated January 1, 1988 (the "Agreement") between Newfoundland Telephone Company Limited ("NTC") and Newfoundland Light & Power Co. Limited ("NLP") provides that a tenant utility with attachments on utility poles owned by the other utility shall pay rentals as calculated in Section 14 of the Administrative Practices to the Agreement.

In March, 1990 NTC included the embedded cost of certain utility poles owned by Terra Nova Telecommunications Inc. prior to its amalgamation with NTC on January 1, 1989 (the "TNT Poles") in NTC's calculation of its embedded cost under the Agreement. While NLP expressed its disagreement with NTC on this point, NTC has refused to alter its position. The result of this has been a reduction in the net rentals actually paid by NTC to NLP in 1990 under the Agreement.

By including the embedded cost of the TNT Poles in its embedded cost calculations and paying rentals to NLP based, in part, upon such embedded cost calculations, NTC is failing to properly observe its obligation under Article 8.01 of the Agreement to calculate rentals in accordance with Section 14 of the Administrative Practices. Neither the Agreement generally nor Section 14 of the Administrative Practices in particular allow the embedded cost of the TNT Poles to be

included in the calculation of NTC's embedded cost under the Agreement. NLP considers NTC's failure to calculate rentals as provided in Section 14 of the Administrative Practices to be a default under the Agreement.

In accordance with Article 11.01 of the Agreement, please accept this letter as written notice of NTC's default under the Agreement as described above."

In a response dated December 21, 1990, Mr. Withers disagreed with the allegations that Newfoundland Telephone was in any way in default of its obligations under the Agreement. He maintained the calculation of embedded cost is in accordance with the provisions of the Agreement and with the past practice of the parties. The Telephone Company's view was that there is a dispute between the parties as to the interpretation of the Agreement and, pursuant to Article 18, it sought a reference of the matter to arbitration.

The parties agreed to have the dispute resolved by the Board of Commissioners of Public Utilities and hearings were held over a five-day period. Extensive oral and written evidence was submitted and detailed arguments presented.



Interpretation of the Agreement and the Administrative Practices

The issue that the Board must resolve is rather straightforward viz, in the calculation of rentals the Power Company pays to Newfoundland Telephone, is Newfoundland Telephone entitled to include in its embedded cost calculated the cost associated with certain utility poles owned by Terra Nova Telecommunications Inc., (hereinafter referred to as "Terra Nova Tel") prior to the amalgamation with Newfoundland Telephone on January 1, 1989? This is an important question, since the inclusion of those poles has a significant effect on the net rentals owing between the parties with a difference of \$480,764 in lost revenue to the Power Company in 1990 and \$424,459 in lost revenue in 1991. This difference results from the fact that the inclusion of the Terra Nova Tel's poles increases the total Newfoundland Telephone poles from 45,572 to 68,718 and reduces the embedded cost per pole from \$441.69 to \$310.33. The capping effect of the formula used for rental calculations then has a major impact on the total charge that the Power Company makes for Newfoundland Telephone's use of its poles. There is also an impact on the amount Newfoundland Telephone can collect from the Power Company for use of Newfoundland Telephone's poles.

The Board is faced with the responsibility of interpreting the Agreement reached between the parties and Schedule "A" of the Agreement setting out the Administrative Practices.

There are several critical provisions which will have to be assessed and over which there is a major disagreement between the parties.

Article 8.01 of the Agreement places an obligation on the Tenant, i.e., the party making, applying for or having the permission to make Joint Use of a pole belonging to the other Party, to pay to the Owner, i.e., the party who owns or controls the facility, rentals as calculated in Section 14 - Rentals of Schedule "A." Section 14.01 prescribed how the Annual Carry Charge for Joint Use Pole Units for each party shall be calculated. One component of the formula is the "average embedded cost of a Pole Unit."

Newfoundland Telephone's position is that the poles that had been owned by Terra Nova Tel prior to the amalgamation of the two companies should legitimately be factored into its embedded costs. The Power Company disagrees.

The parties provided considerable evidence as to why the Board should favor their respective positions. We were referred to various provisions of the document and to the practice between the parties as to how embedded costs had been arrived at in the past. There is uncontradicted evidence to show that both parties had included poles other than those in joint use when calculating embedded costs. There is also uncontradicted evidence to the

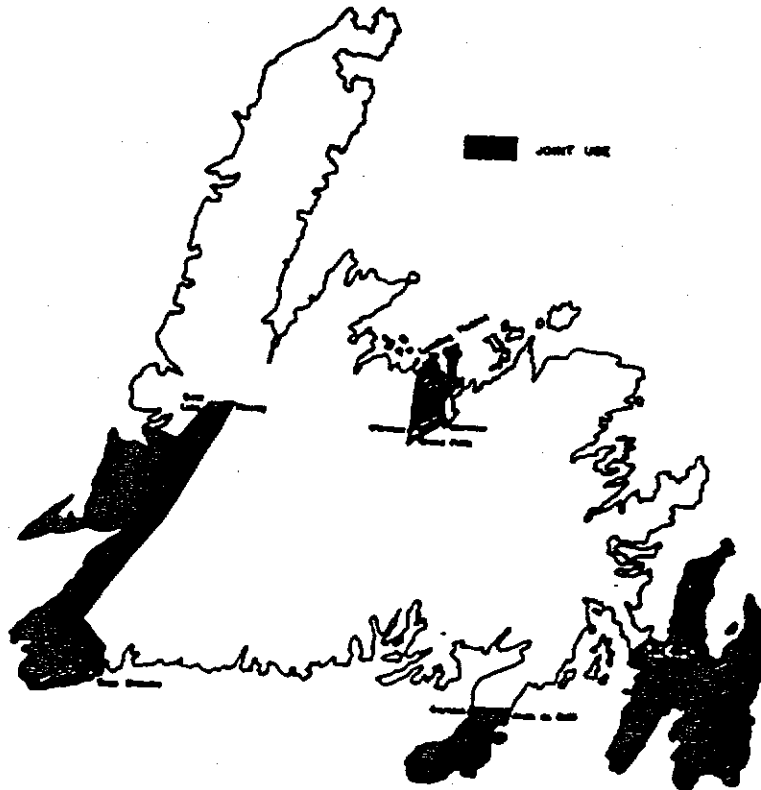
effect that the major reasons why nonjoint use poles were used was that the parties' accounting systems were unable to separate the poles into the categories necessary to determine precisely the cost of joint use poles from the total cost of poles. There was the ability, however, to exclude the untreated wood poles and those not used for distribution and the Power Company had done that. These poles are not used to any extent as joint use poles and this is precisely the case with the Terra Nova Tel poles, only approximately 4 percent of which are in joint use. It must also be noted that the Power Company had data to show that the embedded cost of its universe of poles was sufficiently close to the cost of its joint use poles that that number could serve as a reasonable proxy.

The Board will first look at what the parties had negotiated in their Agreement for joint use. Article 2.04 states the area in which the Agreement is effective:

"This Agreement is effective within the territories described in the Administrative Practices in which both parties operate and distribute their respective services and shall cover all facilities now existing or hereinafter constructed or acquired in the above territories or any territories that may be brought under this Agreement by mutual consent."

Section 13.01 of the Administrative Practices defines the Joint Use Territories:

"The terms and provisions of this agreement shall apply to facilities in the territories of the Province of Newfoundland in which both parties are authorized and empowered to provide service as of the date of this Agreement and as generally outlined in the map below."



There is no dispute that the territory covered by the Terra Nova Tel's operation was not within the area covered by the Joint Use Agreement.

The calculation of the Annual carry charge for Joint Use Pole Units is prescribed in Section 14.01.

"SECTION 14 - RENTALS

14.01      Annual Carrying Charge

The Annual Carrying Charge for Joint Use Pole Units for each Party shall be calculated by multiplying its average embedded cost of a Pole Unit by its annual carrying charge rate except that, in each calendar year, the difference between the annual carrying charge rates of the Parties, and the difference between the average Embedded Costs of the Parties, shall not exceed the following percentage of the lower rate or cost:

<u>FOR THE YEAR</u>	<u>PERCENTAGE</u>
1988	10
1989	7.5
1990	5
1991	5
1992 and subsequent	5

In the event that the actual difference exceeds the above percentage, the Party with the higher rate or cost shall use for its calculations the lower rate or cost plus the above percentage of the lower figure."

It is this section which is at the centre of the parties' dispute. Since the introduction of the use of "embedded costs" as a means of calculating rentals for joint use, both parties have calculated their respective "embedded costs" on the basis of each corporation's total distribution poles with certain adjustments. It is accepted by the parties that the purpose of the rental calculations is to arrive at an equitable division of costs related to joint use. However, neither party's accounting system is able to distinguish costs associated with facilities which are jointly used and those which are not. The various adjustments that were

made were intended to arrive at a reasonable proxy for joint use costs. Newfoundland Telephone did not share the view of the Power Company that a calculation based on the average of all distribution poles was a reasonable proxy for the embedded cost of a joint use pole but it accepted that "Using the total universe of poles was a practical solution ...." and that "Using the total universe of poles provided a mechanism to simplify the administration of the 1979 Agreement and, later, of the Joint Use Agreement." It further acknowledged that the average embedded cost per pole, even though not a reasonable proxy for joint use poles, was what the parties had agreed to use. Mr. Hutchens, General Manager, Operations East with Newfoundland Telephone, gave evidence to the effect that "...looking back at the information of embedded cost, to me, the use of the total distribution system was not a good proxy for joint use poles. But that's hindsight. At the time, obviously, the parties must have seen something different."

With the introduction of the 23,146 Terra Nova Tel's poles at an embedded cost of \$55.57 per pole it became important to determine whether they could be properly used in the total to calculate the "embedded cost of a Pole Unit" for the purpose of the rental rates.

The only provision in the Agreement or the Schedule to help the Board in deciding what goes into the calculation of embedded costs is Section 14.04 of Schedule "A."

"Embedded costs of Joint Use Pole Units (emphasis added) shall include, without limitation, engineering, design and construction costs, land and easement acquisition costs and material, labour and Owner's overhead costs."

There is no Section which provides a corresponding statement for simply "Pole Units." This suggests to the Board quite clearly that when the parties struck their Agreement to direct what went into the embedded cost calculation they were concerned about "Joint Use Poles" not all Pole Units in the universe of each Company's Pole Units with any adjustments they were prepared to make.

Hence, when the parties referred to embedded cost of a Pole Unit in Article 14.01 they could only have been referring to those Pole Units which are in joint use since there was no basis on which to determine what was included in the embedded cost of simply a "Pole Unit."

Newfoundland Telephone argued that Article 2.04 is limited to facilities (and therefore poles) for the purposes of identifying poles on which rental charges would apply. Newfoundland Telephone argued this does not limit poles in other new territories being introduced into the universe of poles used to calculate embedded cost. The Board does not believe this argument to be valid since the Agreement has been based on joint use poles not the universe of poles.

This line of reasoning is quite consistent with other provisions of the Agreement and the Schedule. For example, in Section 13.01 there is a clear statement that the terms and provisions of the Agreement apply to facilities in specified territories. These facilities include, by virtue of Article 1.01, "poles." By logical conclusion, the terms and provisions of the Agreement do not therefore apply to poles or pole units outside the territories in which both parties are authorized and empowered to provide service as of the date of the Agreement. Article 2.04 does permit the parties by mutual agreement to include new territories under the Agreement. In the instant case, there is no doubt that the territory formerly covered by Terra Nova Tel was not brought under the Agreement by mutual consent.

From this analysis, it would appear that the parties foreclosed the possibility that one or the other might amalgamate with another company, then introduce a significant number of Pole Units from territories not covered by the Agreement into the embedded cost calculation and cause a major impact on the net rentals to be paid under the Agreement they had negotiated. If such Pole Units were to be introduced, it would have to be through mutual consent to include under the Agreement any territory other than the territories set out in Schedule 13.01.



Section 3 tends to further support this reasoning. It places emphasis on planning and coordination of facilities. The purpose of planning is set out in Section 3.02 as "....to stabilize this process as much as possible to promote sound long-term decisions and ensure the orderly development of Joint Use Facilities." Five-year construction programs relative to proposed Joint Use Facilities are prescribed in Section 3.01, and Section 3.04 recognizes that it will not be possible to identify and document all Facilities to be constructed within the five-year planning period. However, as such Facilities are identified by a Party, it shall immediately notify in writing and coordinate for Joint Use and each party should then "....organize its resources so as to have the capability of fulfilling its obligations under this Agreement." One such obligation is the requirement to pay rentals for Joint Use Facilities. It would totally undermine the planning concept if either party could, for its own business reasons, amalgamate with another and thereby impose on the other party to the Agreement a significant cost thereby undermining the capability of fulfilling its rental obligations under the Agreement.

Summary

In the result, a close examination of the relevant provisions of the Agreement and the Administrative Practices in Schedule "A" leads to a conclusion that the calculation of embedded costs by Newfoundland Telephone cannot include the costs of the 23,146 Pole Units that had been owned by Terra Nova Tel prior to the amalgamation of the two companies on January 1, 1989. The Agreement restricts embedded costs to the Joint Use Pole Units within the territory prescribed in Section 13.01, since the parties have not reached a mutual agreement to extend the territories. The fact that both had included other than Joint Use Poles is a result of the accounting systems which could not precisely track only the cost of Joint Use Poles. The universe of Pole Units with agreed adjustments was satisfactory to the parties and served as a proxy for the cost of Joint Use Poles.

The parties' failure to insist that embedded costs be strictly restricted to Joint Use Pole Units does not estop them from reverting to each others' strict rights under the Agreement. Article 16.01 provides that the failure of either party to enforce any of the terms or conditions of this Agreement shall not constitute a general or specific waiver or relinquishment of any such terms or conditions but the same shall be and remain at all times in full force and effect.

In consequence, Newfoundland Telephone is ordered to recalculate its embedded costs without reference to the poles previously owned by Terra Nova Tel. The parties had a satisfactory method of computing appropriate embedded costs using their universe of Pole Units with adjustments and the forum of the Joint Use Committee to resolve the details. This process should be engaged to arrive at the appropriate embedded costs.

With respect to interest, the Board orders that Newfoundland Telephone pay to the Power Company interest calculated in accordance with Article 15 of the Agreement upon all amounts properly payable once the embedded costs for Newfoundland Telephone have been recalculated.

The Board concludes that the costs of the arbitration are to be borne and paid equally by the parties, since there are insufficient grounds to direct any other cost apportionment.

IT IS THEREFORE ORDERED THAT:

1. Newfoundland Telephone Company Limited recalculate its embedded costs without reference to the poles previously owned by Terra Nova Telecommunications Inc.
2. With respect to interest, Newfoundland Telephone Company Limited shall pay to the Newfoundland Light & Power Co. Limited interest calculated in accordance with Article 15 of the Agreement upon all amounts properly payable once the embedded costs for Newfoundland Telephone Company Limited have been recalculated.
3. The costs of the arbitration are to be borne and paid equally by the parties.

Dated at St. John's, Newfoundland, this 29th., day of  
October, 1991.

R.E. Good  
R.E. Good,  
Chairperson

L.E. Galway  
L.E. Galway, C.A., M.B.A.,  
Commissioner

W.W. Thistle  
W.W. Thistle, LL.B., C.Arb.,  
Commissioner

Carol Horwood  
Carol Horwood,  
Clerk

**Q. PUB 7.0**

- 7.1 How have the estimated average embedded costs per pole, both for joint use and for non-joint use, shown in Exhibit 9, Page 1 of 1, been derived?**
- 7.2 What does the fixed cost for both joint use and non-joint use poles, as shown in Exhibit 9, include?**
- 7.3 Why has the Average Recovery per pole from CATV, as shown in Exhibit 9, been used to lower the cost to Aliant instead of being used to lower the overall cost per pole?**
- 7.4 If there are in total 125,000 attachments for CATV operators, Page 3 of Direct Evidence, and the rate to be charged by Newfoundland Power for each attachment is \$12.84, Page 5 of Direct Evidence, how can the total revenue from CATV operators for 2001 total \$1.8 million?**
- 7.5 How many of the 125,000 CATV attachments are on:**  
**(a) Newfoundland Power non-joint use poles; and**  
**(b) Aliant non-joint use poles?**

**A.**

- 7.1 The estimated average embedded cost per pole has been derived as shown in Table 1:**

**Table 1**

	<b>Newfoundland Power</b>	<b>Aliant</b>	<b>Total</b>
Embedded Cost	\$118,085,434 <sup>1</sup>	\$63,391,500 <sup>2</sup>	\$181,476,934
Pole Count	178,591	85,375 <sup>3</sup>	263,966
Embedded Cost per Pole	\$661	\$743	\$688
Rounded to			\$700

<sup>1</sup> Estimate of Newfoundland Power's embedded cost of poles as December 31<sup>st</sup>, 2000.

<sup>2</sup> 63,408,000 as shown in Exhibit 6 less 16,500 Terra Nova Tel poles valued at \$1 each.

<sup>3</sup> 101,875 poles purchased from Aliant less 16,500 Terra Nova Tel poles.

The estimate for non-joint use costs is assumed to be 50% of the estimated embedded cost for joint-use structures. The poles that Aliant purchased from Terra Nova Tel have been excluded from embedded cost calculations for joint use since the Board's award in the joint use arbitration dated October 29, 1991 which is included with the Response to Information Request PUB-6.0.

The 16,500 non-joint use poles that Aliant acquired from Terra Nova Tel in 1989 have a nominal value of \$1 each. The Terra Nova Tel poles represent approximately 50% of the non-joint use poles that Newfoundland Power is purchasing from Aliant.

- 7.2 The fixed cost shown in Exhibit 9 includes return on investment, depreciation and income tax. The application of the fixed charge rate to determine the annual cost of investing in plant is consistent with Order No. P.U. 7 (1996-97) which approved Street & Area Lighting Cost of Service & Rate Design and Order No. P.U. 4 (1997-98) which approved the current CIAC Policy and derivation of cost factors.

The individual components of the items included in Exhibit 9 are shown in Table 2 below which is consistent with the assumptions used in the economic analysis prepared and shown in Exhibit 10 which has been submitted to the Board.

Table 2

Cost of money*	Debt	54.08 of 9.18	4.96%
	Preferred	1.83 of 6.33	0.12
	Common Equity	44.09 of 9.59	<u>4.23</u>
			<u>9.31%</u>
Capital recovery factor	(33.0 years)		9.83
Levelized capital cost allowance = $\frac{fIi}{r+i} = \frac{0.0983}{0.0931 + 0.040} \times 100 \times 0.040$			2.95
Levelized debt interest			
Capital recovery factor	(33.0 years)		9.83
Less: Straight line depreciation			<u>3.00</u>
Levelized cost of capital			6.83
Levelized debt interest = $\frac{4.96}{9.31} \times 6.83$			3.64
Income tax:	Capital recovery factor		9.83
	Less: Levelized capital cost allowance		2.95
	Levelized debt interest		<u>3.64</u>
			3.24
Effective Income tax @ 39.5% $\frac{3.24 \times 0.395}{(1.00 - 0.395)}$			2.12
Annual Fixed Charges:			
	Return		9.31%
	Sinking fund depreciation		0.52
	Effective Income tax		<u>2.12</u>
			<u>11.95%</u>
Rounded to			12%

\* Based on estimated 1999 capital structure, embedded cost of debt and preferred and allowable return on common equity.

- 7.3 As pointed out in Exhibit 1 (page 1) the communications space is located below the power conductors and is typically 2 feet (or 600 mm) in length. The communications space accounts for 40% of the allocated cost of a pole and cable television attachments are attached within this space (see: Appendix 2 to Report of JTBrowne). Since the cable attachments are within the communications space on the pole, the revenue from cable attachment is typically attributed to the cost of the communications space as opposed to the cost of the pole.
- 7.4 The CATV revenue forecast includes charges associated with strand charges to CATV operators which is separate from pole rentals.
- 7.5 The number of attachments on Newfoundland Power Non-joint use poles is 4,084 and the number of attachments on Aliant's non-joint use poles is 8,627.



**Q. PUB 8.0**

**8.1 Please provide a breakdown, using the number of poles in each age group, of joint use and non-joint use poles included in Exhibit 6, Page 1 of 1.**

**8.2 Please explain the growth in non-joint use poles, of 1,225 poles shown in Schedule 1, Installation Costs, Page 1 of 1, of the Direct Evidence of Newfoundland Power, for the year 2001.**

**A.**

**8.1** The number of poles by age group has been estimated on the basis of the records maintained in the joint use database described in the Response to Information Request PUB 6.0. The breakdown provided in Table 1 below is an estimate of pole vintages by joint use and non-joint use based upon extrapolations of vintage data from the joint use database.

**Table 1**

**Newfoundland Power Inc.  
Distribution of Poles Purchased from Aliant**

Decade of Construction	Poles		Total
	Non-Joint Use	Joint Use	
1991 – 2000	6,767	24,595	31,362
1981 – 1990	3,905	16,248	20,153
1971 – 1980	2,608	13,001	15,609
1970 & prior	18,747	16,004	34,751
<b>Total</b>	<b>32,027</b>	<b>69,848</b>	<b>101,875</b>

- 8.2 As noted in Exhibit 10, at page 6 of 8, the projections of pole growth for 2001 shown in Schedule I – Installation Costs of Exhibit 10 are based on actual planned capital work for the year.

The planned work for 2001 includes several extraordinary construction projects associated with the installation of new Aliant non-joint use fibre optic lines. Included in these projects are planned fibre optic circuits in the Burin area (estimated 217 non-joint use poles); Grand Falls area (estimated 450 non-joint use poles); and in the Corner Brook area (estimated 520 non-joint use poles). The contribution in aid of construction payable under the Facilities Partnership Agreement by Aliant Telecom in respect of these 3 projects is estimated to be \$605,370 or approximately 60% of the cost of contribution of these projects.

Growth in non-joint use poles in future years is expected to be more in line with historical experience.

**Q. PUB 9.0**

- 9.1 Provide copies of the constating documents for 11003 Newfoundland Inc.**
- 9.2 Provide copies of all agreements between:**
- (a) Newfoundland Power Inc. and 11003 Newfoundland Inc.; and**
  - (b) Aliant Telecom Inc. and 11003 Newfoundland Inc.**

**A.**

- 9.1 This was provided under covering letter of May 31<sup>st</sup>, 2001 in furtherance of an undertaking given by Newfoundland Power on May 30<sup>th</sup>, 2001.**
- 9.2 The only agreement to which 11003 Newfoundland Inc. is a party is filed as Exhibit NP-2 in this proceeding.**

**Q. PUB 10.0**

**10.1 With respect to Schedule A to the Application, provide a breakdown of the \$3,316,000 referred to therein. In particular, indicate the following:**

- a) how much of this amount will be spent on joint use versus non-joint use structures,
- b) the locations at which the work will be performed (joint use and non-joint use, additions and reconstruction),
- c) the reasons for the line extensions,
- d) the number of poles being added (joint use and non-joint use),
- e) the number of poles being replaced (joint use and non-joint use),
- f) the age of the plant being reconstructed or rebuilt, and
- g) the details of the contributions being paid by Aliant Telecom Inc.

**A.**

**10.1**

- (a) The components of the \$3,316,000 total cost of Distribution Additions for 2001 from page 1 of Schedule A of the Application may be found in Exhibit 10, Schedule I. Table 1 below provides a calculation of the total together with references to Schedule I:

**Table 1  
2001 Expenditures**

		<b>Costs</b>	<b>Reference (Schedule I)</b>
Joint Use	Growth	\$887,250	Line 5
	Replacements	994,500	Line 9
<b>Total Joint Use</b>		<b>1,881,750</b>	
Non-Joint Use	Growth	1,048,600	Line 20
	Replacements	385,200	Line 25
<b>Total Non-Joint Use</b>		<b><u>1,433,800</u><sup>1</sup></b>	
<b>Total Expenditures</b>		<b><u>\$3,315,550</u></b>	
<b>Rounded to</b>		<b>\$3,316,000</b>	

<sup>1</sup> Aliant Telecom Inc. will pay contributions totaling \$855,000 to Newfoundland Power Inc. in respect of these additions to property.

- (b) The location of all of the line extensions for 2001 is not known at this point in time. Poles for line extensions are driven by customer growth as new subdivisions are developed during the construction season and the installation of power lines tends to occur later in the year. The locations of the poles required for non-joint use line extensions are identified in the Response to Information Request PUB 8.2.

There are 2,550 joint use poles (see: Exhibit 10, Schedule I, line 7) for reconstruction of existing joint use lines. Included are poles located in St. John's area (estimated 400 joint use poles), Western area (estimated 250 joint use poles), Avalon area (estimated 570 joint use poles), Burin area (estimated 250 poles joint use poles), and Clarendville area (estimated 170 poles joint use poles). As a result of the proposed agreement between Newfoundland Power and Aliant, Newfoundland Power is seeking the approval for the capital cost of 40% of these poles. The Board has already approved 60% of the capital cost of these poles in its approval of Newfoundland Power's 2001 capital budget by Order No. P.U. 24 (2000-2001).

Approximately 100 of the 450 non-joint use poles (see: Exhibit 10, Schedule I, line 24) will be installed in the Cornwall Heights area located in St. John's. The location of the remaining poles to be installed is not yet known.

- (c) New customer growth is the primary reason for line extensions.
- (d) Newfoundland Power estimates 910 (40% of 2,275 poles shown in Exhibit 10, Schedule I, line 3) joint use poles and 1,225 (see : Exhibit 10, Schedule I, line 19) non-joint use poles being added.
- (e) Newfoundland Power estimates 1,020 (40% of 2,550 poles shown in Exhibit 10, Schedule I, line 7) joint use and 450 (see : Exhibit 10, Schedule I, line 24) non-joint use poles being replaced.
- (f) The plant being reconstructed or rebuilt will be of various vintages. Generally older poles will be replaced first, however, there are also times when poles have to be replaced due to severe weather conditions and as a result of damage caused by vehicle accidents.
- (g) Aliant will make a contribution of \$510 for each non-joint use pole it requires (Direct testimony, p. 5, line 2). This contribution along with the \$32 annual rental fee will cover all costs owing to Newfoundland Power as a result of the acquisition. The details of Aliant's contribution for non-joint use poles are shown on Schedule I of Exhibit 10. There will be 1,225 poles (line 19) for growth to which they will contribute \$624,750 (line 21).

450 poles (line 24) will be replaced to which Aliant will contribute 229,550 (line 26).

**Q. PUB 10.0**

**10.1 With respect to Schedule A to the Application, provide a breakdown of the \$3,316,000 referred to therein. In particular, indicate the following:**

- a) how much of this amount will be spent on joint use versus non-joint use structures,
- b) the locations at which the work will be performed (joint use and non-joint use, additions and reconstruction),
- c) the reasons for the line extensions,
- d) the number of poles being added (joint use and non-joint use),
- e) the number of poles being replaced (joint use and non-joint use),
- f) the age of the plant being reconstructed or rebuilt, and
- g) the details of the contributions being paid by Aliant Telecom Inc.

**A.**

**10.1**

- (a) The components of the \$3,316,000 total cost of Distribution Additions for 2001 from page 1 of Schedule A of the Application may be found in Exhibit 10, Schedule I. Table 1 below provides a calculation of the total together with references to Schedule I:

**Table 1  
2001 Expenditures**

		<b>Costs</b>	<b>Reference (Schedule I)</b>
Joint Use	Growth	\$887,250	Line 5
	Replacements	994,500	Line 9
<b>Total Joint Use</b>		<b>1,881,750</b>	
Non-Joint Use	Growth	1,048,600	Line 20
	Replacements	385,200	Line 25
<b>Total Non-Joint Use</b>		<b>1,143,800<sup>1</sup></b>	
<b>Total Expenditures</b>		<b>\$3,315,500</b>	
<b>Rounded to</b>		<b>\$3,316,000</b>	

<sup>1</sup> Aliant Telecom Inc. will pay contributions totaling \$855,000 to Newfoundland Power Inc. in respect of these additions to property.

- (b) The location of all of the line extensions for 2001 is not known at this point in time. Poles for line extensions are driven by customer growth as new subdivisions are developed during the construction season and the installation of power lines tends to occur later in the year. The locations of the poles required for non-joint use line extensions are identified in the Response to Information Request PUB 8.2.

There are 2,550 joint use poles (see: Exhibit 10, Schedule I, line 7) for reconstruction of existing joint use lines. Included are poles located in St. John's area (estimated 400 joint use poles), Western area (estimated 250 joint use poles), Avalon area (estimated 570 joint use poles), Burin area (estimated 250 poles joint use poles), and Clarendville area (estimated 170 poles joint use poles). As a result of the proposed agreement between Newfoundland Power and Aliant, Newfoundland Power is seeking the approval for the capital cost of 40% of these poles. The Board has already approved 60% of the capital cost of these poles in its approval of Newfoundland Power's 2001 capital budget by Order No. P.U. 24 (2000-2001).

Approximately 100 of the 450 non-joint use poles (see: Exhibit 10, Schedule I, line 24) will be installed in the Cornwall Heights area located in St. John's. The location of the remaining poles to be installed is not yet known.

- (c) New customer growth is the primary reason for line extensions.
- (d) Newfoundland Power estimates 910 (40% of 2,275 poles shown in Exhibit 10, Schedule I, line 3) joint use poles and 1,225 (see : Exhibit 10, Schedule I, line 19) non-joint use poles being added.
- (e) Newfoundland Power estimates 1,020 (40% of 2,550 poles shown in Exhibit 10, Schedule I, line 7) joint use and 450 (see : Exhibit 10, Schedule I, line 24) non-joint use poles being replaced.
- (f) The plant being reconstructed or rebuilt will be of various vintages. Generally older poles will be replaced first, however, there are also times when poles have to be replaced due to severe weather conditions and as a result of damage caused by vehicle accidents.
- (g) Aliant will make a contribution of \$510 for each non-joint use pole it requires (Direct testimony, p. 5, line 2). This contribution along with the \$32 annual rental fee will cover all costs owing to Newfoundland Power as a result of the acquisition. The details of Aliant's contribution for non-joint use poles are shown on Schedule I of Exhibit 10. There will be 1,225 poles (line 19) for growth to which they will contribute \$624,750 (line 21).

450 poles (line 24) will be replaced to which Aliant will contribute 229,550 (line 26).

Q. PUB 11.0

- 11.1 A comparison of Other Revenue (Appendix B, p. 1 of 7, line 5, and Appendix D, p. 1 of 7, line 5, Response to Information Request PUB 1.0) for 2001 shows that there would be a decrease of \$556,000 if non-joint use poles were excluded from regulated earnings. In considering 50% of the total number of non-joint use poles, the average revenue for such a pole is \$34.72 (or  $\$556,000 / 16,018$  poles). The average revenue per joint use pole is \$97.35 (or  $\$3,400,000 / 34,924$  poles). If the pole rental charge of \$32.00 per pole is removed from this figure, the revenue from a joint use pole exceeds that from a non-joint use pole by approximately 2300%. Provide an explanation of this variance.

A.

- 11.1 The average incremental revenue per pole of \$34.72 based on the 16,013 non-joint use poles purchased in 2001 (50% of the total of 32,027) is correctly stated in the question. However, the calculation of average revenue per joint use pole of \$97.35 put forth in the question is not correct. The error in the calculation is in applying the annual rental rate to only the joint use poles to be purchased from Aliant in 2001.

Referring to the Facilities Partnership Agreement, the determination of the annual revenue per pole may be calculated by first applying the rental rate of \$32.00 per pole to *all of the poles in Newfoundland Power's service territory to which Aliant is attached* (Billable Pole Units, Schedule "B", page 1 of 3), adjusted by the Transitional Pole Count Adjustment (Schedule B, page 3 of 3), in order to determine the total annual rental fee in respect of joint use and non-joint use poles.

In order to calculate the average revenue per joint use pole, the number of billable joint use poles must first be determined. This requires that the non-joint use poles first be subtracted from the Billable Pole Units ( $211,970 - 32,027 = 179,943$ ). The total of 179,943 joint use poles is also shown in Exhibit 2, page 2 of 2.

The next step is the adjustment of the billable joint use pole count by the Transitional Pole Count Adjustment. This adjustment, in 2001, represents 50% of the Billable Pole Units ( $211,970 \times 50\% = 105,985$ ). Therefore, for the purpose of calculating joint use pole revenue, the Transitional Pole Count Adjustment should be reduced by 50% of the non-joint use poles ( $105,985 - 16,013 = 89,972$ ). The transitional adjustment is then subtracted from the total of 179,943 joint use poles, resulting in a total billable joint use pole count for 2001 of 89,971 ( $179,943 - 89,972$ ).

The correct average revenue per joint use pole is therefore \$37.79 ( $\$3,400,000 / 89,971$  poles).



The average revenue per joint use pole is higher than the average revenue per non-joint use pole by \$3.07. This difference is principally related to the higher proportion of cable television (CATV) attachment revenue associated with the joint use poles. Only 27% of non-joint use poles have CATV attachments, while 65% of joint use poles have such attachments.

**Q. PUB 12.0**

- 12.1 According to the information provided in page 2 of the report by JT Browne Consulting, the installed cost of a 30-foot pole is 82.4% of the cost of a 40-foot pole. Since the capital cost has been used to calculate the average embedded cost, how can it be assumed that the average embedded cost of a non-joint use pole is 50% of the average embedded cost for joint use structures (Exhibit 9, p. 1 of 1 and the Response to PUB-7, p. 1 of 3)?**

**A.**

- 12.1** The chief reason that the average embedded cost of a non-joint use poles is estimated to be 50% of that of a joint use pole is related to the 16,500 non-joint use poles that Aliant acquired from Terra Nova Tel that have a nominal value of \$1 each. These low cost poles, in effect, bring down the average.

The following illustrates this calculation of the estimate for the Aliant non-joint use poles that Newfoundland Power is purchasing.

Estimated cost of an Aliant  
non-joint use pole

$$32,027^1 X = \$743^2 \times 15,527^3 + \$16,500^4$$

$$32,027 X = \$11,553,061$$

$$X = \$360$$

$$\$360/\$700^5 = 51\%$$

Rounded to 50%

1. Number of Aliant non-joint use poles.
2. Aliant's embedded cost per pole (see: Response to PUB-7.1, Table 1).
3. 32,027 total non-joint use poles – the 16,500 Terra Nova Tel poles.
4. Aliant poles purchased from Terra Nova Tel.
5. Average embedded cost (see: Response to PUB-7.1, Table 1).

Table 1 in PUB-8.1 shows that 18,747 of the 32,027 or approximately 58% of the non-joint use poles are over 30 years old. A larger percentage of poles installed in recent years are joint use poles. This will also have the effect of reducing the embedded cost for non-joint use poles as a percentage of joint use poles.

**Q. PUB 13.0**

- 13.1** According to the Response to Information Request PUB 6.1, approximately 76% of the non-joint use poles to be purchased from Aliant (approximately 24,000 poles) are 30 ft. or less. Of these, how many are expected to be used at some future date by Newfoundland Power Inc. in the distribution of electricity? What is the expected time frame for putting these poles into use in this manner?
- 13.2** Of the approximately 8000 poles that remain, how many are expected to be useful in the distribution of electricity? During what time frame?
- 13.3** At the present time, are there generally distribution lines in the areas of non-joint use poles that are used to distribute electricity to the same customers who are being serviced by non-joint use poles? Provide a listing of any areas where there are currently no such distribution lines and indicate how many non-joint use poles are located in these areas.

**A.**

- 13.1** The 24,000 non-joint use poles that are 30ft or less are generally located such that they will unlikely be used by Newfoundland Power in the distribution of electricity. These poles are typically in lines that historically took a different route than Newfoundland Power lines.

In some cases an Aliant non-joint use line will serve as a telecommunications trunk between communities. Newfoundland Power, on the other hand, may use a high voltage transmission line as an electrical trunk between the same two communities. This type of situation exists, for example, between Grand Bank and Point May on the Burin Peninsula. In cases such as this, the transmission circuits are unlikely to ever be accommodated on the Aliant non-joint use line.

In other cases Newfoundland Power has utilized its transmission line poles to support its distribution facilities. For technical reasons Aliant does not often use Newfoundland Power transmission poles to support its telecommunications cables due to the risk to the telecommunications cable created by the high voltage transmission circuits. This is the situation along the Hanson Highway in the Stephenville area.

In still other cases Aliant has poles installed at the back of a subdivision and Newfoundland Power has followed the road right of way and installed a line in the front of the lots in the subdivision. This situation exists in the Cornwall Heights subdivision in St. John's. These types of situations are legacies of historical municipal planning practices and unlikely to occur in today's planning environment.

While existing non-joint use poles of 30ft and shorter lengths are unlikely to be used to any great extent for joint use, the overall proportion of non-joint use poles has been steadily decreasing. In the 10 year period ending in 2000 the percentage of non-joint use poles dropped from 20% to 15%. Newfoundland Power anticipates this trend will continue although not necessarily at the same pace as the last 10 years.

13.2 See 13.1

13.3 In general there are no distribution lines in the areas of non-joint use poles that are used to distribute electricity to the same customers who are being served by non-joint use poles. There are minor exceptions to this in some areas that were previously served by Terra Nova Tel and a limited number of subdivisions in the St. John's area such as Cornwall Heights.

There are no records available to determine the number of non-joint use poles located in areas where there are no distribution lines.

**Q. PUB 14.0**

- 14.1** Article XIX, 19.03 (a) of the Joint Use Agreement, effective January 1, 1994 states that "This Agreement may be terminated by at least twelve (12) months notice in writing...". Has such notice been given of the termination of this agreement? What is the date of this notice? Provide a copy.
- 14.2** What actions under Article XIX, 19.04 have occurred that make the 1994 Joint Use Agreement no longer applicable?

**A.**

- 14.1** Neither Aliant Telecom Inc. nor Newfoundland Power has given written notice to the other of termination pursuant to Clause 19.03 (a) of the Joint Use Agreement. Termination of the Joint Use Agreement is provided for in Clause 9.1 of the Support Structures Purchase Agreement made between Newfoundland Power and Aliant Telecom Inc. as of January 1, 2001.
- 14.2** None of the events itemized in Clause 19.04 of the Joint Use Agreement have occurred.
- However, development of the joint use relationship between Aliant Telecom Inc. and Newfoundland Power Inc. has resulted in a mutual desire that one party, Newfoundland Power, should own and operate utility poles. Exhibit NP-3, a letter from Aliant to Newfoundland and Labrador Hydro is one indication of this.

**Q. PUB 15.0**

**15.1 Provide copies of the approved operating budget of Newfoundland Power Inc., for 2001.**

A. The 2001 operating budget of Newfoundland Power which has been approved by the Company's Board of Directors is reflected in the 2001 proforma income statement contained in Appendix A of Response to Information Request PUB 1.0.

**Q. PUB 15.0**

- 15.1 Provide, using the information provided in the application and the assumptions used in the Response to Information Request PUB 1.0 of the application dated May 8, 2001, the projected income statements, the total revenue requirements, the effect on rate base, the effect on rate of return on rate base, and the rate of return on equity for each of the years from 2001 to 2005 inclusive.**

**A.**

- 15.1 *Appendix A* provides the projected income statements, effect on rate base, the effect on return on rate base, and the rate of return on equity for each of the years 2001 to 2005 inclusive. The assumptions used are those outlined in Response to Information Request PUB 1.0. As well the pole rental rate to Aliant has been increased by the transitional rate adjustment of \$0.50 per pole per annum.**

The incremental effect on revenue requirements for 2001 to 2005 have been prepared and are shown in Exhibit 10 (1<sup>st</sup> revision) pg. 4 Table 1. As stated in the Response to Information Request PUB 1.0, Newfoundland Power cannot ascertain "...the total revenue requirements" as requested because revenue requirements are determined on a prospective or test-year basis in a general rate proceeding and cannot be reasonably ascertained on a pro-forma accounting basis over multiple time horizons.

Newfoundland Power  
Pro-forma  
Income Statement  
( 000s)

Index A  
1 of 7

	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Revenue from Rates	\$ 347,931	\$ -	\$ 347,931	\$ 351,502	\$ -	\$ 351,502	\$ 355,844	\$ -	\$ 355,844	\$ 361,059	\$ -	\$ 361,059	\$ 363,550	\$ -	\$ 363,550
2 Purchased Power	197,861	-	197,861	200,371	-	200,371	203,602	-	203,602	207,371	-	207,371	208,867	-	208,867
3 Contribution	150,070	-	150,070	151,131	-	151,131	152,242	-	152,242	153,688	-	153,688	154,683	-	154,683
4															
5 Other Revenue	2,191	3,445	5,636	2,211	4,934	7,145	2,232	5,738	7,970	2,263	6,560	8,823	2,263	7,388	9,651
6															
7 Operating Expenses	49,562	425	49,987	50,086	431	50,517	51,693	436	52,129	53,250	443	53,693	54,923	448	55,371
8 Depreciation	33,346	779	34,125	35,963	1,119	37,082	37,405	1,315	38,720	39,178	1,512	40,690	40,782	1,711	42,493
9 Finance Charges	27,733	775	28,508	28,347	2,167	30,514	29,425	2,452	31,877	30,123	2,708	32,831	30,733	2,934	33,667
10 Total Expenses	110,641	1,979	112,620	114,396	3,717	118,113	118,523	4,203	122,726	122,551	4,663	127,214	126,438	5,093	131,531
11															
12 Income Before Taxes	41,620	1,466	43,086	38,946	1,217	40,163	35,951	1,535	37,486	33,400	1,897	35,297	30,508	2,295	32,803
13															
14 Provision for Income Taxes	16,200	805	17,005	17,860	583	18,423	15,935	636	16,571	13,731	746	14,477	12,303	901	13,204
15															
16 Net Income	25,420	661	26,081	21,086	654	21,740	20,016	899	20,915	19,669	1,151	20,820	18,205	1,394	19,599
17															
18 Preference Dividends	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
19															
20 Earnings Common Shares	\$ 24,794	\$ 661	\$ 25,455	\$ 20,460	\$ 654	\$ 21,114	\$ 19,390	\$ 899	\$ 20,289	\$ 19,043	\$ 1,151	\$ 20,194	\$ 17,579	\$ 1,394	\$ 18,973



Newfoundland Power  
Pro-forma  
Statement of Retained Earnings  
(000s)

Exhibit A  
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	2001			2002			2003			2004			2005		
	<u>Base</u>	<u>Change</u>	<u>Adjusted</u>	<u>Base</u>	<u>Change</u>	<u>Adjusted</u>	<u>Base</u>	<u>Change</u>	<u>Adjusted</u>	<u>Base</u>	<u>Change</u>	<u>Adjusted</u>	<u>Base</u>	<u>Change</u>	<u>Adjusted</u>
1 Balance - Beginning	\$ 179,389	\$ -	\$ 179,389	\$ 185,194	\$ 661	\$ 185,855	\$ 186,665	\$ 1,315	\$ 187,980	\$ 187,066	\$ 2,214	\$ 189,280	\$ 187,120	\$ 3,365	\$ 190,485
2 Net Income for the Period	<u>25,420</u>	<u>661</u>	<u>26,081</u>	<u>21,086</u>	<u>654</u>	<u>21,740</u>	<u>20,016</u>	<u>899</u>	<u>20,915</u>	<u>19,669</u>	<u>1,151</u>	<u>20,820</u>	<u>18,205</u>	<u>1,394</u>	<u>19,599</u>
3	204,809	661	205,470	206,280	1,315	207,595	206,681	2,214	208,895	206,735	3,365	210,100	205,325	4,759	210,084
4															
5 Dividends															
6 Preference Shares	626	-	626	626	-	626	626	-	626	626	-	626	626	-	626
7 Common Shares	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>	<u>18,989</u>	<u>-</u>	<u>18,989</u>
8	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615	19,615	-	19,615
9															
10 Balance - End of Period	\$ 185,194	\$ 661	\$ 185,855	\$ 186,665	\$ 1,315	\$ 187,980	\$ 187,066	\$ 2,214	\$ 189,280	\$ 187,120	\$ 3,365	\$ 190,485	\$ 185,710	\$ 4,759	\$ 190,469

	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
<b>Assets</b>															
1 Property Plant & Equipment	\$ 951,985	\$ 21,511	\$ 973,496	\$ 979,072	\$ 30,922	\$ 1,009,994	\$ 1,009,313	\$ 36,328	\$ 1,045,641	\$ 1,037,691	\$ 41,780	\$ 1,079,471	\$ 1,063,918	\$ 47,275	\$ 1,111,193
2 Less: Accumulated Depreciation	417,189	188	417,377	438,359	708	439,067	462,793	1,415	464,208	487,831	2,310	490,141	515,396	3,395	518,791
3	534,796	21,323	556,119	540,713	30,214	570,927	546,520	34,913	581,433	549,860	39,470	589,330	548,522	43,880	592,402
4															
5 Current Assets															
6 Accounts Receivable	35,880	-	35,880	36,054	-	36,054	37,367	-	37,367	38,382	-	38,382	38,660	-	38,660
7 Materials & Supplies	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500	4,500	-	4,500
8 Rate Stabilization Account	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222	4,222	-	4,222
9	44,602	-	44,602	44,776	-	44,776	46,089	-	46,089	47,104	-	47,104	47,382	-	47,382
10															
11 Corporate Income Tax Deposit	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747	6,747	-	6,747
12 Deferred Charges	58,432	-	58,432	60,765	-	60,765	64,183	-	64,183	67,496	-	67,496	71,251	-	71,251
13															
14 Total Assets	\$ 644,577	\$ 21,323	\$ 665,900	\$ 653,001	\$ 30,214	\$ 683,215	\$ 663,539	\$ 34,913	\$ 698,452	\$ 671,207	\$ 39,470	\$ 710,677	\$ 673,902	\$ 43,880	\$ 717,782
15															
<b>Shareholder's Equity &amp; Liabilities</b>															
16															
17															
18 Shareholder's Equity															
19 Common Shares	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321	\$ 70,321	\$ -	\$ 70,321
20 Retained Earnings	185,194	661	185,855	186,665	1,315	187,980	187,066	2,214	189,280	187,120	3,365	190,485	185,710	4,759	190,469
21 Common Shareholder's Equity	255,515	661	256,176	256,986	1,315	258,301	257,387	2,214	259,601	257,441	3,365	260,806	256,031	4,759	260,790
22 Preference Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
23	265,405	661	266,066	266,876	1,315	268,191	267,277	2,214	269,491	267,331	3,365	270,696	265,921	4,759	270,680
24															
25 Debt	320,399	20,662	341,061	326,031	28,899	354,930	334,989	32,699	367,688	341,856	36,105	377,961	344,838	39,121	383,959
26															
27 Current Liabilities															
28 Accounts Payable & Accrued Charges	47,909	-	47,909	49,062	-	49,062	49,997	-	49,997	50,533	-	50,533	51,483	-	51,483
29															
30 Deferred Credits	10,864	-	10,864	11,032	-	11,032	11,276	-	11,276	11,487	-	11,487	11,660	-	11,660
31															
32 Total Liabilities	\$ 644,577	\$ 21,323	\$ 665,900	\$ 653,001	\$ 30,214	\$ 683,215	\$ 663,539	\$ 34,913	\$ 698,452	\$ 671,207	\$ 39,470	\$ 710,677	\$ 673,902	\$ 43,880	\$ 717,782

Newfoundland  
Pro-forma  
Statement of Cashflows  
( 000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
Cash From (Used In) Operations															
1 Net Income	\$ 25,420	\$ 661	\$ 26,081	\$ 21,086	\$ 654	\$ 21,740	\$ 20,016	\$ 899	\$ 20,915	\$ 19,669	\$ 1,151	\$ 20,820	\$ 18,205	\$ 1,394	\$ 19,599
2															
3 Items Not Affecting Cash:															
4 Depreciation	33,346	779	34,125	35,963	1,119	37,082	37,405	1,315	38,720	39,178	1,512	40,690	40,782	1,711	42,493
6 Amortization of Deferred Charges	231	-	231	231	-	231	236	-	236	244	-	244	241	-	241
7 Changes In Non-Cash Working Capital	(1,915)	-	(1,915)	979	-	979	(376)	-	(376)	(480)	-	(480)	672	-	672
8	57,082	1,440	58,522	58,259	1,773	60,032	57,281	2,214	59,495	58,611	2,663	61,274	59,900	3,105	63,005
9															
10 Cash From (Used In) External Financing															
11 Contributions In Aid of Construction	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
12	1,390	-	1,390	1,390	-	1,390	1,500	-	1,500	1,500	-	1,500	1,500	-	1,500
13															
14 Cash From (Used In) Investing															
15 Net Capital Expenditures	(39,005)	(22,102)	(61,107)	(43,102)	(10,010)	(53,112)	(44,472)	(6,014)	(50,487)	(43,806)	(6,069)	(49,875)	(40,771)	(6,121)	(46,892)
17 Increase In Deferred Charges	(8,539)	-	(8,539)	(2,564)	-	(2,564)	(3,652)	-	(3,652)	(3,557)	-	(3,557)	(3,996)	-	(3,996)
18	(47,544)	(22,102)	(69,646)	(45,666)	(10,010)	(55,676)	(48,124)	(6,014)	(54,139)	(47,363)	(6,069)	(53,432)	(44,767)	(6,121)	(50,888)
19															
20															
21 DIVIDENDS															
22 Preference shares	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)	(626)	-	(626)
23 Common shares	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)	(18,989)	-	(18,989)
24	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)	(19,615)	-	(19,615)
25															
26 (Increase) Decrease In Debt	(8,687)	(20,662)	(29,349)	(5,632)	(8,237)	(13,869)	(8,958)	(3,800)	(12,759)	(6,867)	(3,406)	(10,273)	(2,982)	(3,016)	(5,998)
27 Debt, Beginning	(311,712)	-	(311,712)	(320,399)	(20,662)	(341,061)	(326,031)	(28,899)	(354,930)	(334,989)	(32,699)	(367,688)	(341,856)	(36,105)	(377,961)
28 Debt, Ending	<u>\$ (320,399)</u>	<u>\$ (20,662)</u>	<u>\$ (341,061)</u>	<u>\$ (326,031)</u>	<u>\$ (28,899)</u>	<u>\$ (354,930)</u>	<u>\$ (334,989)</u>	<u>\$ (32,699)</u>	<u>\$ (367,689)</u>	<u>\$ (341,856)</u>	<u>\$ (36,105)</u>	<u>\$ (377,961)</u>	<u>\$ (344,838)</u>	<u>\$ (39,121)</u>	<u>\$ (383,959)</u>

	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Plant Investment	\$ 949,382	\$ 21,511	\$ 970,893	\$ 976,519	\$ 30,922	\$ 1,007,441	\$ 1,006,673	\$ 36,328	\$ 1,043,001	\$ 1,035,091	\$ 41,780	\$ 1,076,871	\$ 1,061,497	\$ 47,275	\$ 1,108,772
2															
3 Deduct:															
4 Accumulated Depreciation	417,189	188	417,377	438,359	708	439,067	462,793	1,415	464,208	487,831	2,310	490,141	515,396	3,395	518,791
5 Contributions In Aid of Construction	19,618	-	19,618	19,785	-	19,785	20,030	-	20,030	20,241	-	20,241	20,416	-	20,416
6 Weather Normalization Reserve	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)	(8,752)	-	(8,752)
7	428,055	188	428,243	449,392	708	450,100	474,071	1,415	475,486	499,320	2,310	501,630	527,060	3,395	530,455
8															
9	521,327	21,323	542,650	527,127	30,214	557,341	532,602	34,913	567,515	535,771	39,470	575,241	534,437	43,880	578,317
10 Add: Contributions Country Homes	300	-	300	300	-	300	300	-	300	300	-	300	300	-	300
11															
12 Balance Current Year	521,627	21,323	542,950	527,427	30,214	557,641	532,902	34,913	567,815	536,071	39,470	575,541	534,737	43,880	578,617
13															
14 Balance Previous Year	517,105	-	517,105	521,627	21,323	542,950	527,427	30,214	557,641	532,902	34,913	567,815	536,071	39,470	575,541
15															
16 Average	519,366	10,662	530,028	524,527	25,769	550,296	530,164	32,564	562,728	534,486	37,192	571,678	535,404	41,675	577,079
17															
18 Cash Working Capital Allowance	4,470	21	4,491	4,549	16	4,565	4,599	18	4,617	4,652	20	4,672	4,682	22	4,704
19 Materials And Supplies	3,677	-	3,677	3,677	-	3,677	3,677	-	3,677	3,677	-	3,677	3,677	-	3,677
20															
21 Average Rate Base At Year End	\$ 527,513	\$ 10,683	\$ 538,196	\$ 532,753	\$ 25,785	\$ 558,538	\$ 538,440	\$ 32,582	\$ 571,022	\$ 542,815	\$ 37,212	\$ 580,027	\$ 543,763	\$ 41,697	\$ 585,460

Newfound  
Pro-Forma  
Return on Rate Base Calculation  
(000s)

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	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Net Income	\$ 25,420	\$ 661	\$ 26,081	\$ 21,086	\$ 654	\$ 21,740	\$ 20,016	\$ 899	\$ 20,915	\$ 19,669	\$ 1,151	\$ 20,820	\$ 18,205	\$ 1,394	\$ 19,599
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3	26,120	661	26,781	21,786	654	22,440	20,716	899	21,615	20,369	1,151	21,520	18,905	1,394	20,299
4															
5 <b>ADD:</b>															
6 Interest on Long Term Debt	26,981	-	26,981	26,685	-	26,685	28,129	-	28,129	29,548	-	29,548	29,220	-	29,220
7 Other Interest	2,089	775	2,864	3,042	2,167	5,209	2,685	2,452	5,137	1,949	2,708	4,657	2,838	2,934	5,772
8 Interest Earned	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)	(1,200)	-	(1,200)
9 Interest Charged To Construction	(368)	-	(368)	(410)	-	(410)	(425)	-	(425)	(418)	-	(418)	(365)	-	(365)
10 Amortization of Debt Discount & Expense	161	-	161	161	-	161	169	-	169	178	-	178	176	-	176
11 Amortization of Capital Stock Issue Expenses	70	-	70	70	-	70	66	-	66	66	-	66	64	-	64
12	27,733	775	28,508	28,348	2,167	30,515	29,424	2,452	31,876	30,123	2,708	32,831	30,733	2,934	33,667
13															
14 Regulated Earnings	53,853	1,436	55,289	50,134	2,821	52,955	50,140	3,351	53,491	50,492	3,859	54,351	49,638	4,328	53,966
15															
16 Average Rate Base	527,513	10,683	538,196	532,753	25,785	558,538	538,440	32,582	571,022	542,815	37,212	580,027	543,763	41,697	585,460
17															
18 Rate of Return on Average Rate Base	10.21%		10.27%	9.41%		9.48%	9.31%		9.37%	9.30%		9.37%	9.13%		9.22%

	2001			2002			2003			2004			2005		
	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted	Base	Change	Adjusted
1 Earnings Applicable To Common Shares	\$ 24,794	\$ 661	\$ 25,455	\$ 20,460	\$ 654	\$ 21,114	\$ 19,390	\$ 899	\$ 20,289	\$ 19,043	\$ 1,151	\$ 20,194	\$ 17,579	\$ 1,394	\$ 18,973
2 Non-Deductible Expenses (Net of Tax)	700	-	700	700	-	700	700	-	700	700	-	700	700	-	700
3															
4 Regulated Earnings	\$ 25,494	\$ 661	\$ 26,155	\$ 21,160	\$ 654	\$ 21,814	\$ 20,090	\$ 899	\$ 20,989	\$ 19,743	\$ 1,151	\$ 20,894	\$ 18,279	\$ 1,394	\$ 19,673
5															
6 Regulated Average Common Shareholder's Equity	258,965	331	259,296	263,303	989	264,292	264,938	1,766	266,704	265,865	2,791	268,656	265,886	4,065	269,951
7															
8 Regulated Rate of Return on Common Equity	9.84%		10.09%	8.04%		8.25%	7.58%		7.87%	7.43%		7.78%	6.87%		7.29%
9															
10 <u>Regulated Capitalization Statistics (\$)</u>															
11															
12 Average Debt	\$ 316,055	\$ 10,331	\$ 326,386	\$ 323,215	\$ 14,450	\$ 337,665	\$ 330,510	\$ 16,350	\$ 346,860	\$ 338,422	\$ 18,053	\$ 356,475	\$ 343,347	\$ 19,560	\$ 362,907
13 Preferred Shares	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890	9,890	-	9,890
14 Average Common Equity	258,965	331	259,296	263,303	989	264,292	264,938	1,766	266,704	265,865	2,791	268,656	265,886	4,065	269,951
15	\$ 584,910	\$ 10,662	\$ 595,572	\$ 596,408	\$ 15,439	\$ 611,847	\$ 605,338	\$ 18,116	\$ 623,454	\$ 614,177	\$ 20,844	\$ 635,021	\$ 619,123	\$ 23,625	\$ 642,748
16															
17 <u>Regulated Capitalization Statistics (%)</u>															
18															
19 Average Debt	54.04%	0.76%	54.80%	54.19%	0.98%	55.18%	54.60%	1.04%	55.64%	55.10%	1.02%	56.13%	55.45%	1.01%	56.46%
20 Preferred Shares	1.69%	-0.03%	1.66%	1.66%	-0.04%	1.62%	1.63%	-0.06%	1.58%	1.61%	-0.05%	1.56%	1.60%	-0.06%	1.54%
21 Average Common Equity	44.27%	-0.73%	43.54%	44.15%	-0.95%	43.20%	43.77%	-0.99%	42.78%	43.29%	-0.98%	42.31%	42.95%	-0.95%	42.00%
22	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%

**Q. PUB 16.0**

**16.1 Provide a copy of the Joint Use Facilities Partnership Agreement that clearly indicates all the changes that have been made to the Facilities Partnership Agreement that was filed with the Board with the application dated May 8, 2001.**

**A.**

16.1 Enclosed is a copy of the Joint Use Facilities Partnership Agreement with the black-lined changes that have been made to the Facilities Partnership Agreement filed with the Board with the application dated May 8, 2001.

**THIS JOINT USE FACILITIES PARTNERSHIP AGREEMENT** made at St. John's, in the Province of Newfoundland, as of the 1<sup>st</sup> day of January, 2001.

**BETWEEN:** **NEWFOUNDLAND POWER INC.**, a corporation existing under the laws of the Province of Newfoundland,

hereinafter called "NP"

**AND:** **ALIANTELECOM INC.**, a corporation amalgamated under the laws of Canada,

hereinafter called "Aliant"

**WHEREAS** pursuant to the provisions of a Support Structures Purchase Agreement dated as of January 1, 2001, NP became the owner of those of Aliant's former support structures located within the Service Territory that are jointly used by NP and Aliant;

**WHEREAS** the access to and the use and service of the support structures were formerly governed under and pursuant to the provisions of the JUA;

**WHEREAS** the Parties now agree that the access to and the use and enjoyment of the Support Structures and the control of the Communication Space by Aliant are to be governed by and under the provisions of this Agreement;

**WHEREAS** this Agreement provides for full access by Aliant to all Poles, Anchors, Guys, Grounding Systems, pole cribs, messenger strands, related hardware and related easements, rights of way and other interests in real property owned by NP, including but not limited to, those formerly owned by Aliant, upon such terms as will provide Aliant with the same rights to and control of the Communication Space, other than ownership, as Aliant enjoyed as the beneficial owner under the provisions of the JUA;

**WHEREAS** this Agreement also provides for NP to construct, operate and maintain, and to provide all related administration with respect to all existing and future Support Structure requirements of Aliant in the Service Territory;

**WHEREAS** NP and Aliant agree to execute and deliver this Agreement, which reflects NP as the owner and operator of the Support Structures and Aliant as having control of the Communication Space and full access to the Support Structures;

**THIS AGREEMENT WITNESSES THAT** in consideration of the premises and of the mutual covenants in this Agreement and the sum of One Dollar (\$1.00) paid by each Party to the other on or before the execution and delivery of this Agreement (the receipt and sufficiency of which by each Party is acknowledged), the Parties covenant and agree with each other as follows:



**ARTICLE I**  
**DEFINITION OF TERMS**

1.01 The following definitions shall apply in this Agreement and the Administrative Practices attached as Schedule "A" Schedules unless the context clearly requires otherwise:

~~(1) **Accumulated Depreciation** means depreciation calculated on the Support Structures using Equal Life Group (ELG) depreciation procedures used by Aliant in 2000 including estimates of the depreciation parameters of average service life and survivor curve;~~

(1) **Administrative Practices** means Schedule "A" to this Agreement;

(2) **Agreement** means this Joint Use Facilities Partnership Agreement;

(3) **Aliant-only** means, in reference to Poles and Occupied Pole Units, those poles and Occupied Pole Units that are owned by 11003 Newfoundland Inc.;

(4) **Anchor** means the physical components, excluding Guys, used for anchoring a Pole;

(5) **Annual Rental Fee** means the total rentals payable by Aliant to NP pursuant to this Agreement in respect of a calendar year;

(6) **Annual Rental Rate** means the annual rental rate per Pole Unit;

(7) **Application** means a written request for a Permit made in accordance with the provisions of the Administrative Practices;

(8) **Attachment** means any cable, wire, material, apparatus or fixture attached to a Pole;

(9) **Billable Third Party Revenue** means the combined revenue from Third Party Attachments on Aliant-only Poles and on Poles owned by NP;

(10) **Board** means the Board of Commissioners of Public Utilities of Newfoundland or any successor body exercising similar jurisdiction;

(11) **Business Day** means any day, other than Saturday or Sunday or a statutory or civic holiday, on which major Canadian chartered banks in the City of St. John's, in the Province of Newfoundland, are open for business;

~~(11) **CATV Company** means a person licensed by the CRTC to distribute cable television or telecommunication signals with Attachments to the Support Structures;~~

(12) **Closed Period** has the meaning as set forth in Clause 20.01(c);

- (13) **Communication Space** means that area of the Pole, no less than two feet in length, to which Aliant affixes its Attachments and of which Aliant maintains control, including the right to approve Third Party access in accordance with this Agreement and the Administrative Practices, and which area adequately provides for vertical design clearances and separations in accordance with CSA Standard CAN3 – C22.3 no.1 – M87, clause 4, providing for adequate clearances for power conductors, between power and communication conductors in the span, between communication cables and the ground and adequate safe working space;
- (14) **Control Cable** means a cable used by NP to transmit telecommunications signals for the control and operation of the power system;
- (15) **CSA** means the Canadian Standards Association, its successors and assigns;
- (16) **CRTC** means the Canadian Radio-Television and Telecommunications Commission or any successor body exercising similar jurisdiction;
- (17) **Distribution Pole** means a Pole Unit recorded in NP's general ledger under the distribution plant class;
- (18) **Effective Date** means January 1, 2001;
- (19) **Extension** means a new Pole or Pole Line constructed to serve a new customer;
- (20) **GDPPI** means the Gross Domestic Product Fixed Weight Price Index for Canada as published from time to time by Statistics Canada;
- (21) **Governing Body** means any body having legislative or regulatory powers affecting either of the Parties, including, without limitation, the Board, the CRTC, and federal, provincial, municipal or other authority having jurisdiction over either Party or its business, including bodies acting under legislative authority with respect to the maintenance or improvement of public highways or other public places;
- (22) **Grounding System** means the ground rod or ground coil, wire and all physical components required to connect the neutral conductor to earth;
- (23) **Guy** means a cable used to attach a Pole to an Anchor for the purpose of providing physical support to the Pole;
- (24) **Joint Use** refers to a Support Structure that supports the Attachments, or will support the planned Attachments, of both Parties;

- (25) **JUA** means the agreement dated as of January 1, 1994 made between Newfoundland Telephone Company Limited and Newfoundland Light & Power Co. Limited and entitled "Joint Use Agreement";
- (26) **Line Clearing** means the provision of adequate clearance from tree interference for all circuits supported by Support Structures and includes items such as, but not limited to, under-brushing, tree removals, gabling or guying of trees, pruning or trimming, application of chemical herbicides, treatment of cuts and disposal of debris;
- (27) **Net Book Value** means the ~~booked investment~~net book value of the Support Structures ~~applying the accounting methodology used by Aliant in 2000 less Accumulated Depreciation;~~calculated in accordance with Schedule "C" of this Agreement;
- (28) **Non Joint Use** refers to a Support Structure that supports the Attachments of only one Party;
- (29) **Party** means a party to this Agreement;
- (30) **Permit** means the instrument in writing by which NP authorizes the Joint Use of a Support Structure in accordance with the Administrative Practices;
- (31) **Pole** means, with the exception of an Aliant-only Pole, a utility pole owned by NP and used to distribute electrical power ~~or telecommunication signals;~~
- (32) **Pole Line** means two or more Poles installed in a sequence;
- (33) **Pole Unit** means a Support Structure;
- (34) **Pole Top Extension** means a device attached to the top of a Pole to increase the effective height of the Pole;
- (35) **Protection Guarantee** means a guarantee related to the operational status of a specified line or apparatus issued by NP's System Control Centre under the Standard Protection Code;
- (36) **Rearrange/Rearrangement** means the removal of Attachments from one position on a Pole and the placing of the same Attachments in another position on the same Pole;
- (37) **Replace/Replacement** means the substitution of a new or different Pole for an existing Pole;
- (38) **Rural Centre** means an area which is not within an Urban Centre;

- (39) **Sacrificed Value** means the costs recovered for Poles prematurely displaced as set forth in the Administrative Practices;
- (40) **Service Pole** means a Pole Unit installed to provide service to a premises and containing only service wire Attachments for that premises;
- (41) **Service Territory** means that portion of the island of Newfoundland where NP operates and distributes its services as of the Effective Date;
- (42) **Standard Protection Code** means NP's set of rules and procedures that govern the safe operation of the electrical power system;
- (43) **Substandard Pole** means any Pole which does not conform to the specifications of the Administrative Practices;
- (44) **Support Structures** means Joint Use Poles, Anchors, Guys, Grounding Systems, pole cribs and related hardware owned exclusively by NP or acquired or constructed by NP and NP, located in the Service Territory;
- (45) **Support Structures Purchase Agreement** means the agreement between the Parties dated as of January 1, 2001, as amended, wherein NP purchased Aliant's Joint Use support structures from Aliant;
- (46) **Support Structures Work Request Form** means the form provided for in the Administrative Practices;
- (47) **System Control Centre** means the location from which the operation of NP's system is controlled;
- (48) **Third Party** means a person, firm or corporation who is not a Party to this Agreement;
- (49) **Third Party Attachments** means the Attachments of a Third Party;
- (50) **Transfer** means the removal of Attachments from one Pole and the placing of the same Attachments on another Pole;
- (51) **Transmission Line** means a power supply circuit operating at a voltage in excess of 25 KV, phase to phase; and
- (52) **Urban Centre** means an area as more particularly defined in Section 4 of the Administrative Practices.

**ARTICLE II**  
**TERRITORY AND SCOPE OF AGREEMENT**

2.01 In accordance with and subject to the provisions of this Agreement the Parties shall:

- (a) co-operate in the planning, design, installation and maintenance of Support Structures with a view to providing maximum economic service advantages to the customers of the respective Parties;
- (b) co-operate in the planning, design and maintenance of easements, rights of way, consents of Governing Bodies and other rights giving ingress to or egress from the Attachments and the Support Structures (the "Easements");
- (c) cooperate in the planning, design and management of the Communication Space;
- (d) continue ~~Joint Use of~~jointly using Support Structures which are ~~jointly~~-used by the Parties as of the Effective Date;
- (e) permit the Joint Use of ~~S~~support ~~S~~structures which are not jointly used by the Parties as of the Effective Date; and
- (f) terminate the ~~Joint Use and Non-Joint Use~~use of Support Structures.

2.02 This Agreement is effective within the Service Territory and shall cover all Support Structures in the Service Territory or Joint Use support structures in any other area which may be brought under this Agreement by mutual consent.

2.03

- (a) NP shall at its expense and for the benefit of Aliant:
  - (i) subject to Clauses 2.04 and 2.05, construct, place, operate, maintain and provide related administration of all Support Structure requirements of Aliant in the Service Territory;
  - (ii) obtain and maintain all Easements in accordance with this Agreement and the Administrative Practices;
  - (iii) ~~other than as is provided in Clause 2.06,~~ for Easements acquired by NP on or after the Effective Date, obtain such Easements jointly in the names of both Parties;

- (iv) where any Non Joint Use Pole of NP, as of the Effective Date, becomes a Joint Use Pole, use commercially reasonable efforts to acquire a joint interest in any Easement giving access to that Pole in the name of Aliant; and
  - (v) supply and install all new messenger strands required by Aliant during the installation of new Poles.
- (b) For greater certainty, notwithstanding the provisions of Clause 2.03(a):
- (i) NP shall not be obliged to obtain new Easements for Aliant for the purpose of providing better or greater access to Support Structures existing as of the Effective Date or any replacement of those Support Structures for maintenance purposes; and
  - (ii) when obtaining Easements from the developer of residential subdivisions or similar planned developments on or after the Effective Date, NP shall obtain a joint Easement in favour of Aliant.

2.04 Except in cases of emergency, NP shall not, without the prior approval of Aliant, place or replace Support Structures within one hundred (100) metres of any telecommunications tower, tower anchor, or associated building at a telecommunications tower site owned by Aliant or used by Aliant in the transmission of telecommunications services.

2.05 Aliant may place or make adjustments to Guys on Support Structures as may be necessary for Aliant's purposes from time to time and shall use reasonable engineering judgment in doing so.

~~2.06 Except as is provided in Clause 2.03 (b) (ii), where a joint Easement cannot be obtained in favour of Aliant, NP shall use commercially reasonable efforts to provide to Aliant an alternate route that is as close in quality as possible to the original proposed route and allows Aliant to gain full access to the Support Structures.~~

2.07 Aliant shall have full access to the Support Structures consistent with this Agreement and shall enjoy the same degree of control of the Communication Space, other than ownership thereof, as Aliant had previously enjoyed as the beneficial owner under the provisions of the JUA.

2.08 Other than is necessary to protect the priority right of Aliant to purchase Support Structures ~~to which Aliant is attached~~ in the event of abandonment or sale by NP of

Support Structures, all other agreements between the Parties for the use of Support Structures in the Service Territory and governed under the provisions of this Agreement are hereby abrogated and annulled.

**ARTICLE III**  
**SUPPORT STRUCTURES COMMITTEE**

- 3.01 The Parties shall establish and maintain a liaison committee to be known as the Support Structures Committee, the responsibilities, constitution, procedures and mandate of which are more fully described in the Administrative Practices.



**ARTICLE IV**  
**SPECIFICATION**

- 4.01 All construction in connection with the Support Structures shall meet the specifications provided for in Section 16 - CONSTRUCTION PRACTICES of the Administrative Practices which are to be based on CSA Standards as a minimum, except where the Parties may mutually agree to make trial installations using new techniques and materials. In the event that new techniques and materials are found to be satisfactory to the Parties, NP and Aliant shall make application to the CSA for approval of those new techniques and materials, so as to remain within CSA standards.
- 4.02 Subject to Clause 4.01 above, the character, design and construction of Attachments is the responsibility of the Party who owns those Attachments, provided that the character, design and construction of those Attachments is consistent with the use of Support Structures by the Parties.

**ARTICLE V**  
**DIVISION OF COSTS**

- 5.01 The cost of erecting and maintaining Support Structures shall be determined and borne by the Parties in the manner described in this Agreement and in the Administrative Practices.
  
- 5.02 Other than as expressly provided in this Agreement, any payment made by Aliant pursuant to this Agreement shall not entitle Aliant to the ownership of any part of the Support Structures for which it has contributed in whole or in part.

**ARTICLE VI**  
**RENTALS AND CAPITAL CONTRIBUTIONS**

6.01

- (a) During the term of this Agreement and any renewal term, Aliant shall pay the rental charges in respect of its Attachments calculated and determined in accordance with the calculation process set out in Schedule "B" of this Agreement. For the first year commencing on the Effective Date, the Annual Rental Rate shall be Thirty-two dollars (\$32.00) per Pole on which Aliant has Attachments, plus a transitional rate adjustment of Fifty cents (\$0.50) per Pole. Commencing with the year beginning January 1, 2002, and for each subsequent calendar year, NP shall calculate the applicable Annual Rental Rate and determine the Annual Rental Fee in accordance with the calculation process set out in Schedule "B" of this Agreement.
- (b) Upon completing the calculation of the Annual Rental Fee, NP shall provide written notification to Aliant, together with the detailed calculations utilized by NP and all supporting information and documentation (the "Rental Notification"), so that Aliant may verify the Annual Rental Rate and Annual Rental Fee in question. NP shall provide the Rental Notification on or before the first day of April in the calendar year for which such rentals are being calculated, failing which Aliant shall have no obligation to pay any increases in the Annual Rental Rate or the Annual Rental Fee for the months preceding receipt of the Rental Notification by Aliant, and the increased Annual Rental Rate or Annual Rental Fee shall only be paid in the remaining months in the calendar year.
- (c) Notwithstanding the foregoing, until Aliant receives the Rental Notification in each calendar year, Aliant shall continue to make monthly payments on the basis of the Annual Rental Fee for the previous year.

6.02

- ~~(a) During the term of this Agreement and any renewal term, Aliant shall pay a capital contribution rate in respect of the construction of each Non Joint Use Pole required by Aliant calculated and determined in accordance with the calculation process set out in Schedule "C" of this Agreement. For the first year commencing on the Effective Date, the capital contribution rate shall be Five hundred and ten dollars (\$510.00) per Non Joint Use Pole constructed for Aliant in accordance with this Agreement. Commencing with the year beginning January 1, 2002, and for each subsequent calendar year, NP shall calculate and determine the applicable capital contribution rate in accordance with the calculation process set out in Schedule "C" of this Agreement.~~

~~(b) Upon completing the calculation of the capital contribution rate, NP shall provide written notification to Aliant, together with the detailed calculations utilized by NP and all supporting information and documentation (the "Capital Contribution Rate Notification"), so that Aliant may verify the appropriateness and calculation of the amount in question. NP shall provide the Capital Contribution Rate Notification on or before the first day of April in the calendar year for which such capital contribution rate is being calculated, failing which Aliant shall have no obligation to pay any increase in the capital contribution rate for the months preceding receipt of the Capital Contribution Rate Notification by Aliant, and the increased capital contribution rate shall only be paid for the remaining months in the calendar year.~~

~~(c) Notwithstanding the foregoing, until Aliant receives the Capital Contribution Rate Notification in each calendar year, Aliant shall make any required capital contribution on the basis of the capital contribution rate for the previous year.~~

### 6.03

- (a) Aliant may, at its own expense, verify the Rental Notification ~~and the Capital Contribution Rate Notification~~ and may attend at NP's head office to review such books, records and information as are reasonably necessary in the opinion of Aliant to make the verifications. Aliant shall observe and maintain the confidentiality of all records of NP and shall not remove any books or records or any copies of the same from NP's head office without NP's permission, which permission shall not be unreasonably withheld. NP shall provide such support as is necessary to allow Aliant to verify the Rental Notification ~~and the Capital Contribution Rate Notification~~.
- (b) In the event that Aliant's verification process results in the identification of any error in the calculation of the Annual Rental Rate, or the Annual Rental Fee ~~or the capital contribution rate~~, NP shall:
  - (i) make the appropriate adjustments and corrections to its records and the accounts between the Parties;
  - (ii) adjust the Annual Rental Rate, or Annual Rental Fee ~~or the capital contribution rate~~ as necessary to rectify the error; and
  - (iii) pay interest to Aliant on any overpayments at the rate of one-twelfth (1/12) of the annual rate determined as the lowest current prime commercial lending rate at the Bank of Montreal plus one percent (1%) for each month or part of a month in issue. Such interest charges shall be compounded at the monthly rate for each month or part month the account remains overdue.

## 6.04

- (a) ~~In the event that a Pole to which Aliant has contributed in accordance with Clause 6.02 becomes a Joint Use Pole, or an electric utility that is not a Party is permitted to place Attachments outside the Communication Space on the Pole, NP shall reimburse Aliant the unamortized portion of Aliant's capital contribution rate for that Pole.~~
- (b) ~~In the event that a Third Party, other than an electric utility, wishes to place Attachments outside of the Communication Space on a Pole to which Aliant has contributed in accordance with Clause 6.02, NP shall obtain a reasonable capital contribution in respect of that Pole from the Third Party and shall pay to Aliant the capital contribution collected.~~

## 6.05

- (a) The number of Poles to be used for the calculation of the Annual Rental Fee shall be the number of Poles with Attachments of Aliant as at December 31, 2000 (the "Occupied Pole Units") and shall be modified annually in accordance with the adjustment mechanisms set out in Schedule "B".
- (b) In the event that NP acquires support structures outside the Service Territory, or other Joint Use support structures, the percentage factor employed in determining the number of Occupied Pole Units as set out in Schedule "B" shall be modified accordingly.

- 6.06 During the initial term and any renewal terms, ~~Aliant-NP shall, at the request of NP, purchase from NP sell to 11003 Newfoundland Inc. any Non-Joint Use Poles from which Aliant-NP removes its Attachments at the Net BookSacrificed Value of those Poles, unless Aliant removes its Attachments from those Poles within one hundred and eighty (180) days of being notified of NP's intention to remove its Attachments from the Poles, provided that if a Third Party has Attachments on the Pole and NP does not relocate the Attachments of the Third Party within one hundred and eighty (180) days of being notified by Aliant of the removal of its Attachments, Aliant shall not be required to purchase that Pole.~~

**ARTICLE VII**  
**THIRD PARTY RIGHTS**

7.01 NP may grant rights and privileges to Third Parties with respect to the Ssupport Sstructures, other than those pertaining to the Communication Space, provided that:

- (a) NP shall not grant rights or privileges for the use of its Ssupport Sstructures outside the Communication Space if those rights or privileges might unduly interfere with the rights and privileges granted to Aliant in this Agreement; and
- (b) other than Third Parties with Attachments as of the Effective Date, NP shall not allow any Third Party to place Attachments without consulting with Aliant with respect to the terms of the Third Party's access.

7.02

- (a) Except as provided in this Article, where a Third Party makes a request to place its Attachments within the Communication Space of existing Support Structures, or other support structures of NP, NP shall process the information from the Third Party in accordance with this Agreement and the Administrative Practices and shall forward that information to Aliant for approval.
- (b) Aliant shall consent to the placement of Attachments by any Third Party within the Communication Space of existing Support Structures, or other support structures of NP, pursuant to this Agreement and the Administrative Practices where such consent is not inconsistent with Aliant's current and anticipated future service requirements ("Service Requirements"). Once a determination is made by Aliant with respect to the Service Requirements, the matter shall be referred back to NP, together with the information required by Clause 7.08. NP shall advise the Third Party of the determination made and, where the placement of the Attachments is to be permitted, NP shall enter into an agreement with the Third Party in a form which recognizes Aliant's control of the Communication Space.
- (c) For greater certainty, NP is not required to forward to Aliant the information specified in Article 7.02 (a) for attachment of subscriber drop wires, transfer of Attachments to Replacement Poles, Attachments to Support Structures, or other support structures of NP, required for new Extensions or Attachments to Non Joint Use Poles where only NP has Attachments, and NP may, subject to this Agreement, allow any Third Party to place Attachments in those instances without the approval of Aliant, provided that the Attachments are placed in accordance with the Administrative Practices.

7.03 In order to facilitate the use by Third Parties of any portion of the Communication Space, the Parties shall:

- (a) consult with one another in the planning and engineering of the appropriate use of the Communication Space;
- (b) receive and consider requests for Attachments within the Communication Space in accordance with this Agreement and the Administrative Practices;
- (c) maintain such records as each deems necessary for the prudent management of the Communication Space;
- (d) undertake the processing of applications and communicate with each other with respect to the Communication Space in accordance with this Agreement and the Administrative Practices;
- (e) subject to Clause 7.04, in the event that NP's existing contracts with Third Parties are to be revised or modified or where NP is entering into contracts with new Third Parties, consult with one another to ensure that the reasonable concerns of Aliant in connection with the management and control of the Communication Space are addressed; and
- (f) undertake such inspections or re-inspections as each deems necessary to ensure compliance by Third Parties to the designed use of the Communication Space.

7.04 NP shall not enter into a revised, modified or new contract with any Third Party upon terms which do not reflect the intention and terms of this Agreement.

7.05 The Parties acknowledge and agree that Aliant has priority access to the Communication Space in order to meet its Service Requirements in all circumstances.

7.06 NP shall use commercially reasonable efforts to ensure that no Third Party places or maintains the placement of Attachments on Poles on terms that do not provide for the Third Party to pay to NP a reasonable share of the annual cost of the Pole, including but not limited to a reasonable share of maintenance and depreciation costs, based upon its use of the Pole in accordance with sound public utility practice.

7.07

- (a) NP shall take all reasonable steps to ensure the appropriate management of the presence of Third Parties in the Communication Space.

- (b) In the event of non-compliance by any Third Party in relation to the designed use of the Communication Space or where a Third Party places Attachments without the necessary consent of Aliant, NP shall use its best efforts to implement corrective measures in consultation with Aliant and shall immediately notify the Third Party in writing of the unauthorized Attachments and the corrective action necessary.
- (c) Should a problem of unauthorized Attachments in the Communication Space exist after one year following the date of execution of this Agreement, NP shall, at the request of Aliant, take such steps, including legal action, as may be necessary to discourage the practice.

- 7.08 Where Aliant determines, in accordance with Clause 7.02 (b), that without modification of the existing Support Structures, or other support structures of NP, the proposed Attachments of Third Parties are inconsistent with Aliant's Service Requirements or the Support Structures, or other support structures of NP, are otherwise unsuitable for the proposed Attachments, Aliant shall advise NP of the work necessary to make the Support Structures, or other support structures of NP, suitable for the proposed Attachments, including the portion of the work to be completed by Aliant and the estimated cost to Aliant of preparing the Support Structures, or other support structures of NP, for the proposed Third Party Attachments in accordance with the Administrative Practices. NP shall pay to Aliant the estimated costs to be incurred by Aliant prior to the commencement of any necessary work.
- 7.09 In the event of an emergency, Aliant shall have priority access to the Support Structures and may, in its discretion, relocate, Rearrange, replace or Transfer the Attachments of any Third Party in the Communication Space or perform any temporary work that may be deemed necessary by Aliant to respond to the emergency.
- 7.10 Should NP be advised or otherwise become aware of damage to Support Structures that may have an effect on Aliant's Attachments, NP shall immediately inform Aliant so that corrective action may be undertaken.
- 7.11 Regardless of any contrary provision in any agreement between NP and a Third Party, and subject to the rights of 11003 Newfoundland Inc., in the event of a sale or abandonment of any of the Support Structures on which Aliant has Attachments, Aliant shall have the first right to purchase the same for the ~~Net Book~~ Sacrificed Value of the Support Structures and otherwise in accordance with the terms of this Agreement.
- 7.12 Except in the case of an emergency when notice cannot be given, NP shall not relocate, Rearrange, replace or Transfer Aliant's Attachments or allow any Third Party to do so



~~without giving notice to Aliant and receiving Aliant's consent~~ the prior approval of Aliant.

- 7.13 Aliant shall assign to NP all of Aliant's right to bill and collect monies from Third Parties with respect to their Attachments on the Support Structures as of and from the Effective Date.
- 7.14 Aliant's rights as set out in this Article shall be exercised in accordance with the requirements established from time to time by any Governing Body.

**ARTICLE VIII**  
**LIABILITIES AND DAMAGES**

8.01 This Agreement is intended for the mutual benefit and protection of the Parties, and non-conformity with this Agreement shall not create any presumption of fault on the part of either Party in favour of any Third Party.

8.02

- (a) Whenever any liability is proven against either or both of the Parties for injuries to or the death of any persons, including employees of either Party, for damages to any property, or for any other damages or injuries arising out of the construction, installation, presence or use of Support Structures under this Agreement, the liability for such damages as between the Parties shall be as follows:
  - (i) where one Party is negligent, that Party shall be wholly liable for the resultant damages; and
  - (ii) where both Parties are negligent, the Parties shall share the liability for the resultant damages in the same proportion that their negligence contributed to the damages.
- (b) Where the Parties are unable to agree upon the proportion of liability, the issue of apportionment of liability between the Parties shall be decided by arbitration as provided in Article XVII – Arbitration.
- (c) In respect of a damage claim which is made against or affects both Parties, the Parties agree to use their best efforts to settle the claim upon reasonable terms agreed to by both Parties. In the event that the proportion of liability for each Party has been agreed upon or decided by arbitration, and the claimant desires to settle upon terms acceptable to one Party but not the other Party, the following shall apply:
  - (i) the Party to which the settlement is acceptable may give written notice to the other Party of its willingness to accept the settlement amount;
  - (ii) if the other Party does not agree to accept the settlement within fifteen (15) days after such notice, the Party which gave the notice (the “Notice Party”) may choose to withdraw from the dispute and the other Party (the “Disputing Party”) shall defend the claim. The Notice Party may choose to defend its own position in the dispute;

- (iii) where the amount of the liability of the Parties, as later agreed upon or determined by an independent court or tribunal, is less than the proposed settlement amount, then the Notice Party shall pay to the Disputing Party its proportion of the proposed settlement amount and its proportion of the costs and expenses of the Disputing Party; and
  - (iv) where the amount of the liability of the Parties, as later agreed upon or determined by an independent court or tribunal, is equal to or greater than the proposed settlement amount, the Disputing Party shall bear all of its own costs and expenses and will reimburse the costs, if any, incurred by the Notice Party after the date of the Notice. The sole responsibility of the Notice Party in that event shall be to pay the amount corresponding to its proportion of the proposed settlement amount.
- (d) In the adjustment between the Parties of any damage claim arising, the liability assumed by the Parties and the calculation of the amount of any settlement under this Clause 8.02 shall include, in addition to the amounts paid to the claimant, all costs, charges and expenses incurred by the Parties or either of them in connection with the damage claim which shall include reasonable solicitor's fees on a solicitor and client basis and other costs and expenses incidental to any suit, action, investigation, claim or proceeding. Such adjustment shall be carried out promptly, and in no event any later than thirty (30) days from the determination or acceptance of liability of either or both of the Parties.
- (e) Any and all liability arising as a result of either Party's negligence in failing to maintain minimum ground clearances required by the CSA standards or this Agreement shall be borne by the negligent Party or Parties in proportion to the negligence of the Party or Parties. All costs associated with repairing/replacing Support Structures damaged as a result of negligence on the part of either Party in failing to maintain minimum ground clearances required by the CSA standards or this Agreement shall be borne by the negligent Party or Parties in proportion to the negligence of the Party or Parties.

## 8.03

- (a) Subject to Clause 8.02, NP shall save, defend, keep harmless and fully indemnify Aliant from and against all claims, demands, proceedings, losses, damages, liabilities and costs, including, without limitation, reasonable solicitor's fees on a solicitor and client basis and other incidental disbursements costs, interest and expenses ("Losses"), which Aliant may sustain, or be put to, on account of injury to or death of any person or persons, or damage to or destruction of any of the property of Aliant, the Parties' Guys in the Communication Space or the property of any other person, arising out of or in respect of use by or presence of Third Parties on any of NP's Poles, as provided in Article VII – Third Party Rights. However, Aliant shall be responsible for its own negligence and for the

negligence of its agents, employees, or representatives for the Losses in the same proportion that the negligence contributed to the Losses.

- (b) Except as provided in Clause 8.03(a) above, in case of damage to the Attachments of Aliant by Third Parties, Aliant is responsible for recovering its own damages.

8.04 Except as provided in this Article VIII, each Party shall bear its own Losses in cases where a claim or demand does not arise from the negligence of the other Party, its agents, employees or representatives.

**ARTICLE IX**  
**DEFAULT AND TERMINATION**

9.01

- (a) Upon default of payment of rentals or other monies required under this Agreement, the Party not in default shall forthwith advise the Party in default by written notice of the default, and if the default continues for thirty (30) days after written notice has been given, the Party not in default may, in addition to any other remedy it may have, elect to terminate this Agreement.
- (b) Within thirty (30) days of the written notice of default pursuant to Clause 9.01 (a), the Party in default may forward to the other Party a written notice of dispute outlining the reason for non-payment, and the dispute shall then be dealt with under the provisions of Article XVII – Arbitration. For greater certainty, when a notice of dispute is given in the requisite time frame, the Party not in default shall not exercise the right of termination of this Agreement as provided in Clause 9.01 (a).
- (c) Nothing contained in this Clause 9.01 shall affect any rights or obligations which either Party may have under the *Public Utilities Act*, R.S.N. 1990, c. P-47, as amended, or the *Telecommunications Act*, S.C. 1993, c. 38, as amended.

9.02 Where either Party defaults in the performance of any work which it is obligated to do under this Agreement, the Party not in default shall forthwith advise the Party in default by written notice of the default, and should the default continue for thirty (30) days after written notice has been given, the Party not in default may elect to do such work, and the Party in default shall pay the other Party one hundred and fifty percent (150%) of the actual cost of the work. For the purpose of ascertaining liability arising out of the work so done, the work shall be deemed to have been completed by the Party in default.

9.03 A default under the Support Structures Purchase Agreement shall be deemed to be a default under this Agreement, and a default under this Agreement shall be deemed to be a default under the Support Structures Purchase Agreement.

9.04 NP may terminate this Agreement if during the initial term or any renewal term Aliant's total Attachments to ~~Joint-Use Poles~~ are reduced to below 170,000 Attachments (the "Termination Threshold"), provided however that the Parties shall adjust the Termination Threshold downward to reflect reductions of Aliant's Attachments from Poles from which NP also removes its Attachments within one year of the date of Aliant's removal of its Attachments. Prior to exercising the right to terminate this Agreement in accordance with this Clause, NP shall establish the number of Attachments, provide written notice to Aliant, and allow Aliant sixty (60) days to verify the number of

Attachments. Disputes in respect of the operation of this Clause shall be settled by arbitration as provided in Article XVII – Arbitration.

9.05 Notwithstanding any other provision of this Agreement, Aliant may terminate this Agreement at any time by providing at least twelve (12) months written notice to NP.

9.06 Notwithstanding any other provision of this Agreement, this Agreement shall terminate effective on the termination of the NJUFPA.

9.06 Upon any termination of this Agreement, other than pursuant to Article XII:

(a) either Party may require confirmation of the number of Poles to which Aliant is attached Support Structures. In the absence of agreement between the Parties as to the appropriate methodology to obtain this confirmation, the Parties shall participate equally in the completion of a Pole count survey and shall share equally in any expenses reasonably incurred in connection with the survey for services rendered by any Third Party;

(b) subject to this Clause, Aliant shall purchase from NP ~~the Non Joint Use Support Structures occupied by Aliant at their Net Book Value and a forty percent (40%) interest in the Joint Use Support Structures at forty percent (40%) of the Net Book Value of the Joint Use Support Structures;~~

~~(c) NP shall transfer to Aliant, at no cost to Aliant:~~

~~(i) all Easements, licences, permits, approvals, consents, certificates, registrations and authorizations, whether governmental, regulatory or otherwise, not jointly held by the Parties, relating to the Support Structures to be purchased by Aliant;~~

~~(ii) all books, records, lists, material, data, manuals and files relating to the Support Structures to be purchased by Aliant; and~~

~~(iii) the right to bill and collect monies from Third Parties with respect to Attachments to the portion of the Support Structures to be purchased by Aliant; and~~

(d) existing Support Structures shall continue to be covered by the provisions of this Agreement including the billing and payment provisions of this Agreement until either:

(i) the use of Support Structures has been discontinued by Aliant; or

- (ii) a new revenue-neutral joint use agreement in relation to Support Structures, using the JUA as a model, is reached between the Parties.

**ARTICLE X**  
**IMPOSSIBILITY OF PERFORMANCE**

10.01 Where the performance by either of the Parties of any of their respective duties and obligations as contained in this Agreement shall to any extent be prevented, restricted, delayed, or interfered with by reason of any of the following:

- (a) war, revolution, civil commotion, riot, acts of public enemies, blockade or embargo, any strike, lockout or other labour difficulty or work stoppage, explosion, epidemic, fire, flood, freeze, severe winter conditions, ice blockage, Acts of God or order of any Governing Body having jurisdiction; or
- (b) the prohibition, restraint, restriction or prevention from installing, constructing or replacing Support Structures or for making available any portion of any such Support Structures by any statute, law, by-law, ordinance, regulation, judgment or by the property rights of Third Parties, or the removal or threat of removal of any Easement, right of way, servitude or other privilege;

the Party unable to perform its duties or obligations shall, on written notice to the other Party, be excused from the performance of the obligations but only to the extent of the period of the prevention, restriction, delay or interference. The provisions contained in this Article shall not apply to the obligations of the Party to pay the amounts required to be paid to the other Party in the manner and at the time provided in this Agreement. Notwithstanding the foregoing, Aliant shall not be liable to pay the Annual Rental Rate for a Support Structure for any period during which Aliant is prevented from using the Support Structure by reason of NP being unable to perform any of its obligations under this Agreement for any reason whatsoever. The Parties shall cooperate in making appropriate adjustments to rentals in this regard. Disputes in respect of the operation of this Clause shall be settled by arbitration as provided in Article XVII – Arbitration.



**ARTICLE XI**  
**ASSIGNMENT OF RIGHTS**

- 11.01 Except as provided in Article XII – Right of First Refusal, and Clause 11.04, neither Party shall assign or otherwise dispose of this Agreement, or its rights under this Agreement, without the written consent of the other Party, which consent shall not be unreasonably withheld.
- 11.02
- (a) Nothing in this Agreement shall prevent or limit the right of NP to mortgage any or all of its property, rights or privileges, and in the case of the foreclosure of such mortgage, its rights and obligations pursuant to this Agreement shall pass to and be acquired and assumed by the purchaser on the foreclosure. Notwithstanding the foregoing, prior to using the Support Structures as secured assets for supplemental financing under its Trust Deed, NP shall ensure that the Trustee accepts this Agreement as a prior encumbrance upon the assets to be used as security for the supplemental financing.
  - (b) In the event that NP becomes aware of a circumstance that could cause a security holder to seek a remedy affecting the Support Structures, NP shall provide written notice of this circumstance to Aliant as soon as is reasonably possible.
- 11.03 Except as provided in Clause 11.04, if shares of a Party are transferred by sale, assignment, operation of law or any other means so as to result in a change in the effective voting or other control of the Party, the change of control will be deemed an assignment of the Agreement and Clause 11.06 will apply. For the purposes of this Clause 11.03, control means:
- (a) the right to exercise a majority of the votes that may be voted at a general meeting of shareholders;
  - (b) the right to elect or appoint, whether directly through the ownership of securities, or indirectly through a trust, agreement or other arrangement, a majority of the directors or other persons who have the right to manage or supervise the management of the affairs or business of the Party; or
  - (c) the possession, directly or indirectly, of the power to direct or control the management and policies of the Party, whether through the ownership of voting securities, by control or otherwise.

- 11.04 Subject to Clause 11.05, change of control or assignment to an entity which is controlled, directly or indirectly by the Party or its parent corporation, or to a corporation that controls the Party, directly or indirectly, shall be permitted without the consent of the other Party. However, written notice of such change of control must be provided to the other Party as soon as possible, and in no event later than fifteen (15) days after the notifying Party becomes aware of such change of control.
- 11.05 Where either Party assigns any of its rights under this Agreement in whole or in part to any subsidiary, affiliate or holding company or as otherwise permitted under Clause 11.04, that Party shall remain bound by the obligations in this Agreement jointly and severally with the assignee, unless otherwise agreed between the Parties.
- 11.06 Where there is a change of control of a Party within the meaning of Clause 11.03, or where either Party violates Clause 11.01, the other Party may, in its discretion, elect to terminate this Agreement, and the provisions of Article 9.06 shall apply. The effective date of termination pursuant to this Clause 11.06 shall be the first January 1st following the change of control which is not less than six months later than the date of the change of control.

**ARTICLE XII**  
**RIGHT OF FIRST REFUSAL**

12.01

- (a) Notwithstanding the provisions of Article XI, in the event that NP is in receipt of a bona fide offer (the "Offer") from a Third Party (the "Offeree") for all or any portion of the Support Structures ~~to which Aliant is attached~~ and NP is prepared to accept the Offer, NP shall promptly provide written notice of the Offer and a complete description of its terms to Aliant. If Aliant is not prepared to consent to the sale or transfer of the Support Structures as contemplated by the Offer, Aliant shall purchase all of the Support Structures that are the subject of the Offer. Aliant shall notify NP in writing of its decision with respect to the Offer within thirty (30) days of receiving the notice of the Offer from NP.
- (b) If Aliant exercises its right of first refusal under this Article:
- (i) Aliant shall purchase the Support Structures in the Offer at Net Book Value;
  - (ii) NP shall transfer to Aliant all related Easements, licenses, permits, approvals, consents, certificates, registrations and authorizations, whether governmental, regulatory or otherwise, not jointly held by the Parties, along with all books, records, lists, material, data, manuals and files with respect to the Support Structures to be purchased by Aliant, at no cost to Aliant;
  - (iii) NP shall transfer to Aliant the right to bill and collect monies from Third Parties with respect to the Support Structures to be purchased by Aliant;
  - (iv) the closing date of the sale of the Support Structures to Aliant shall be within one hundred and eighty (180) days of the notification by Aliant that it will exercise its right to purchase the Support Structures or at such other time as the Parties may agree;
  - (v) the Support Structures shall continue to be covered by the provisions of this Agreement until the completion of the sale of the Support Structures; and
  - (vi) Aliant shall not sell or transfer, or agree to sell or transfer, either directly or indirectly, to the Offeree all or any of the Support Structures that are the subject of the right of first refusal for a period of twenty-four (24) months following the completion of the sale of the Support Structures to Aliant.

**ARTICLE XIII**  
**NOTICES**

## 13.01

- (a) (i) Any notice required to be given under this Agreement shall be in writing and shall be sufficiently given if sent by facsimile transmission or delivered by hand and addressed as follows:
  - (A) if to Aliant:  
Aliant Telecom Inc.  
Fort William Building  
10 Factory Lane  
P.O. Box 2110  
St. John's, NF  
A1C 5H6  
Attention: Corporate Secretary or  
Assistant Corporate Secretary  
Fax: (709) 739-2046
  - (B) if to NP:  
Newfoundland Power Inc.  
55 Kenmount Road  
P.O. Box 8910  
St. John's, NF  
A1B 4B6  
Attention: Corporate Secretary  
Fax: (709) 737-5300
- (ii) A notice sent by facsimile transmission is deemed to have been given on the Business Day following the transmission of the communication.
- (iii) A notice delivered by hand is deemed to have been given on the date of actual delivery.
- (b) Notwithstanding Clause 13.01(a), where the notice is a notice of termination or default, it shall not be effective unless also given from the president of one Party to the president of the other Party.

13.02 Either Party may change its address for notice or the person designated to receive such notice by giving notice in writing of the change to the other Party.

**ARTICLE XIV**  
**INVOICES AND PAYMENTS**

14.01 The Annual Rental Fee shall be calculated in accordance with Article VI – RENTALS ~~AND CAPITAL CONTRIBUTIONS~~ and shall be due and payable in equal consecutive monthly installments on the first of each month.

14.02 NP shall issue to Aliant monthly invoices for rentals in an amount equal to one-twelfth (1/12) of the Annual Rental Fee. The Annual Rental Fee shall become effective on:

- (a) the first day of the calendar year to which the rentals apply; or
- (b) where the Rental Notification pursuant to Clause 6.01 is received by Aliant after the first day of April, as provided in Clause 6.01 (b).

~~14.03 NP shall issue to Aliant an invoice for capital contributions payable pursuant to Clause 6.02 as the same are incurred by Aliant. The capital contribution rate payable per Non Joint Use Pole constructed at Aliant's request shall become effective on:~~

- ~~(a) the first day of the calendar year to which the capital contribution rate applies ; or~~
- ~~(b) where the Capital Contribution Rate Notification pursuant to Clause 6.02 is received by Aliant after the first day of April, as provided in Clause 6.02 (b).~~

14.04

- (a) Except as otherwise provided, accounts shall be deemed overdue if not paid within sixty (60) days after the receipt of an invoice.
- (b) Rental payments pursuant to Clause 6.01 shall be deemed overdue if not paid within thirty (30) days after the receipt of an invoice, except that no interest shall accrue on rental amounts invoiced on the basis of a Rental Notification until sixty (60) days following receipt by Aliant of the Rental Notification.
- (c) Interest is payable on overdue accounts at a monthly rate of one-twelfth (1/12) of the annual rate determined as the lowest current prime commercial lending rate during that month at the Bank of Montreal plus one percent (1%), and shall be compounded at the monthly rate for each month or part month the account remains overdue.
- (d) In the event that Aliant receives the Rental Notification ~~or the Capital Contribution Rate Notification~~ after the first day of April, the date after which Aliant is obliged to pay interest shall be extended by the number of days after the first day of April that Aliant received such invoice.

- (e) Notwithstanding any provision of this Agreement, neither Party shall be required to pay interest on amounts due during the period between the Effective Date and the date of execution-closing of the transaction contemplated by the isSupport Structures Purchase Agreement.

14.05 Subject to this Agreement, Aliant shall make monthly payments to NP as reflected in the most recent monthly invoice provided by NP in accordance with Clause 14.02. The first monthly invoice provided to Aliant on or after receipt by Aliant of the Rental Notification shall include the amount that is the difference between the total of the monthly payments already due in respect of the months from January to March in the calendar year and the total of the applicable monthly amounts payable in accordance with the re-calculated Annual Rental Fee in respect of the months from January to March, provided that the Rental Notification is received by Aliant on or before the first day of April in that calendar year.

~~14.06 Subject to this Agreement, Aliant shall make payments for capital contributions pursuant to Clause 6.02 based on the capital contribution rate reflected in the most recent Capital Contribution Rate Notification. When the Capital Contribution Rate Notification is received by Aliant on or before the first day of April, NP shall issue to Aliant, together with the Capital Contribution Rate Notification, an invoice for the difference between the total of capital contributions payable by Aliant between the 1<sup>st</sup> day of January and the 31<sup>st</sup> day of March and the total of the said capital contributions payable in accordance with the re-calculated capital contribution rate set out in the Capital Contribution Rate Notification.~~

14.07

- (a) Upon completion of work performed by NP, the expense of which is to be borne wholly or in part by Aliant, NP shall deliver to Aliant an invoice showing the work completed and an itemized list of labour, materials and other expenses. In the event that a project is not completed within thirty (30) days, progress billing indicating work completed may be rendered monthly.
- (b) Upon completion of work performed by Aliant, the expense of which is to be borne wholly or in part by NP, Aliant shall deliver to NP an invoice showing the work completed and an itemized list of labour, materials and other expenses. In the event that a project is not completed within thirty (30) days, progress billing indicating work completed may be rendered monthly.

14.08

- (a) Failure by Aliant to make any payment required under this Article XIV within sixty (60) days after receipt of an invoice shall, at the election of NP, constitute a default under this Agreement for the purposes of Clause 9.01(a).
- (b) Failure by NP to make any payment required under this Article XIV within sixty (60) days after receipt of an invoice shall, at the election of Aliant, constitute a default under this Agreement for the purposes of Clause 9.01(a).

- 14.09 Where any payment due by Aliant under this Agreement is received by NP more than sixty (60) days after its due date as a result of a matter of being referred to arbitration, the requirement to pay any interest shall be determined in the arbitration.
- 14.10 NP shall provide to Aliant a monthly statement of account, detailing all invoiced amounts and interest, together with invoice numbers, and payments made by Aliant, for the month in question.
- 14.11 Where, under this Agreement, it is considered advisable by agreement of both Parties, in the interest of economy, to use unit charges as representing the cost of certain operations in lieu of actual costs, nothing in the foregoing terms of this Article XIV shall preclude that practice.
- 14.12 Aliant shall have the right to set off against any monies due and owing to NP under this Agreement the amount of any payment due and owing by NP to Aliant pursuant to Article IV of the Support Structures Purchase Agreement.
- 14.13 All invoices issued in accordance with this Agreement shall specify the amount of Harmonized Sales Tax payable, if any.

**ARTICLE XV**  
**WAIVER OF TERMS OR CONDITIONS**

- 15.01 No amendments or waiver of any terms or conditions of this Agreement shall be binding on the Parties unless consented to in writing by the Parties. No waiver of any term or condition of this Agreement shall constitute a waiver of any other term or condition, nor shall any waiver constitute a continuing waiver unless otherwise provided or agreed.



**ARTICLE XVI**  
**PAYMENT OF TAXES**

- 16.01 NP shall be responsible for the payment of all taxes, rates, assessments and similar charges lawfully levied on the Support Structures and associated interests in real property held either solely or jointly by NP (the "Base Rate"). Any increases to the Base Rate arising solely by virtue of the presence of Aliant's Attachments on Support Structures shall be paid by Aliant to NP within sixty (60) days of receipt by Aliant of an invoice detailing the increases to the Base Rate.

**ARTICLE XVII**  
**ARBITRATION**

17.01

- (a) Where any dispute or difference arises as to any matter or thing relating to or in respect of this Agreement, such dispute or difference shall be referred to arbitration in accordance with the provisions of the *Arbitration Act*, R.S.N., 1990, c. A-14, as amended, and shall be submitted to a sole arbitrator agreed upon between the Parties. The decision of the sole arbitrator shall be final and binding upon the Parties.
- (b) Where the Parties are unable to agree upon a sole arbitrator within seven (7) Business Days of one Party giving written notice to the other Party, the dispute or difference shall be referred to three (3) arbitrators. One (1) arbitrator shall be appointed by each Party, and the remaining arbitrator, who shall be chairman, shall be selected by the arbitrators appointed. The decision of any two (2) arbitrators shall be final and binding upon the Parties.
- (c) Except where the arbitrator determines that a different disposition is appropriate, the cost of arbitration of a matter referred to arbitration shall be borne equally by the Parties.
- (d) Time is of the essence in respect of this Agreement, and any matter referred to arbitration in accordance with this Agreement shall be determined and adjudicated upon as soon as is reasonably possible.

**ARTICLE XVIII**  
**TERM OF AGREEMENT**

18.01 Except as otherwise provided in this Agreement, this Agreement shall continue in force for the period from January 1, 2001 to December 31, 2010 and shall not be terminable during that period.

18.02

(a) Following the expiration of any term of this Agreement, this Agreement shall continue in force for a further ten (10) year renewal term, upon the same terms and conditions as the initial term or upon such other terms and conditions as the Parties may agree, unless written notice of either an intention not to renew the Agreement or an intention to renew the Agreement for a different term or upon different terms and conditions is given by either Party to the other Party, no later than six (6) months before the expiration of the term of the Agreement.

(b) Notwithstanding the foregoing, the Annual Rental Rate for the initial year of a renewal term shall be re-calculated using the same methodology used to calculate the Annual Rental Rate for the previous term of this Agreement (embedded cost per Pole times carrying charge) except that with the exception of:

(i) ~~the embedded cost of the Poles shall be reduced by the total amount of capital contributions paid by Aliant to NP pursuant to Clause 6.02 during the previous term of this Agreement; and~~

(ii) ~~the re-calculated rate shall be adjusted to reflect a notional allocation of Third Party revenues on the basis of a ratio of sixty-two point five per cent (62.5%) for Aliant and thirty-seven point five per cent (37.5%) for NP;~~

provided that the Annual Rental Rate so calculated shall not be greater than the rate derived from using the Annual Rental Rate in effect in year one of the previous term of the Agreement, inflated annually over the previous term by sixty per cent (60%) of GDPPI.

18.03 Following the initial recalculation of the Annual Rental Rate for the first year of any renewal term of this Agreement, the Annual Rental Rate shall be inflated at fifty per cent (50%) of GDPPI for all subsequent years of the renewal term. If GDPPI in any given year is less than zero (0), it shall be deemed to be zero (0) for the purposes of calculating the Annual Rental Rate.

- 18.04 Upon any renewal of this Agreement, either Party may, by written notice to the other Party no later than six (6) months before the expiration of the current term of the Agreement, require confirmation of the number of ~~Poles to which Aliant is attached~~ Support Structures. In the absence of agreement between the Parties as to the appropriate methodology to obtain this confirmation, the Parties shall participate equally in the completion of a Pole count survey and shall share equally in any expenses reasonably incurred in connection with the survey for services rendered by any Third Party.
- 18.05 All other terms of this Agreement shall apply to any renewal unless otherwise agreed upon by the Parties.
- 18.06 In the event that either Aliant or NP elects not to renew this Agreement after the initial term or any subsequent renewal term, the termination provisions in Clause 9.06 shall apply.

**ARTICLE XIX**  
**REGULATORY IMPACT**

19.01 The Parties recognize that Aliant is subject to regulation by the CRTC. Aliant shall provide notice to NP, as soon as possible, of any regulatory hearing scheduled by the CRTC which involves consideration of any term of this Agreement. Subject to Clause 19.03, where the CRTC makes an order affecting any term of this Agreement, this Agreement shall be deemed to be modified to comply with such order.

19.02 The Parties recognize that NP is subject to regulation by the Board. NP shall provide notice to Aliant, as soon as possible, of any regulatory hearing scheduled by the Board which involves consideration of any term of this Agreement. Subject to clause 19.03, where the Board makes an order affecting any term of this Agreement, this Agreement shall be deemed to be modified to comply with such order.

19.03 Where an order of the Board or the CRTC shall result in a modification of any term of this Agreement and the modification affects either:

- (a) Article V - Division of Costs;
- (b) Article VI – Rentals and Capital Contributions; or
- (c) the Support Structures Purchase Agreement;

the Party directly subject to the order of the Governing Body (the "First Party") shall provide written notice of the order to the other Party (the "Second Party") within fifteen (15) days of the filing of the written order. The Second Party shall have the discretion, subject to Clause 19.05, to terminate this Agreement immediately by written notice of termination to the First Party.

19.04 The exercise of the right of termination pursuant to Clause 19.03 may be made by written notice by the Second Party to the First Party within six (6) months from the date when the Second Party became aware of the order, whether as a result of the written notice of the First Party or otherwise. Failure by the Second Party to provide written notice to the First Party within the specified time shall result in the loss of the right to terminate this Agreement pursuant to this Article XIX.

19.05

- (a) The right of termination pursuant to Clause 19.03 may only be exercised in the event that the Second Party has suffered an alteration in its overall position

greater than Five hundred thousand dollars (\$500,000.00) per annum, over the remainder of the term of this Agreement.

(b) For the purpose of this Article XIX - Regulatory Impact, the alteration in a Party's overall position for a year shall be ~~the total of:~~

(i) — the difference between:

- (A) the Annual Rental Fee payable to NP by Aliant for that year as determined as if the order had not been made; and
- (B) the Annual Rental Fee payable to NP by Aliant for that year as determined in compliance with the order;

**ARTICLE XX**  
**NON-COMPETITION**

20.01

- (a) Subject to this Agreement, during the Closed Period, NP shall not, either individually, in partnership or jointly with any person, firm, association, corporation or any other entity, as principal or agent, investor or partner, or in any other manner, directly or indirectly, carry on, be engaged in, or have a financial interest in, or give preferential treatment to any entity in the business of providing telecommunications on the island of Newfoundland in direct competition with Aliant, or its successors and permitted assigns. For greater certainty, neither the provision of support structure services to Third Parties as contemplated by this Agreement nor the use of NP's electrical system by NP or others for the transmission of telecommunications signals shall not be considered to be competition with Aliant for the purposes of this Article.
- (b) During the Closed Period, Aliant shall not, either individually, in partnership or jointly, with any person, firm, association, corporation or any other entity, as principal or agent, investor or partner, directly or indirectly, carry on, be engaged in, or have a financial interest in, or give preferential treatment to any entity in the business of providing electrical power on the island of Newfoundland in direct competition with NP, or its successors and assigns. For greater certainty, neither the provision of telecommunications to Third Parties nor the sale of utility poles to Third Parties pursuant to contractual obligations existing as of the Effective Date, including the negotiated settlement of such contractual obligations upon reasonable terms, shall be considered to be competition with NP for the purposes of this Article.
- (c) For the purposes of this Article, the "Closed Period" shall be defined as the period ~~from the Effective Date until any termination of this Agreement, or the termination of any renewal of this Agreement plus the additional period of the five-year period commencing with the date of execution of this Agreement, plus and additional period of:~~
- ~~(i) twelve (12) months from the termination date, or in the event that such additional period is found by a Court of competent jurisdiction to be unreasonable or unenforceable;~~
  - ~~(ii) nine (9) months from the termination date, or in the event that such additional period is found by a Court of competent jurisdiction to be unreasonable or unenforceable;~~

~~(iii) six (6) months from the termination date, or in the event that such additional period is found by a Court of competent jurisdiction to be unreasonable or unenforceable;~~

~~(iv) zero (0) months.~~



**ARTICLE XXI**  
**GENERAL PROVISIONS**

- 21.01 This Agreement shall enure to the benefit of and shall be binding upon the successors and, subject to Article XI - Assignment of Rights, upon the permitted assigns of the Parties.
- 21.02
- (a) In this Agreement and in the Administrative Practices, the words "Article" and "Clause" shall refer to the specific portions of the Agreement itself, and the word "Section" shall refer to the specific portions of the Administrative Practices.
  - (b) The headings used in this Agreement and in the Administrative Practices are for information purposes only and shall not be construed as part of this Agreement.
- 21.03 The Administrative Practices shall be read in conjunction with each of the Articles contained in this Agreement, provided that in the event of a conflict between any Article and the Administrative Practices, the Article shall prevail. Any additions or amendments to the Administrative Practices shall be subject to the approval of the Parties as outlined in the Administrative Practices and shall have effect from the date specified in the written approval.
- 21.04 Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.
- 21.05 The division of this Agreement into Articles, Sections and Sub-Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.
- 21.06 In this Agreement, words importing the singular number only shall include the plural and vice versa, words importing gender shall include both genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities of any kind whatsoever.
- 21.07 This Agreement and the Support Structures Purchase Agreement constitute the entire Agreement between the Parties with respect to the subject matter of this Agreement and supercedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations,

warranties or other provisions, expressed or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement and the Support Structures Purchase Agreement.

21.08 Time shall be of the essence of this Agreement.

21.09 This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Newfoundland and the applicable federal laws of Canada, and each Party irrevocably submits to the jurisdiction of the Courts of the Province.

21.10 If any provision of this Agreement is determined by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions of this Agreement, and each provision is declared to be separate, severable and distinct.

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

**IN WITNESS WHEREOF** the Parties have caused these presents to be executed in duplicate and their corporate seals to be affixed this       day of       , 2001, attested by the signatures of their respective officers duly authorized in that behalf.

**THE CORPORATE SEAL** of Aliant  
Telecom Inc. was  
affixed in the presence of:

**ALIANTELECOM INC.**

**THE CORPORATE SEAL** of Newfoundland  
Power Inc. was affixed in  
the presence of:

**NEWFOUNDLAND POWER INC.**

## **ADMINISTRATIVE PRACTICES**

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## **SCHEDULE "A"**

### **FACILITIES PARTNERSHIP AGREEMENT ADMINISTRATIVE PRACTICES**

#### **SECTION 1 - GENERAL**

##### **1.01 Introduction**

These Administrative Practices form part of the Facilities Partnership Agreement (the "FPA") and contain policies, price schedules, forms, procedures and specifications essential to the detailed administration and operation of the FPA. The success of the FPA is dependent on a good relationship between the Parties at all levels. This can only be achieved if each Party carries out the intent of the FPA, co-ordinates its work to meet the time schedules outlined and gives work on Support Structures a high priority.

##### **1.02 Transmission Line Poles**

Transmission Line Poles are not part of the FPA and NP is not obligated to permit Attachment. In the event that Transmission Line Poles are used as crossing poles by Aliant, the Parties agree that:

###### **(a) New Joint Use Crossing Beneath Transmission Lines**

Where construction of new Joint Use Support Structures involves crossing under a Transmission Line, an analysis of the practicality and cost between raising Transmission Line structure(s) and going underground will be made by the Parties. If the Parties determine that the Transmission Line structure(s) should be raised, then both Parties will share the cost equally, as they would for an underground duct bank.

###### **(b) Upgrading of Existing Transmission Line Structures for Additional Aliant Clearance.**

Where NP agrees to upgrade existing Transmission Line structures to provide additional clearances required by Aliant, then the work will be carried out by NP and the cost shall be paid by Aliant.

##### **1.03 Circuit Limitations**

These Practices are in accordance with the requirements for Joint Use involving supply circuits operating at a voltage of 25 KV or less phase to phase. In general, Joint Use involving supply circuits exceeding 25 KV phase to phase will not be permitted.

**1.04 Voltage Conversion Co-ordination**

Communication circuit requirements or protection and grounding vary with certain primary voltages and systems. NP shall give Aliant a minimum of sixty (60) days prior written notice of a proposed change in primary voltage or system.

**1.05 Prior Notification of Work on Joint Use Support Structures**

For safety of personnel and security of service, when personnel or contractors of Aliant are tree trimming or performing other activities along existing power lines where workers may come within close proximity of energized power circuits operating at voltages above 750 volts to ground as stipulated in the Occupation Health and Safety Regulations, Aliant must notify NP's personnel daily before and after any work is performed. Notwithstanding the provisions of ARTICLE XIII - NOTICES of the FPA, such notification need not be written notice. Before work begins for the day, Aliant's representative shall notify NP's representative who shall ensure that a Protection Guarantee is established before Aliant starts work. A NP representative shall obtain and hold the appropriate Protection Guarantee in accordance with NP's Standard Protection Code. When work is finished for the day, Aliant's representative shall notify NP's representative who shall ensure that the Protection Guarantee is released. The costs for having a Protection Guarantee established and released shall be borne by NP unless the Protection Guarantee is requested by Aliant or required as a result of work being performed by Aliant on or near Joint Use Pole Lines, in which case Aliant shall bear the cost of the Protection Guarantee.

**1.06 Information Respecting Electrical Faults**

Where Aliant encounters difficulties which may be attributable to an electrical fault, it may request in writing a listing of electrical faults recorded by NP, and NP will provide a written listing to Aliant within thirty (30) days of the request.

## **SECTION 2 – SUPPORT STRUCTURES COMMITTEE**

### **2.01 Responsibilities**

The Parties shall establish and maintain a liaison committee to be known as the Support Structures Committee consisting of four members, of which each of the Parties shall appoint two members, and the Support Structures Committee shall:

- (a) promote and co-ordinate the planning, design, installation and maintenance of Support Structures;
- (b) promote and co-ordinate the planning, design and maintenance of easements, rights of way, consents of Governing Bodies and other rights giving ingress to or egress from the Attachments and Support Structures;
- (c) co-operate in the planning, design and management of the appropriate use of the Communication Space on Poles;
- (d) consider all matters respecting Support Structures and negotiate transactions respecting the institution, continuance or discontinuance of particular Support Structures, however each Party may make its own decisions in accordance with Section 11 - ~~TERMINATION OF JOINT USE OR NON JOINT USE~~;
- (e) negotiate all questions and problems which come under dispute regarding Support Structures and these Administrative Practices;
- (f) initiate such studies, audits, surveys, samples and other activities as may be necessary to formulate, revise and amend the Administrative Practices;
- (g) initiate annual reviews and modifications as required, to the Administrative Practices for the construction, management, preservation and use of Support Structures and the rentals and payments to be made in respect thereof; and
- (h) do such other things as are necessary and advisable to carry out the terms and conditions of the FPA and these Administrative Practices.

### **2.02 Composition**

- (a) Each Party shall notify the other Party in writing of the names of its Support Structures Committee members and of any changes made from time to time.

- (b) Each Party may substitute a representative for a Support Structures Committee member for the purpose of attending a Support Structures Committee meeting.
- (c) Additional personnel may be utilized from time to time to assist the Support Structures Committee.
- (d) Working committees may be established by the Support Structures Committee to act as a task force on special problems.

#### **2.03 Frequency of Meetings**

Meetings of the Support Structures Committee shall be convened quarterly, however, any member may at any time request a meeting on short notice and without formality.

#### **2.04 Decisions**

No decision or recommendation, including the amendment of these Administrative Practices, shall be made unless there is unanimous agreement of all members of the Support Structures Committee.

### **SECTION 3 - PLANNING & CO-ORDINATION**

#### **3.01 Identification of Support Structures**

Each Party is responsible for planning its Support Structures requirements; however, the Parties shall identify and co-ordinate planning for all anticipated Support Structures requirements.

#### **3.02 Purpose of Planning**

No matter how comprehensive the planning effort may be, circumstances may dictate changes in plans or the identification of new requirements. The purpose of planning, however, is to stabilize this process as much as possible to promote sound long term decisions and ensure the orderly development of Support Structures.

#### **3.03 Planning Meetings**

Both Parties, through the Support Structures Committee, shall ensure that:

- (a) two formal joint meetings are held annually to review and update the construction program of each Party relative to proposed Support Structures;
- (b) the personnel of both Parties meet or contact one another as required on individual jobs as they are identified; and
- (c) before each Party approves its budget for the next budget year, it determines as near as possible by discussion with the other Party, the estimated cost of Support Structures to be constructed in that year for either Party.

#### **3.04 Unidentified Support Structures**

Both Parties recognize that it will not be possible to identify and document all Support Structures construction that will be necessary in the future, but as requirements for the construction of Support Structures become known to one Party, it shall immediately notify the other Party in writing and each Party should then organize its resources so as to have the capability of fulfilling its obligations under the FPA and these Administrative Practices.



## **SECTION 4 – APPLICATIONS, PERMITS and SUPPORT STRUCTURES WORK REQUESTS**

### **4.01 Initial Contact**

Where Aliant:

- (a) wishes to place Attachments on a Support Structure;
- (b) wishes to place additional Attachments, or upgrade existing Attachments on a Support Structure; or
- (c) ~~wishes to have Non Joint Use Poles placed;~~

an authorized representative of Aliant shall provide a Support Structures Work Request Form to an authorized representative of NP.

### **4.02 Exception to Procedure**

The procedures in this Section shall not be required where the additional Attachments or upgraded Attachments on a Support Structure would not significantly increase the loading on the Pole.

### **4.03 Application for Permit**

- (a) Where Aliant wishes to obtain a Permit for Attachments other than service wires, it shall apply by a Support Structures Work Request Form, together with a map or schematic layout showing the location of the proposed Attachments, the character of the proposed Attachments including the number and diameter of existing or proposed cable bundles and, where applicable, the existing span lengths.
- (b) Attachment of Aliant's service wires to Support Structures will not require a Permit.
- (c) In case of emergency, oral notification may be given and subsequently confirmed in writing.

### **4.04 Processing of Application from Aliant**

- (a) Where the Application is acceptable to NP with no or only minor additions and/or modifications, NP shall, within the time frames stipulated in Table 4.04a, return an approved copy of the Support Structures Work Request Form to Aliant indicating

that the Support Structures are suitable for the proposed Attachments. The approved Support Structures Work Request Form shall then constitute a Permit giving Aliant the right to use the space for Attachments of the character specified in the Support Structures Work Request Form.

**Table 4.04a**

<b>Scope of Project</b>	<b>Location</b>	<b>Time for return of Application</b>
1 to 10 Pole Attachments	Urban Centre	3 working days
11 to 50 Pole Attachments	Urban Centre	5 working days
1 to 10 Pole Attachments	Rural Centre	5 working days
11 to 50 Pole Attachments	Rural Centre	10 working days
Greater than 50 Pole Attachments	Rural or Urban Centre	15 working days

- (b) Where Aliant makes Application for additional Attachments and the existing Support Structure is unsuitable for the proposed Attachments, NP shall, within the times stipulated in Table 4.04b return a copy of the Support Structures Work Request Form to Aliant indicating that the Support Structure is unsuitable and indicating the additions and modifications that would be required to make the Support Structure acceptable for the proposed use.
- (c) For purposes of establishing return times for NP pursuant to Tables 4.04a and 4.04b, "Urban Centre" means an area within thirty (30) kilometres of NP's regional engineering offices in Stephenville, Corner Brook, Grand Falls, Gander, Clarenville, Salt Pond, Carbonear and St. John's or such other places as may be added or deleted as regional engineering offices by NP from time to time.

**Table 4.04b**

<b>Scope of Project</b>	<b>Location</b>	<b>Time for return of Application</b>
1 to 10 Pole Attachments	Urban Centre	5 working days
11 to 50 Pole Attachments	Urban Centre	10 working days
1 to 10 Pole Attachments	Rural Centre	10 working days
11 to 50 Pole Attachments	Rural Centre	15 working days
Greater than 50 Pole Attachments	Rural or Urban Centre	20 working days

#### **4.05 Request for Third Party Attachments to Support Structures**

##### **(a) Third Party Support Structure Requests Authorized By NP**

Where a Third Party requests to attach to the Support Structures, NP's representative shall complete a Support Structures Work Request Form on behalf of the Third Party and forward the same to Aliant. Notwithstanding the above, a Support Structures Work Request Form shall not be required for:

- (i) attachment of subscriber drop wires;
- (ii) transfer of Attachments to Replacement Poles;
- (iii) attachment to Support Structures required for new extensions. On new construction Third Party Attachments shall be placed at the top of the Communication Space as per SECTION 16 - Construction Practices unless otherwise requested or agreed to by Aliant; and
- (iv) attachment to Non Joint Use Poles where only NP has Attachments. On these Non Joint Use Poles the Third Party Attachments shall be placed at the top of the Communication Space as per SECTION 16 - Construction Practices unless otherwise requested or agreed to by Aliant.

(b) **Third Party Support Structure Requests Authorized By Aliant**

- (i) Where a Third Party requests to attach to existing Support Structures other than those in Section 4.05 (a), NP's representative shall complete a Support Structures Work Request Form on behalf of the Third Party and forward same to Aliant.
- (ii) Where the Application covered by the Support Structures Work Request Form is acceptable to Aliant with no or only minor additions and/or modifications, Aliant shall, within the time frames stipulated in Table 4.04a, return an approved copy of the Support Structures Work Request Form to NP indicating that the Support Structures are suitable for the proposed Attachments. The approved Support Structures Work Request Form shall then constitute a Permit giving NP the right to authorize use of the space by the Third Party for Attachments of the character specified on the Support Structures Work Request Form.
- (iii) Where the existing Support Structures are unsuitable for the proposed Attachments covered by the Support Structures Work Request Form, Aliant shall, within the time frames stipulated in Table 4.04b, return a copy of the Support Structures Work Request Form to NP indicating that the Support Structures are unsuitable and indicating the Make-Ready Work that would be required, and the associated costs of work required by Aliant, to make the Support Structures acceptable for the proposed use.
- (iv) For purposes of establishing return times for Aliant pursuant to Tables 4.04a and 4.04b, "Urban Centre" means an area within thirty (30) kilometres of Aliant's regional engineering offices in Corner Brook, Grand Falls, Gander, Bay Roberts and St. John's or such other places as may be added or deleted as regional engineering offices by Aliant from time to time.

(c) **Payment for Make-Ready Work**

- (i) NP shall pay Aliant for the estimated costs of Make-Ready Work requested by a Third Party prior to the commencement of the work, and NP shall make its own arrangements for the recovery of such costs.
- (ii) In these Administrative Practices, "Make-Ready Work" means all the work required by either Party to prepare existing Support Structures for the installation of new Attachments of either Party or a Third Party.

(d) **Make-Ready Work**

Aliant shall use Table 4.06(2)(ii) as a guideline for the completion of Make-Ready Work as requested by Third Parties.

**4.06 Guideline for Completion of Support Structures Work Requested by Aliant**

The following tables 4.06(a)(i) and 4.06(a)(ii) shall be used as a guideline for completion of Support Structures work requested by Aliant. Table 4.06(a)(i) pertains to the installation of new Poles for the proposed Attachments of Aliant. Table 4.06(a)(ii) pertains to Make-Ready Work required of NP to accommodate the proposed Attachments of Aliant on existing Poles. The time stipulated is from initial notification by a representative of Aliant using the Support Structures Work Request Form as provided in Section 14 – FORMS up to notification of project completion by a representative of NP of the work contemplated using the Support Structures Work Request Form.

**Table 4.06(a)(i) – Guideline for Pole Installations**

<b>Scope of Project</b>	<b>Time for Completion</b>
Service Poles	5 Working Days
1 - 10 Poles	15 Working Days
11 - 20 Poles	20 Working Days
21 - 50 Poles	25 Working Days
51 - 100 Poles	40 Working Days
101 – 200 Poles	60 Working Days
Greater than 200 Poles	80 Working Days

**Table 4.06(a)(ii) – Guideline for Make-Ready Work**

<b>Scope of Project</b>	<b>Time for Completion</b>
1 - 3 Poles	5 Working Days
4 - 10 Poles	10 Working Days
11 - 20 Poles	15 Working Days
21 - 50 Poles	20 Working Days
100 Poles	25 Working Days
Greater than 100 Poles	To be negotiated

NP will make every effort to complete the Support Structures work requests within the time specified. However, should there be a delay caused by Governing Bodies or property owners or other matters beyond the reasonable control of NP, both Parties will work together to reduce the delay. In circumstances where NP cannot meet the guidelines set out in Table 4.06(a)(i), and Aliant is able to meet such guidelines, Aliant may perform the engineering work using its own resources, including the acquisition of any necessary rights of way, such work to be performed at the expense of NP at a rate equal to NP's current charge out rate for engineering services from time to time. Upon receipt of the engineering design from Aliant, NP shall use its best efforts to ensure that completion of the work is expedited by NP's Pole placement contractors.

## **SECTION 5 - ESTABLISHING JOINT USE OF EXISTING SUPPORT STRUCTURES**

### **5.01 Replacement of Poles, Pole Units or Support Structures**

Where there is replacement of Poles, Pole Units or Support Structures, NP shall make any other necessary changes, including Line Clearing in the Pole Line containing the Support Structures, as may be necessary to meet the requirements of SECTION 16 - CONSTRUCTION PRACTICES.

### **5.02 Replacement of Support Structures for Aliant's Attachments**

Where Support Structures brought into Joint Use are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the proposed Attachments of Aliant, and NP replaces the Support Structures, the costs involved in Transferring, Rearranging or removing the Attachments of both Parties shall be paid by Aliant as provided in SECTION 8 - TRANSFER COSTS. Aliant shall also pay to NP the Sacrificed Value for each Support Structure replaced by NP for which Aliant is required by SECTION 8 - TRANSFER COSTS to pay Transfer costs.

### **5.03 Replacement of Support Structures for NP's Attachments**

Where Support Structures brought into Joint Use are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the proposed Attachments of NP, and NP replaces the Support Structures, the costs involved in Transferring, Rearranging or removing the Attachments of both Parties shall be paid by NP as provided in SECTION 8 - TRANSFER COSTS.

### **5.04 Additional Pole Units in Existing Pole Lines**

- (a) Where a Party requires the installation of an additional Pole Unit in an existing Pole Line, that Party must forward a completed Support Structures Work Request Form to the other Party, and:
  - (i) where one Party requires the installation of an additional Pole Unit in an existing Pole Line and the other Party does not require the additional Pole Unit, NP will install the Pole Unit and the Party requiring the additional Pole Unit will pay the costs of placing the Attachments of both Parties; and

- (ii) where both Parties require the installation of an additional Pole Unit in an existing Pole Line, NP shall install the Pole Unit and each Party shall bear its own costs of placing the Attachments.
- (b) In this Section 5.04, an "additional Pole Unit" includes a mid-span Pole Unit if required in a span length between two Pole Units that exceeds 61 metres.
- (c) The Party who did not request the additional Pole Unit is expected to use reasonable engineering judgment in assessing whether it will derive a benefit from the additional Pole Unit. If such Party will derive a benefit from the additional Pole Unit, the Parties shall bear their own costs of attaching to the Pole Unit.

#### 5.05 Requirements for Additional Anchors and Guys

On Non Joint Use Pole Lines built prior to January 1, 2001 that are brought into Joint Use, should the new Attachments of Aliant require the placing of additional Anchors and Guys, the responsibility for the necessary work and the sharing of costs shall be in accordance with Section 7.15.

#### 5.06 ~~Non Joint Use Poles Brought Into Joint Use~~

- ~~(a) In the event that a Pole to which Aliant has contributed in accordance with Clause 6.02 of the FPA becomes a Joint Use Pole, or an electric utility that is not a Party is permitted to place Attachments outside the Communication Space on the Pole, NP shall reimburse Aliant the unamortized portion of Aliant's capital contribution rate for that Pole in accordance with SECTION 15 - PRICE SCHEDULES.~~
- ~~(b) In the event that a Third Party, other than an electric utility, wishes to place Attachments outside of the Communication Space on a Pole to which Aliant has contributed in accordance with Clause 6.02 of the FPA, NP shall obtain a reasonable capital contribution in respect of that Pole from the Third Party and shall pay to Aliant the capital contribution collected.~~

#### 5.07 Installing and Modifying Attachments

- (a) Other than the initial messenger strand and associated Guys, which will be supplied and installed by NP in accordance with Section 6.04, each Party shall supply and install, Transfer, Rearrange and remove its own Attachments on the Poles, including any special equipment such as protection, special crossarms, Guys or other types of construction required to sustain unbalanced loads due to its Attachments. Each Party



shall perform such work promptly and in such a manner as not to interfere with the service of the other Party and at all times in accordance with the provisions of these Administrative Practices.

- (b) Aliant may place or make adjustments to Guys as may be necessary for Aliant's purposes from time to time, and shall advise NP of the placement or adjustment of Guys as soon as reasonably possible.
- (c) In the event that Aliant places Guys, Aliant shall, at the same time, also place necessary Guy guards as determined by Aliant and, once placed, the responsibility for the maintenance of the Guys and Guy guards shall vest in NP.

#### **5.08 Pole Top Extensions**

A Pole Top Extension may serve as an expedient in order to establish Joint Use on existing Pole Units where clearances cannot be met without replacing Poles or making other extensive Rearrangements of the Support Structures. It is not intended to be used as an alternative for selecting the correct length of Pole when designing new Support Structures. Where Pole Top Extensions are used, they shall be provided and installed by NP. The Party requiring the Pole Top Extension shall bear the cost. When the supporting Pole requires Replacement, the Pole Top Extension shall be removed by NP and the new Pole to be placed shall be of such dimensions as to provide the clearance as provided in SECTION 16 - CONSTRUCTION PRACTICES.

#### **5.09 Modifications to be Made Prior to Attaching**

Existing Support Structures shall conform to SECTION 16 - CONSTRUCTION PRACTICES, before either Party places new Attachments on a Pole Unit.

## **SECTION 6 – ESTABLISHING NEW SUPPORT STRUCTURES**

### **6.01 Co-ordination**

The construction of new Support Structures shall be co-ordinated between the Parties as specified in SECTION 3 – PLANNING AND COORDINATION to reach agreement concerning details of construction and proposed completion dates. Due regard shall be given to the service needs of the customers of the Parties. For the purpose of this section, new Support Structures include:

- (a) new Pole Lines;
- (b) extensions to existing Pole Lines;
- (c) major reconstruction of existing Pole Lines, e.g. due to deterioration or highway alteration; and
- (d) additional Poles for crossovers, guying, providing service, or as may be required by the Parties.

### **6.02 Construction of Support Structures**

NP shall design the Support Structures, obtain rights of way as provided in SECTION 13 – RIGHTS OF WAY, construct the Support Structures and do the necessary Line Clearing to make the Support Structures suitable for Joint Use or Non Joint Use as the case may be, as provided in SECTION 16 - CONSTRUCTION PRACTICES. NP shall supply and install the Anchors required to withstand the combined guying needs of both Parties, even if more than one Anchor is required, and shall bear the associated costs. Each Party is responsible for making arrangements with its own customers for the billing and collection of any contributions in aid of construction to which it may be entitled.

### **~~6.03 Construction Contribution for Non Joint Use Support Structures~~**

~~Aliant shall pay a capital contribution for construction of new Non Joint Use Support Structures in accordance with Clause 6.02 of the FPA.~~

**6.04 Responsibility for Installing Attachments**

Subject to this Section 6.04, each Party shall supply and install, at its own expense, its own Attachments on new Support Structures, including any special equipment such as protectors, special crossarms and Guys or other types of construction required to sustain unbalanced loads due to its Attachments. Each Party shall perform such work promptly and in such a manner as not to interfere with the service of the other Party and at all times in accordance with these Administrative Practices. Each Party will place its Attachments on new Support Structures as provided in SECTION 16 - CONSTRUCTION PRACTICES. Notwithstanding the foregoing, NP shall place at its own expense the messenger strand and Guys required by Aliant during the installation of new Poles, and NP shall consult with Aliant to determine its needs in this regard. Upon installation, ownership of the messenger strand shall transfer automatically to Aliant and ownership of Guys shall be with NP.

**6.05 Pole Identification**

All new Poles are to be marked to show the date placed and shall be numbered as provided in SECTION 16 - CONSTRUCTION PRACTICES.

## **SECTION 7 - ADDING, CHANGING, REPLACING AND RELOCATING EXISTING SUPPORT STRUCTURES OR ATTACHMENTS**

### **7.01 Replacement of Poles, Pole Units or Support Structures**

Where there is replacement of Poles, Pole Units or Support Structures, NP shall make any other necessary changes, including Line Clearing in the Pole Line containing the Support Structures, as may be necessary to meet the requirements of SECTION 16 - CONSTRUCTION PRACTICES.

### **7.02 Placement and Replacement of Support Structures on Aliant Tower Sites**

Except in cases of emergency, NP shall not, without the prior approval of Aliant, place or replace Support Structures within one hundred (100) metres of any telecommunications tower, tower anchor, or associated building at a telecommunications tower site owned by Aliant or used by Aliant in the transmission of telecommunications services.

### **7.02 Replacement of Joint Use Support Structures for Aliant's Additional Attachments**

Where Joint Use Support Structures are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the proposed additional Attachments of Aliant, and NP replaces the Support Structures, the costs involved in Transferring, Rearranging or removing the Attachments of both Parties shall be paid by Aliant as provided in SECTION 8 - TRANSFER COSTS. Aliant shall also pay to NP the Sacrificed Value for each Support Structure Replaced by NP for which Aliant is required by SECTION 8 - TRANSFER COSTS to pay Transfer costs.

### **7.03 Replacement of Joint Use Support Structures for NP's Additional Attachments**

Where Joint Use Support Structures are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the proposed additional Attachments of NP, and NP replaces the Support Structures, the costs involved in Transferring, Rearranging or removing the Attachments of both Parties shall be paid by NP as provided in SECTION 8 - TRANSFER COSTS.

### **~~7.04 Replacement of Non Joint Use Support Structures for Aliant's Additional Attachments~~**

~~(a) Where Non Joint Use Support Structures placed prior to January 1, 2001 are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the proposed~~

~~additional Attachments of Aliant, NP shall replace the Support Structures and the costs involved in Transferring, Rearranging or removing the Attachments of Aliant shall be paid by Aliant. Aliant shall pay NP a capital contribution for the Support Structures installed in accordance with Clause 6.02 of the FPA and Aliant shall pay NP the Sacrificed Value of the Support Structures removed in accordance with SECTION 15 PRICE SCHEDULES.~~

- (b) ~~Where Non Joint Use Support Structures placed after January 1, 2001 are not suitable, as provided in SECTION 16 CONSTRUCTION PRACTICES, for the proposed additional Attachments of Aliant, NP shall replace the Support Structures and the costs involved in Transferring, Rearranging or removing the Attachments of Aliant shall be paid by NP.~~

#### 7.05 Additional Pole Units in Existing Joint Use Pole Lines

- (a) Where a Party requires the installation of an additional Pole Unit in an existing Joint Use Pole Line, that Party must forward a completed Support Structures Work Request Form to the other Party, and;
- (i) where one Party requires the installation of an additional Pole Unit in an existing Joint Use Pole Line and the other Party does not require the additional Pole Unit, NP will install the unit and the Party requiring the Additional Pole Unit will pay the costs of placing the Attachments of both Parties.
- (ii) where both Parties require the installation of an additional Pole Unit in an existing Joint Use Pole Line, NP shall install the unit and each Party shall bear its own costs of placing the Attachments.
- (b) In Sections 7.05 and 7.06, an "additional Pole Unit" includes a mid-span Pole Unit if required in a span length between two Pole Units that exceeds 61 metres.
- (c) The Party who did not request the Pole Unit is expected to use reasonable engineering judgment in assessing whether it will derive a benefit from the additional Pole Unit, and if such Party will derive a benefit from the additional Pole Unit, the Parties shall bear their own costs of attaching to the Pole Unit.

#### 7.06 Additional Pole Units in Existing Non Joint Use Pole Lines

- (a) ~~Where Aliant requires the installation of an additional Pole Unit in an existing Non Joint Use Pole Line, NP will install the Pole Unit and Aliant shall pay NP a capital contribution in accordance with Clause 6.02 of the FPA.~~
- (b) ~~Where NP requires the installation of an additional Pole Unit in an existing Non Joint Use Pole Line, NP will install the Pole Unit and pay the cost of Aliant attaching to the Pole Unit.~~

### 7.07 Replacement of Substandard Joint Use Poles

Where Joint Use Support Structures are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the existing Attachments of either Party and the condition of the Support Structures presents a safety or service hazard, NP shall replace the Support Structures and each Party shall bear its own Transfer costs.

### 7.08 ~~Replacement of Substandard Non Joint Use Poles~~

~~(a) For Non Joint Use Pole Lines constructed prior to January 1, 2001, where Non Joint Use Support Structures are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the existing Attachments of Aliant and the condition of the Support Structures presents a safety or service hazard, NP shall replace the Support Structures and the costs involved in Transferring, Rearranging or removing the Attachments of Aliant shall be paid by Aliant. Aliant shall pay NP a capital contribution for the Support Structures installed in accordance with Clause 6.02 of the FPA and Aliant shall pay NP the Sacrificed Value of the Support Structures removed in accordance with SECTION 15 - PRICE SCHEDULES.~~

~~(b) For Non Joint Use Pole Lines constructed after January 1, 2001, where Non Joint Use Support Structures are not suitable, as provided in SECTION 16 - CONSTRUCTION PRACTICES, for the existing Attachments of Aliant and the condition of the Support Structures presents a safety or service hazard, NP shall replace the Support Structures and pay the Transfer costs of Aliant.~~

### 7.09 ~~Non Joint Use Poles Brought Into Joint Use~~

~~In the event that a Non Joint Use Pole to which Aliant has made a capital contribution in accordance with Clause 6.02 of the FPA becomes a Joint Use Pole, then NP shall reimburse Aliant the unamortized portion of its capital contribution for that Pole in accordance with SECTION 15 - PRICE SCHEDULES.~~

### 7.10 Replacement of Transformer Poles

For transformers placed on or subsequent to January 1, 1988, in cases where it can be reasonably established that the transformer was placed subsequent to the attachment of the initial communications cable, and the transformer interferes with the Communications Space, and it is not feasible to relocate the transformer or for Aliant to place its proposed Attachments on the opposite side of the Pole, then NP will replace the Pole to accommodate the proposed Attachments of Aliant and NP will bear the Transfer costs of the Parties.

### **7.11 Replacement of Specific Poles**

Where a Pole carrying certain Attachments including but not limited to distribution terminals, load coils, repeaters, cross boxes, air dryers, terminals of aerial cable, transformers and underground cables, or where a Pole is located at such locations including but not limited to dead ends, corners, and junctions, and the Pole is to be Replaced, NP shall co-ordinate with Aliant to place the new Pole in a mutually acceptable location to accommodate the Attachments of both Parties.

### **7.12 Transferring and Rearranging Attachments**

Where NP Replaces or relocates a Pole Unit and it is necessary for Aliant to replace, Transfer or Rearrange its Attachments, NP shall issue a Support Structures Work Request Form. In case of emergency, oral notice may be given and subsequently confirmed in writing. Upon receipt of the Support Structures Work Request Form, each Party will Transfer or Rearrange its Attachments according to the following rules:

- (a) transfers during emergency - Attachments are to be Transferred or Rearranged immediately after the Pole Replacement or relocation;
- (b) transfers affecting service - Attachments are to be Transferred or Rearranged within thirty (30) days after the Pole Replacement or relocation; and
- (c) transfers not affecting service - Attachments are to be Transferred or Rearranged as soon as is reasonably practical, but in any event within one hundred and eighty (180) days after the replacement or relocation.

### **7.13 Placement of New Attachments**

- (a) Where Aliant places new Attachments on existing Pole Units, such new Attachments shall, when practical, be located on the same side of the Support Structure, preferably on the street side to allow one side free from obstructions.
- (b) In circumstances where a Pole would otherwise need to be Replaced, or where major Rearrangement of the Attachments on the Pole would be required, Aliant may attach to both sides of the Pole, subject to the prior consent of NP, which consent shall not be unreasonably withheld.



#### 7.14 Modifications to be Made Prior to Additional Joint Use

Existing Support Structures shall conform to SECTION 16 - CONSTRUCTION PRACTICES, before either Party places additional Attachments on a Pole Unit.

#### 7.15 Requirements for Additional Anchors and Guys

Where new Attachments of Aliant on Support Structures require the placing of additional Anchors and Guys:

- (a) Aliant shall place the additional Guys and bear the associated costs of the Parties; and
- (b) NP shall place the additional Anchors, and:
  - (i) on Joint Use Pole Lines built prior to January 1, 1988, Aliant shall bear the associated costs of the Parties;
  - (ii) on Joint Use Pole Lines built on or after January 1, 1988, NP shall bear the associated costs of the Parties;
  - ~~(iii) on Non Joint Use Pole Lines built prior to January 1, 2001, Aliant shall bear the associated costs of the Parties; and~~
  - ~~(iv) on Non Joint Use Pole Lines built on or after January 1, 2001, NP shall bear the associated costs of the Parties.~~

#### 7.16 Requirements of Governing Bodies or Property Owners

- (a) Where a Governing Body or property owner acting within the scope of its authority renders necessary or desirable the relocating, removing or replacing of a Joint Use or ~~Non Joint Use Support Structure~~ or the Transferring or Rearranging of Attachments thereon, each Party shall notify the other Party of such requirement without delay and the date on which the required work is to be done.
- (b) Where the Governing Body or property owner is to bear all or part of the cost of the work, NP shall make arrangements with the Governing Body or property owner for the billing and collection of the costs of both Parties which are payable by the Governing Body or property owner. Under this arrangement, NP shall reimburse Aliant for its costs that are payable by the Governing Body or property owner.

- (c) The City of St. John's and the Department of Works, Services and Transportation are special cases. In the case of relocations within the City of St. John's municipal boundaries and in cases involving the Department of Works, Services and Transportation, NP shall co-ordinate its work with Aliant with the intention that NP not frustrate Aliant's efforts to recover its reasonable costs. In these special cases, Aliant shall be responsible for recovering its costs.

## **SECTION 8 - TRANSFER COSTS**

### **8.01 Calculation of Transfer Costs**

Where one Party is required to pay the Transfer costs of the other Party, the amount payable shall be calculated by multiplying the actual costs of the Transfer by the appropriate cost factor set out in EXHIBIT D to SECTION 15 - PRICE SCHEDULES. This cost factor shall not apply to costs associated with Rearrangements.

### **8.02 Transfer Costs and the Replacement of Support Structures**

- (a) Except as expressly provided in these Administrative Practices, where a Pole Unit is replaced to accommodate the proposed or additional Attachments of a Party, that Party shall pay the Transfer costs of the other Party.
- (b) Where a Pole Unit is Replaced to accommodate the proposed or additional Attachments of a Party and the other Party performs an upgrade of its own service capability at the time of the Replacement of the Pole Unit, then each Party shall bear its own Transfer costs associated with that Pole Unit if the upgrade of the other Party's service capability would have required the Replacement of the Pole Unit in any event.
- (c) For purposes of Section 8.02 (b), the replacement of a Pole which cannot accommodate a transformer with a longer Pole which can accommodate a transformer will be considered an upgrade of service capability where there is a reasonable indication that a transformer will be placed on the Replacement Pole within five (5) years of the date of Replacement.

### **8.03 Transfer of Attachments due to Routine Maintenance**

Where Transferring of Attachments is involved in the replacement of Support Structures for reasons of routine maintenance, such as replacing deteriorated or damaged Poles, subject to the provisions contained in ARTICLE VIII - LIABILITIES & DAMAGES of the FPA, each Party shall bear the cost of transferring its own Attachments. For greater clarity, Aliant and other Third Parties shall carry out the work and bear the cost of Transferring, Rearranging or removing Guys associated with the Communication Space.

**8.04 Transfer of Attachments due to Requirements of Governing Body**

Where a Governing Body or property owner acting within the scope of its authority renders necessary or desirable the Transfer, Rearrangement or removal of Attachments, each Party shall bear the cost of Transferring, Rearranging or removing its own Attachments. For greater clarity, Aliant and other Third Parties shall carry out the work and bear the cost of Transferring, Rearranging or removing Guys associated with the Communication Space.

**8.05 Transfer of Attachments due to Requirements of Third Parties**

Where the Transfer, Rearrangement or removal is required to accommodate the Attachments of Third Parties, NP shall bear the cost of Transferring, Rearranging or removing the Attachments of both Parties. However, Aliant shall carry out the work of Transferring, Rearranging or removing Guys associated with the Communication Space and the cost shall be borne by NP.

## **SECTION 9 – NP'S CONTROL CABLES IN THE COMMUNICATION SPACE**

### **9.01 Application**

This Section 9 applies to the planning, establishment and changing of Joint Use in circumstances involving Control Cables which are attached in the Communication Space. The other provisions of these Administrative Practices apply to circumstances involving Control Cables outside the Communication Space. This Section 9 is not intended to limit NP's right to attach Control Cables on Joint Use Poles in the power space.

### **9.02 Control Cables on Poles without Aliant Attachments**

Where a Control Cable is attached to a Pole on which Aliant does not have Attachments but proposes to make Attachments, Aliant may relocate the Control Cable to the bottom of the Communication Space, provided that ground clearances required by the Control Cable can be maintained. The cost of Rearranging the Control Cable shall be borne by Aliant.

### **9.03 Control Cables on Existing Joint Use Poles**

NP may attach a Control Cable to an existing Joint Use Pole where the Communication Space can accommodate the Control Cable. The Control Cable shall be attached at the bottom of the Communication Space. Where Rearrangement of Aliant's Attachments are required to attach a Control Cable to a Joint Use Pole, the cost of such Rearrangement shall be borne by NP.

### **9.04 Joint Use Poles with Control Cables in the Communication Space**

Where it is necessary to Rearrange Attachments or Replace a Joint Use Pole Unit for proposed additional Attachments in the Communication Space and a Control Cable is attached in the Communication Space of the Pole Unit, and the proposed additional Attachments could have been made to the Pole in the absence of the Control Cable, each Party shall bear its own costs, including Transfer costs in so doing. The design of the Communication Space for the Replacement Pole shall not affect the obligation to pay Transfer costs as provided in this Section 9.04.

#### **9.05 Control Cables on New Joint Use Poles**

Where NP plans to attach a Control Cable on new Joint Use Poles, the new Joint Use Poles shall be designed and constructed to accommodate the attachment of the Control Cable at the bottom of the Communication Space.

## **SECTION 10 - MAINTENANCE OF SUPPORT STRUCTURES AND ATTACHMENTS**

### **10.01 Maintenance of Support Structures**

NP shall maintain its Support Structures in a safe and serviceable condition in accordance with SECTION 16 – CONSTRUCTION PRACTICES and shall replace deteriorated or damaged Poles. Except as otherwise provided in these Administrative Practices, the cost of maintaining and replacing Support Structures shall be borne by NP. Transfer costs shall be paid as provided in SECTION 8 - TRANSFER COSTS.

### **10.02 Maintenance of Attachments**

Each Party shall at all times maintain at its expense all of its Attachments in accordance with SECTION 16 - CONSTRUCTION PRACTICES and shall keep them in safe condition and good repair. However, NP shall be responsible for maintenance of all Guys associated with the Support Structures. Maintenance includes, but is not limited to:

- (i) replacement of deteriorated or damaged Guys;
- (ii) addition or replacement of Guy guards; and
- (iii) replacement of Guys associated with the replacement or relocation of Anchors.

### **10.03 Maintenance of Rights of Way**

- (a) Any tree trimming and cutting necessary to maintain clearance requirements of either Party on existing Joint Use ~~or non-Joint Use~~ Pole Lines shall be performed by NP at its cost. This does not include any cutting that may be required by Aliant to access Pole Lines from time to time for installation and maintenance of Attachments as outlined in Section 13.04 – Clearing of Rights of Way.
- (b) Before NP submits its plan for tree trimming and cutting for the next budget year, it will notify Aliant of the communities in which this work is planned. Aliant's requirements for tree trimming and cutting around existing communication cables shall be included with specifications provided to the contractor describing how this work is to be completed.

## **SECTION 11 - TERMINATION OF JOINT USE OR NON JOINT USE**

### **11.01 Termination of Joint Use by NP**

Where NP decides to remove its Attachments from a Joint Use Support Structure, NP shall give notice to Aliant using the Support Structures Work Request Form. The Support Structures shall be deemed to be Non Joint Use ~~If Aliant continues to have its own Attachments on the Support Structure for a period of twelve (12) months following the date of the removal by NP of its Attachments to the Support Structure, then for the purposes of the FPA, the Support Structure shall be deemed to be a Non Joint Use Support Structure. and shall be sold to 11003 Newfoundland Inc.~~

### **11.02 Termination of Joint Use by Aliant**

Where Aliant desires, at any time, to discontinue the Joint Use of a Support Structure, it shall give notice to NP using the Support Structures Work Request Form. If NP continues to have its own Attachments on the Support Structure for a period of twelve (12) months following the date of the removal by Aliant of its Attachments to the Support Structure, then for the purposes of the FPA the Support Structure shall be deemed to be a Non Joint Use Support Structure.

### **11.03 Termination of Non Joint Use by Aliant**

- ~~(a) Where Aliant desires, at any time, to discontinue use of a Non Joint Use Support Structure, it shall give notice to NP using the Support Structures Work Request Form.~~
- ~~(b) Upon removal of the Attachments by Aliant, Aliant shall repurchase from NP such Support Structures formerly occupied by Aliant at the Net Book Value thereof, in accordance with Section 15 PRICE SCHEDULES, and Aliant shall assume all risks and liabilities associated with such Support Structures as the owner thereof.~~
- ~~(c) In the event that a Third Party has Attachments on a Non Joint Use Support Structure from which Aliant has removed its Attachments and NP chooses not to relocate those Attachments within one hundred and eighty (180) days after the removal of the Attachments by Aliant, then Aliant shall not be required to repurchase the Support Structure.~~



## **SECTION 12 - HIERARCHY OF SIGNING AUTHORITY**

### **12.01 Transaction Approvals**

Transactions listed below require the signing authorities as shown:

<b>Transaction</b>	<b>Newfoundland Power</b>	<b>Aliant</b>
FPA Approval	President	President
Amendment of Administrative Practices	Vice-President	Vice-President
Amendment of Construction Practices	Vice-President	Vice-President
Notice of Default	President	President
Support Structures Work Request Form	Engineering Tech	Engineer-Outside Plant
Termination of FPA	President	President

Transactions not specifically listed above may be approved by the signature of a single officer of NP and a single officer of Aliant.

### **12.02 Change of Authorities**

By written notice under the FPA, either Party may change their signing authorities as provided in Section 12.01.

## **SECTION 13 – RIGHTS OF WAY**

### **13.01 Rights of Way**

- (a) Where new Support Structures are proposed, NP shall obtain joint easements or joint rights of way. NP does not warrant to Aliant that any easement or right of way obtained by it is valid or sufficient for Aliant's purpose. It is understood that NP cannot guarantee that the easement grantor has the legal authority to grant the required easement. Each Party will be responsible for all of its own relocation costs if such easement or right of way is invalid.
- (b) Where only verbal permission for Support Structures can be obtained and relocation or removal is required, then each Party shall bear the associated cost of its own Attachment Transfers.
- (c) For existing rights of way and easements held by Aliant as of January 1, 2001, such rights of way and easements shall be transferred as necessary in order that such rights of way or easements be held jointly in the name of both NP and Aliant, in accordance with the FPA and these Administrative Practices.
- (d) Where NP, using its best efforts, is unable to secure an easement for ~~either a Joint Use or Non-Joint Use~~ Support Structure, then NP shall consult with Aliant to reach a mutually agreed decision on a course of action. When this situation occurs there are normally two alternatives available: both Parties may agree to construct the proposed Support Structure in an alternate location or both Parties may agree to construct the Support Structure with an alternate right of way such as one acquired by verbal permission, in which case both Parties would accept the risk that the Support Structure may have to be subsequently removed or replaced and both Parties would have to bear their own costs.
- (e) Where existing Non Joint Use Support Structures are to be brought under Joint Use, NP shall use commercially reasonable efforts to obtain such easements or rights of way as may be required, and shall bear the associated cost.

### **13.02 Easement Acquisitions**

All Support Structure easements are to be acquired in accordance with the easement policy as outlined in Sections 13.01 and 13.05 and NP is responsible for obtaining such easements for the benefit of both Parties.

### **13.03 No Warranty for Use of NP's Rights of Way**

NP gives no warranty of permission from property owners, municipalities or Third Parties for the use by Aliant of the rights of way associated with Non Joint Use Poles occupied by NP as of January 1, 2001 when Aliant subsequently places Attachments on those Poles. If objection is made and NP, in consultation with Aliant, is unable to adjust the matter satisfactorily within one hundred and eighty (180) days, NP may then, by notice in writing at any time, require Aliant to remove its Attachments from the Support Structures involved, and Aliant shall, within one hundred and eighty (180) days after receipt of the notice, remove its Attachments from the Support Structures at its own expense. Nothing in this Section shall be deemed to confer on Aliant any authority to maintain its Attachments on NP's Support Structures for the period of one hundred and eighty (180) days or any portion thereof, or to otherwise infringe upon any legal rights of the property owners, municipalities or Third Parties.

### **13.04 Clearing of Rights of Way**

Where Aliant adds, replaces, Transfers or Rearranges Attachments to existing Support Structures, Aliant shall be responsible for all Line Clearing and/or trimming necessitated by the addition, replacement, Transfer or Rearrangement. At the request of Aliant, NP may carry out the required line clearing and/or trimming and Aliant shall bear the cost.

### **13.05 Right of Way Acquisition**

Unless otherwise stated in the FPA or these Administrative Practices, all rights of way or easements required for the installation of Support Structures shall be obtained by NP in the name of both NP and Aliant, and as necessary, Aliant appoints NP its attorney for the purposes of such acquisition. The following procedures are to be followed when acquiring rights of way that are required for installation of Support Structures:

- (a) all rights of way shall be acquired by the acquisition of easement rights except where a licence is acquired or the fee simple title to the relevant property is purchased;
- (b) all right of way boundaries shall be adequately defined (i.e. referenced to landmarks, survey monuments or other acceptable survey markers or indicators) so as to provide for future boundary determination. While the location of Support Structures in relation to the right of way boundaries should be indicated, Support Structures should not be used as boundary references;
- (c) except as may be otherwise required under Section 4.06, all rights of way shall be obtained by NP prior to the installation of Support Structures;

- (d) where an easement is required but cannot be obtained by negotiation and no practical alternate route exists, the easement shall be acquired for the benefit of both Parties, when applicable, through the procedures outlined in the *Public Utilities (Acquisition of Lands) Act*, R.S.N. 1990, c. P-48 or the *Telecommunications Act*, S.C. 1993, c. 38. This procedure shall only be used as a last resort;
- (e) installation of Support Structures on property over which the property owners will only give written or verbal permission (i.e. no easement) shall be avoided whenever possible;
- (f) an easement shall not be required where the Support Structures are used only to service the particular property upon which they are installed. If there is a reasonable expectation that the Support Structures may be used to service adjacent properties, reasonable efforts to obtain an easement shall be made by NP, with adequate provision to extend the Support Structures to such adjacent properties;
- (g) where a right of way is required over Crown land, application shall be made a reasonable time before the anticipated construction start date. In determining a reasonable time, the Parties shall have reference to the practices of the appropriate government authority;
- (h) notwithstanding Section 13.01 of these Administrative Practices, NP shall obtain all easements for Aliant in new subdivisions and similar planned developments including those required for buried plant;
- (i) all reasonable efforts shall be made to ensure that the name of the grantor(s) appearing on the right of way document reflects current ownership of the pertinent property; and
- (j) duly executed right of way documents shall be registered in the name of both NP and Aliant at the Registry of Deeds for Newfoundland as soon as practical and thereafter filed at the records office of each Party.

**SECTION 14 – SUPPORT STRUCTURED WORK REQUEST FORM****14.01 Support Structures Work Request Form**

This form shall be used by NP and Aliant and transmitted electronically, to:

- (a) request the placement or replacement of Support Structures;
- (b) obtain permission from NP to establish the Joint Use of Support Structures;
- (c) notify either Party of a cancellation of Joint Use of Support Structures;
- (d) request that the other Party Transfer its Attachments from an existing Support Structure to a replacement Support Structure;
- (e) obtain permission from Aliant to place or replace Support Structures within one hundred (100) metres of any telecommunications tower, tower anchor, or associated building at a telecommunications tower site owned by Aliant or used by Aliant in the transmission of telecommunications services;
- (e) request that NP perform miscellaneous work on Support Structures;
- (f) obtain permission from NP for the placement of Attachments on Non Joint Use Support Structures;
- (g) notify Aliant that NP intends to make Joint Use of an existing Non Joint Use Pole Unit, other than a Service Pole;
- (h) exchange information between the Parties regarding requests from Third Parties to attach to the Support Structure; and
- (i) for any other purpose as provided for in the FPA or these Administrative Practices, or as subsequently agreed to between the Parties.

## **SECTION 15 - PRICE SCHEDULES**

### **15.01 Price Schedules**

Schedules for the Sacrificed Value of Poles, ~~Net Book Value of Poles and unamortized capital contribution of Poles~~ are included in these Administrative Practices, and shall have the following purposes:

(a) **Sacrificed Value of Poles (EXHIBIT A)**

This Schedule covers the cost to be recovered by NP for Poles prematurely displaced to meet the requirements of Aliant. NP will not bill Aliant for the Sacrificed Value of Poles Replaced to meet the requirements of NP.

~~(b) **Net Book Value of Poles (EXHIBIT B)**~~

~~This Schedule covers the sale price of Poles and Anchors sold in place in accordance with Section 11.03 Termination of Non Joint Use by Aliant.~~

~~(c) **Unamortized Capital Contribution of Poles (EXHIBIT C)**~~

~~This Schedule covers the unamortized portion of Aliant's capital contribution that is payable by NP to Aliant when a Non Joint Use Pole for which Aliant has made a capital contribution to NP becomes a Joint Use Pole in accordance with Section 5.06 Non Joint Use Poles Brought Into Joint Use.~~

### **15.02 Price Schedule Update**

The Sacrificed Value of Poles, ~~Net Book Value of Poles and unamortized capital contribution of Poles~~ for the period January 1, 2001, to December 31, 2001, as shown in EXHIBITS A, ~~B and C~~ of this Section ~~is~~are hereby approved. The values in EXHIBIT A and ~~EXHIBIT C~~ shall be reviewed by the Support Structures Committee once a year and adjustments shall be made as required. The values in ~~EXHIBIT B~~ shall be adjusted annually in accordance with the method for adjusting capital contributions as set out in Schedule "C" of the FPA. The forms attached as Sheet 1 of EXHIBITS A, ~~B and C~~ shall be used for approval of Sacrificed Value of Poles, ~~Net Book Value of Poles and unamortized capital contribution of Poles~~ as required.

### **15.03 Schedule of Transfer Cost Factors**

The Schedule of Transfer cost factors (~~EXHIBIT-DB~~) is included in these Administrative Practices to provide the cost factors for calculating Transfer costs for replacement of Support Structures.

**EXHIBIT "A"**

**ADMINISTRATIVE PRACTICES  
SECTION 15  
EXHIBIT A  
SHEET 1 of 2**

**SACRIFICED VALUE OF POLES**

The Sacrificed Value of Poles for the period January 1, 2001 to December 31, 2001 as set out in the following table dated \_\_\_\_\_ is hereby approved.

\_\_\_\_\_  
ALANT TELECOM INC.

\_\_\_\_\_  
NEWFOUNDLAND POWER INC.

DATE:

DATE:



## Sacrificed Value of Poles 2001

<u>Age</u>	<u>% Condition</u>	<u>&gt;=30'</u>	<u>35'</u>	<u>40'</u>	<u>&lt;=45'</u>	<u>Anchor</u>
0	100.000%	674.12	1,199.39	1,305.26	1,397.69	293.85
1	96.466%	483.50	929.54	929.54	929.54	283.47
2	93.315%	467.71	899.17	899.17	899.17	274.21
3	90.319%	452.69	870.30	870.30	870.30	265.40
4	87.428%	438.20	842.45	842.45	842.45	256.91
5	84.616%	424.11	815.35	815.35	815.35	248.64
6	81.873%	410.36	788.92	788.92	788.92	240.58
7	79.188%	396.90	763.05	763.05	763.05	232.69
8	76.559%	383.73	737.71	737.71	737.71	224.97
9	73.979%	370.79	712.85	712.85	712.85	217.39
10	71.449%	358.11	688.48	688.48	688.48	209.95
11	68.966%	345.67	664.55	664.55	664.55	202.66
12	66.528%	333.45	641.06	641.06	641.06	195.49
13	64.136%	321.46	618.01	618.01	618.01	188.46
14	61.789%	309.70	595.39	595.39	595.39	181.57
15	59.487%	298.16	573.21	573.21	573.21	174.80
16	57.230%	286.85	551.46	551.46	551.46	168.17
17	55.002%	275.68	529.99	529.99	529.99	161.62
18	52.858%	264.93	509.33	509.33	509.33	155.32
19	50.742%	254.33	488.94	488.94	488.94	149.11
20	48.676%	243.97	469.04	469.04	469.04	143.03
21	46.660%	233.87	449.61	449.61	449.61	137.11
22	44.866%	224.88	432.32	432.32	432.32	131.84
23	42.783%	214.43	412.25	412.25	412.25	125.72
24	40.924%	205.12	394.34	394.34	394.34	120.26
25	39.119%	196.07	376.95	376.95	376.95	114.95
26	37.369%	187.30	360.08	360.08	360.08	109.81
27	35.675%	178.81	343.76	343.76	343.76	104.83
28	34.036%	170.59	327.97	327.97	327.97	100.01
29	32.452%	162.65	312.70	312.70	312.70	95.36
30	30.923%	154.99	297.97	297.97	297.97	90.87
31	29.448%	147.60	283.76	283.76	283.76	86.53
32	28.025%	140.47	270.05	270.05	270.05	82.35
33	26.653%	133.59	256.83	256.83	256.83	78.32
34	25.328%	126.95	244.06	244.06	244.06	74.43
35	24.047%	120.53	231.71	231.71	231.71	70.66
36	22.808%	114.32	219.78	219.78	219.78	67.02
37	21.607%	108.30	208.20	208.20	208.20	63.49
38	20.441%	102.45	196.97	196.97	196.97	60.07
39	19.307%	96.77	186.04	186.04	186.04	56.73
40	18.204%	91.24	175.41	175.41	175.41	53.49
41	17.132%	85.87	165.08	165.08	165.08	50.34
42	16.088%	80.64	155.02	155.02	155.02	47.27
43	15.073%	75.55	145.24	145.24	145.24	44.29
44	14.083%	70.59	135.70	135.70	135.70	41.38
45	13.117%	65.74	126.39	126.39	126.39	38.54
46	12.171%	61.00	117.28	117.28	117.28	35.76
47	11.357%	56.92	109.43	109.43	109.43	33.37
48	10.651%	50.39	102.63	102.63	102.63	31.30
49	9.961%	51.58	95.98	95.98	95.98	29.27
50	9.284%	32.75	45.82	89.46	89.46	27.28

Note: For ages over 50 years the value listed for 50 years will apply.

**EXHIBIT "B"****ADMINISTRATIVE PRACTICES  
SECTION 15  
EXHIBIT B  
SHEET 1 OF 2****NET BOOK VALUE OF POLES**

The Net Book Value of Poles for the period January 1, 2001 to December 31, 2001 as set out in the following table dated \_\_\_\_\_ is hereby approved.

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**ALIANTELECOM INC.**

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**NEWFOUNDLAND POWER INC.****DATE:** \_\_\_\_\_**DATE:** \_\_\_\_\_

**Net Book Value of Poles - 2001**

Age	% Cond Condition	NBV No Capital Contribution
0	100.00%	850.00
1	96.38%	810.23
2	92.76%	788.46
3	89.14%	757.69
4	85.52%	726.92
5	81.90%	696.15
6	78.28%	665.38
7	74.66%	634.61
8	71.04%	603.84
9	67.42%	573.07
10	63.80%	542.30
11	60.18%	511.53
12	56.56%	480.76
13	52.94%	449.99
14	49.32%	419.22
15	45.70%	388.45
16	42.08%	357.68
17	38.46%	326.91
18	34.84%	296.14
19	31.22%	265.37
20	27.60%	234.60
21	23.98%	203.83
22	20.36%	173.06
23	16.74%	142.29
24	13.12%	111.52
25	9.50%	80.75
26	5.88%	49.98
27	2.26%	19.21
28	0.00%	1.00

**EXHIBIT "C"****ADMINISTRATIVE PRACTICES  
SECTION 15  
EXHIBIT C  
SHEET 1 of 2****UNAMORTIZED CAPITAL CONTRIBUTION OF POLES**

The unamortized capital contribution of Poles for the period January 1, 2001 to December 31, 2001 as set out in the following table dated \_\_\_\_\_ is hereby approved.

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ALIANTELECOM INC. \_\_\_\_\_

NEWFOUNDLAND POWER INC. \_\_\_\_\_

DATE: \_\_\_\_\_ DATE: \_\_\_\_\_

**EXHIBIT "C"****Un-amortized Capital Contribution for Non-Joint Use Poles**

Age	Percent Condition	Un-amortized Cost NJU Poles	Age	Percent Condition	Un-amortized Cost NJU Poles
0	100.000%	510.00	43	15.073%	76.87
1	96.466%	491.98	44	14.083%	71.82
2	93.315%	475.91	45	13.117%	66.90
3	90.319%	460.63	46	12.171%	62.07
4	87.428%	445.88	47	11.357%	57.92
5	84.616%	431.54	48	10.651%	54.32
6	81.873%	417.55	49	9.961%	50.80
7	79.188%	403.86	50	9.284%	47.35
8	76.559%	390.45			
9	73.979%	377.29			
10	71.449%	364.39			
11	68.966%	351.73			
12	66.528%	339.29			
13	64.136%	327.09			
14	61.789%	315.12			
15	59.487%	303.38			
16	57.230%	291.87			
17	55.002%	280.51			
18	52.858%	269.58			
19	50.742%	258.78			
20	48.676%	248.25			
21	46.660%	237.97			
22	44.866%	228.82			
23	42.783%	218.19			
24	40.924%	208.71			
25	39.119%	199.51			
26	37.369%	190.58			
27	35.675%	181.94			
28	34.036%	173.58			
29	32.452%	165.51			
30	30.923%	157.71			
31	29.448%	150.18			
32	28.025%	142.93			
33	26.653%	135.93			
34	25.328%	129.17			
35	24.047%	122.64			
36	22.808%	116.32			
37	21.607%	110.20			
38	20.441%	104.25			
39	19.307%	98.47			
40	18.204%	92.84			
41	17.132%	87.37			
42	16.088%	82.05			

Note: For ages over 50 years the value listed for 50 years will apply.

**EXHIBIT "DB"**

**ADMINISTRATIVE PRACTICES  
SECTION 15  
TRANSFER COST FACTORS**

POLE AGE	FACTOR
0	1.00
1	0.99
2	0.97
3	0.96
4	0.94
5	0.92
6	0.90
7	0.88
8	0.87
9	0.85
10	0.83
11	0.81
12	0.79
13	0.77
14	0.76
15	0.74
16	0.72
17	0.70
18	0.68
19	0.66
20	0.64
21	0.62
22	0.60
23	0.57
24	0.55
25	0.53
26	0.51
27	0.49
28	0.46
29	0.44
30	0.42

POLE AGE	FACTOR
31	0.39
32	0.37
33	0.35
34	0.33
35	0.30
36	0.28
37	0.26
38	0.24
39	0.22
40	0.21
41	0.19
42	0.17
43	0.16
44	0.14
45	0.13
46	0.12
47	0.10
48	0.09
49	0.08
50	0.07

**Note: For ages over 50 years the value listed for 50 years will apply.**

## **SECTION 16 - CONSTRUCTION PRACTICES**

### **16.01 General - CSA Standards**

- (a) The objective of this Section is to provide guidelines and requirements for the construction of Support Structures. These practices unless otherwise specifically stated, shall meet as a minimum, the requirements for construction of overhead and underground electrical supply and communications circuits as specified in CSA Standard CAN3 - C22.3 No.1 - M87 as of January 1, 2001. Any future amendments to these CSA Standards may not be immediately incorporated into this Section but shall be reviewed by the Support Structures Committee, which shall decide the time and extent of incorporation of such amendments to this Section.
- (b) Unforeseen conditions or circumstances not covered in this Section shall be resolved in a co-operative manner to the mutual benefit of the Parties involved.
- (c) Modifications and/or amendments to these practices shall be the responsibility of the Support Structures Committee as outlined in SECTION 2 - SUPPORT STRUCTURES COMMITTEE.

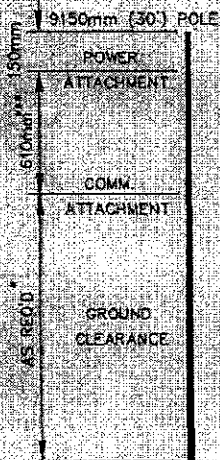
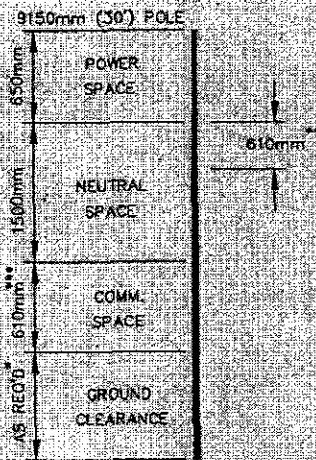
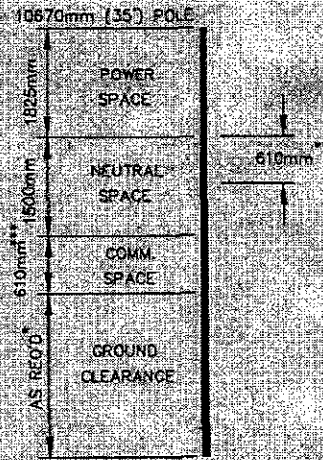
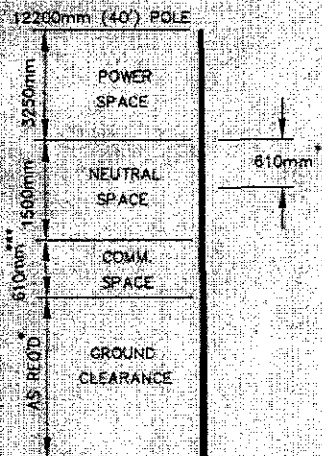
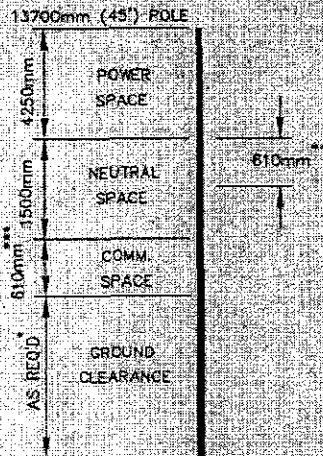
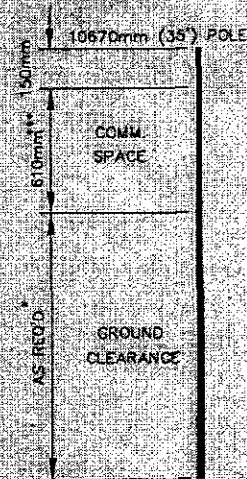
### **16.02 Vertical Design Clearances and Separations**

- (a) Vertical clearances and separations for Support Structures shall be in accordance with CSA Standard CAN3 - C22.3 No. 1 - M87, Clause 4\*.
- (b) These guidelines provide adequate clearances for power conductors, between power and communication conductors in the span, between communication cables and the ground, and adequate safe working space.
- (c) Power and communication spacing for typical Support Structures is outlined by the sketches on page 44. These sketches represent typical space allotments only and are not intended to reflect either the minimum or maximum space allotments of either Party.
- (d) Secondary space should be provided and reserved on Joint Use Poles in developed areas and in areas where future development is expected.
- (e) Vertical design clearances above ground and separations on Support Structures must provide for and reserve space for attachment of communication cables at both the top and the bottom of the Communication Space.

\*Note: Vertical design clearances above ground may be prescribed by provincial or municipal legislation or regulation. In such a case, the clearances for each Party must comply with the greater of that prescribed by CSA Standard CAN3 - C22.3 No. 1 - M87, Clause 4 and the federal, provincial or municipal legislation or regulation applicable to that Party.

In the case of new construction, which does not include the Replacement of existing Poles, the Parties shall comply with the greater of the CSA standard, legislation or regulation applicable to either Party.



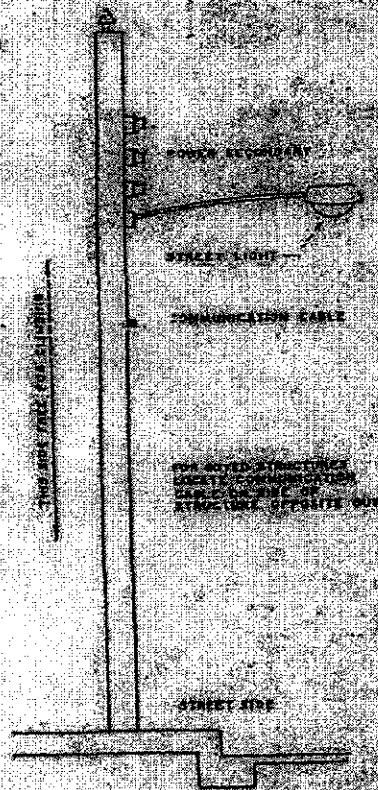
**Service Drop Structure****Secondary Structure****Single or Three Phase Structure****Transformer & Tap Off Structure****Three Phase Vertical Structure****Non-Joint Use Structure  
Communication Only****NOTE:**

1. CABLE COMPANIES TO PLACE CABLES AT TOP OF COMMUNICATIONS SPACE
- \*2. AS REQUIRED - TO MEET MINIMUM CSA STANDARD OR LEGISLATIVE AUTHORITY (e.g. DEPT. OF TRANSPORTATION)
- \*\*3. MINIMUM DISTANCE FOR COMMUNICATION DROP FROM POWER SPACE
- \*\*\*4. MINIMUM COMMUNICATION SPACE REQUIREMENT IS 610mm.

**Typical Allotment Of Pole Space**

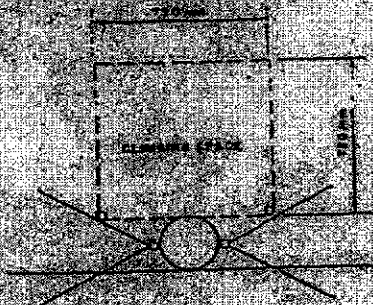
### 16.03 Climbing Space Requirements – Joint Use Poles

- (a) Climbing space requirements for Support Structures, in accordance with CSA CAN 3 – C22.3 No. 1 – 3.1.4, shall not be less than 750 mm x 750 mm past any conductor, cable, cross-arm, or other Attachments of the Party using any lower part of the Support Structure, and shall extend at least 1000 mm above and 1000 mm below the limiting Attachment.
- (b) Communication main line cables and power secondary conductors shall, where practical, be located on the same side of the Support Structure, preferably on the street side to allow one side free from obstructions for climbing.
- (c) Where it is necessary to have communication risers and power risers on the same Support Structure, they shall be arranged as indicated on page 46 so as not to obstruct climbing or guying space. Communication drop wires shall preferably be distributed from the sides of Poles, as indicated on page 46, to ensure the 750 mm climbing space through them.

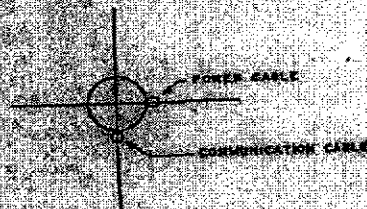


ARRANGEMENT OF ATTACHMENTS  
MAIN LINE POLE

COMMUNICATION DROP WIRES DISTRIBUTED  
FROM CABLE STRAND



COMMUNICATION DROP WIRES DISTRIBUTED  
FROM POLE



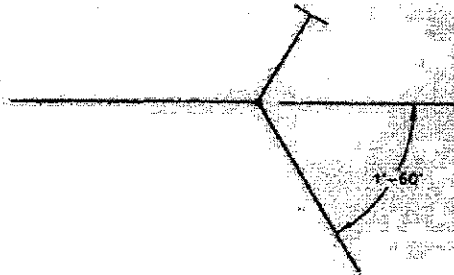
ARRANGEMENT OF RISER TERMINATION POLE

CLIMBING SPACE REQUIREMENTS FOR SUPPORT STRUCTURES

#### 16.04 Anchors and Guys

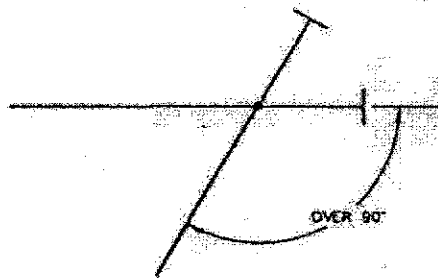
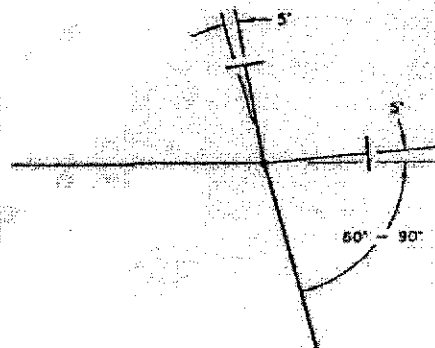
- (a) Anchors and Guy leads shall be selected such that the minimum safety factor for the Anchor, Anchor rod, and Guys common to both Parties will not be less than the minimum of 1.6, as specified by CSA Standard CAN3 - C22.3 No. 1 - M87, Clause 6.
- (b) The types of Anchors and their intended use are listed below. All Anchors are to be installed in accordance with the installation details on pages 49 to 55.
  - (i) Anchor Log: 250 mm (10") diameter x 1200 mm
  - (ii) Anchor Log: 250 mm (10") diameter x 1800 mm - for use on heavy loaded Support Structures as required.
  - (iii) Steel Anchor Plate: 500 mm (20")
  - (iv) Rock Anchor - for anchoring in rock.
  - (v) Power Installed Screw Anchor (PISA) - alternative to log and plate Anchors for installation by power digger equipment.
- (c) Standard Anchor rod type for log and plate Anchors shall be 25 mm (1") x 2440 mm (8') triple eye, and shall be in accordance with CSA Standards.
- (d) The charts and instructions on pages 49 to 54 shall be used to ensure the Anchor arrangement, type, setting depth, and lead is adequate to satisfy both the power and communication guying requirements for standard Support Structures.
- (e) The chart on page 50 gives the number of Guys, Guy leads, number and size of Anchor rods and Anchor setting depths for each standard Support Structure type. "S" in structure type column denotes secondary.
- (f) The guying arrangement may vary depending on the line angle for a particular Support Structure. Drawings on page 55 give an outline of the guying arrangements for typical Support Structures.
- (g) The Guy lead is the horizontal distance from the Pole to the point where the rod enters the ground. The chart on page 50 assumes level ground between the Pole and the Anchor. If the ground is sloping, the Guy lead should be decreased or increased accordingly. Refer to the chart on page 54 to determine the corrected guy lead for sloping ground. This chart also outlines the Anchor setting depth for sloping ground.

- (h) In the case of two Anchors, the Guy lead refers to the first Anchor; add 1.8 metres for the second Anchor. For rock Anchors or PISA Anchors, the Guy lead will determine the Anchor locations.
- (i) The Guy leads listed in the charts are for the standard Pole height as indicated. Add 0.75 metres to the minimum and 1.2 metres to the maximum guy leads for each extra 1.5 metres (5') of Pole height.
- (j) The Anchor location should be chosen such that the Guy lead will not be less than the minimum or exceed the maximum as determined from the chart on page 50.
- (k) The Anchor setting depth is listed for each Anchor type at the minimum and maximum Guy lead. The Anchor setting depth can be reduced at the maximum Guy lead in most cases.
- (l) Where the Anchor setting depth is omitted from the chart on page 50, it indicates that the Anchor type is not adequate for guying the Support Structure type in question.
- (m) Guy guards shall be used on all Guys exposed to vehicle and pedestrian traffic including cross-country trails, such as ski trails or those accessible by snow vehicles and ATV's. If there is more than one Guy attached to the same Anchor, a Guy guard is only required on the outermost Guy.



LINE ANGLE 1° - 60°  
(NOT DEADENDED)  
ANCHOR SHALL BE PLACED  
SO THAT CUT WILL BISECT  
ANGLE.

LINE ANGLE 60° - 90°  
(DEADENDED)  
ANCHOR SHALL BE PLACED  
5' (APPROX. 1m) OFF  
LINE AS SHOWN.



LINE ANGLE OVER 90°  
(DEADENDED)  
ANCHORS SHALL BE PLACED  
ON LINE AS SHOWN.

### ANCHOR ATTACHMENTS - POLE LINES

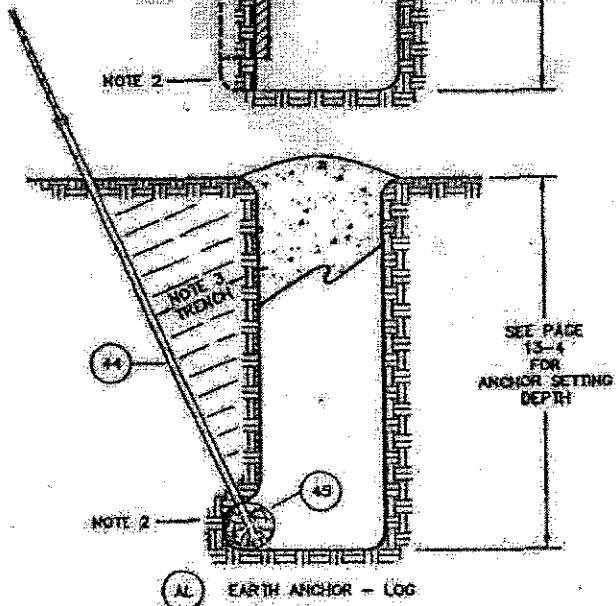
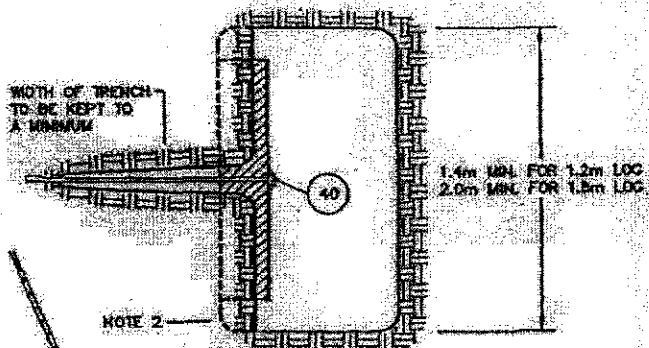
GUYING ARRANGEMENT AND ANCHOR LOCATION *															
STR. TYPE	POLE HEIGHT	MAX. LINE ANGLE	NUMBER OF GUYS		GUY LEAD (m)		ANCHOR ROD NUMBER-SIZE	ANCHOR SETTING DEPTH/GUY LEAD (m)						NUMBER OF PISA	
			NLP	COMM.	MIN.	MAX.		1.2m LOG		1.8m LOG		20" PLATE			
1/0 AASC, #2 ACSR-150															
1B	35'	30°	1	1	4.8	6.7	1 - 1"	1.5	1.5			1.5	1.5	1	
1BS	35'	30°	1	1	4.9	6.7	1 - 1"	1.5	1.5			1.7	1.5	1	
1BL	35'	25°	1	1	4.8	6.2	1 - 1"	1.5	1.5			1.7	1.5	1	
1C	35'	60°	1	1	5.5	6.7	1 - 1"	1.5	1.5			1.5	1.5	1	
1CS	35'	35°	1	1	4.1	6.7	1 - 1"	1.5	1.5			1.75	1.5	1	
1CS	35'	60°	2	1	4.9	6.7	1 - 1"	1.8	1.7	1.7	1.5	2.0		2	
1CL	35'	80°	1	1	6.7	6.2	1 - 1"	1.5	1.5			1.75	1.5	1	
1E	35'	-	1	1	5.2	6.7	1 - 1"	1.5	1.5			1.7	1.5	1	
1ES	35'	-	2	1	5.2	6.7	1 - 1"	1.8	1.7	1.7	1.5	2.0		2	
1EL	35'	-	1	1	6.1	6.2	1 - 1"	1.5	1.5			1.75	1.5	1	
3B	35'	30°	1	1	4.9	6.7	1 - 1"	1.5	1.5			1.7	1.5	1	
3BS	35'	22°	1	1	5.8	6.7	1 - 1"	1.5	1.5			1.7	1.5	1	
3BS	35'	30°	2	1	5.5	6.7	1 - 1"	1.7	1.5	1.5	1.5	1.75	1.5	2	
3BL	35'	25°	1	1	4.9	7.9	1 - 1"	1.5	1.5			1.7	1.5	1	
3C	40'	60°	2	1	4.9	7.6	1 - 1"		1.7	1.8	1.5		1.75	2	
3CS	45'	60°	3	1	6.1	7.6	2 - 1"	1.5	1.5			1.5	1.75	1.5	2
3CL	40'	60°	2	1	7.6	9.8	1 - 1"			1.7	1.5	2.0		2	
3E	40'	-	2	1	4.6	7.6	1 - 1"	1.8	1.5	1.7	1.5		1.5	2	
3ES	45'	-	3	1	6.1	7.6	2 - 1"	1.5	1.5			1.75	1.5	2	
3EL	40'	-	2	1	7.6	9.8	1 - 1"			1.7	1.5	2.0		2	
4/0 AASC, #2 ACSR, #77 MCW															
3B	35'	17°	1	1	5.9	6.7	1 - 1"	1.5	1.5			1.6	1.5	1	
3BS	35'	13°	1	1	6.6	6.7	1 - 1"	1.5	1.5			1.6	1.5	1	
3BS	35'	17°	2	1	6.4	7.0	1 - 1"	1.5	1.5	1.5	1.5	1.5	1.5	2	
3BL	35'	15°	1	1	6.1	7.9	1 - 1"	1.5	1.5			1.7	1.5	1	
3C	40'	35°	2	1	6.1	7.6	1 - 1"	1.75	1.6	1.6	1.5		1.7	2	
3CH	40'	60°	3	1	4.6	6.7	2 - 1"	1.75	1.5	1.6	1.5	1.9	1.5	2	
3CS	45'	35°	3	1	4.6	7.6	2 - 1"	1.6	1.5	1.5	1.5	1.75	1.5	2	
3CHS	45'	60°	4	1	6.4	7.6	2 - 1"	1.7	1.5	1.6	1.5	1.9	1.8	3	
3CL	40'	40°	2	1	7.9	9.8	1 - 1"			1.7	1.5	2.0		2	
3CUH	40'	60°	3	1	5.9	7.6	2 - 1"	1.7	1.5			1.9	1.7	2	
3E	40'	-	3	1	4.6	6.7	2 - 1"	1.75	1.5			1.9	1.7	2	
3EPS	45'	-	4	1	6.1	6.5	2 - 1"	1.7	1.5	1.7	1.5	2.0	1.7	3	
3ELH	40'	-	3	1	5.5	7.6	2 - 1"	1.7	1.5			1.9	1.7	2	
NON-JOINT USE (COMMUNICATION ONLY)															
**NUL	35'	-		1			1 - 1"							1	

\* FOR ANCHOR LOCATION ADD 0.9m TO MINIMUM LEAD AND 1.5m TO MAX. LEAD

\*\* NON-JOINT USE (COMMUNICATION ONLY)

#### GUYING ARRANGEMENT FOR TYPICAL STRUCTURES





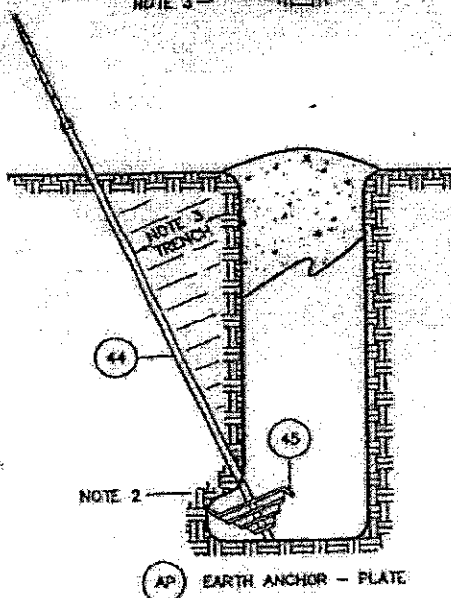
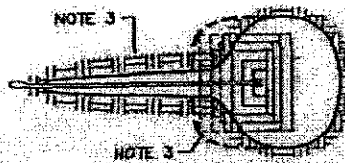
**NOTES**

1. ANCHOR LOGS - TREATED POLE (a) 1.2m x 250mm MINIMUM DIA.  
(b) 1.8m x 250mm MINIMUM DIA.

ANCHOR PLATES - STEEL, 20" x 20"

ANCHOR RODS - 1" x 8'-0" TRIPLE EYE

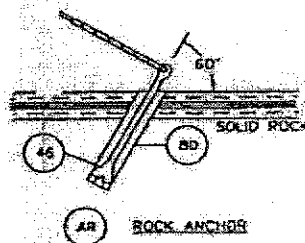
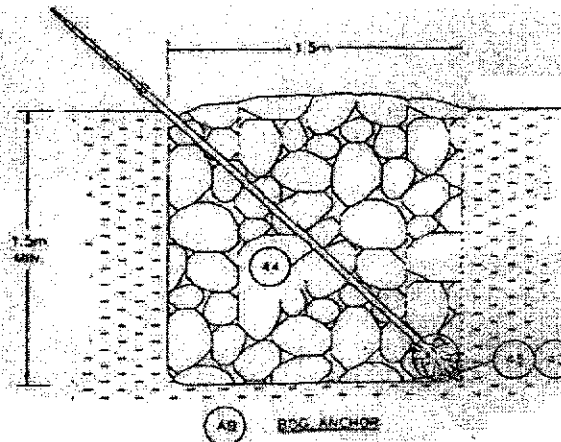
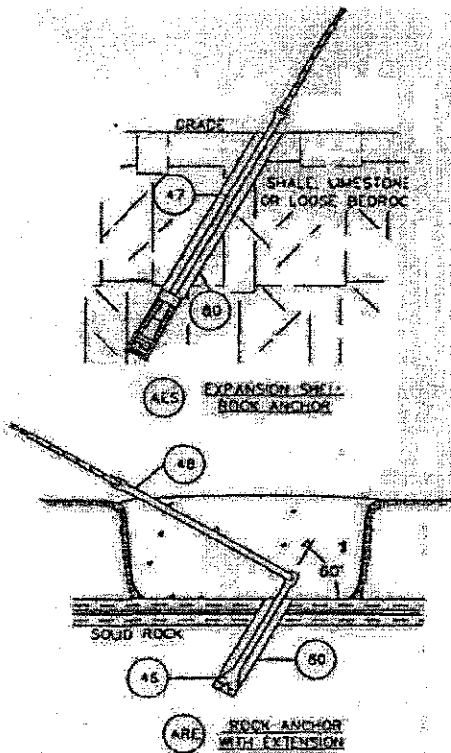
2. ANCHOR HOLE SHALL BE TRENCHED AT BOTTOM TO PROVIDE SOLID ANCHORING (AN ANCHOR HAS ITS MAXIMUM HOLDING STRENGTH WHEN TESTING AGAINST SOLID UNDISTURBED EARTH AND THE TRENCHING HELPS PREVENT THE ANCHOR LOG OR PLATE FROM CREEPING UPWARD IN THE ANCHOR HOLE EXCAVATION.)



3. THE ANCHOR ROD SHALL BE TRENCHED INTO THE SIDE OF THE ANCHOR HOLE UNTIL THE ROD IS IN LINE WITH THE POINT OF ATTACHMENT OF THE GUY AT THE POLE.
4. WHEN THE ANCHOR LOG AND ANCHOR ROD ARE TRENCHED AS SHOWN ABOVE, THERE SHOULD BE NO GIVE IN THE ANCHOR AS IS USUALLY THE CASE WHEN NEITHER THE ROD OR ANCHOR IS TRENCHED.
5. THE ANCHOR HOLE SHALL BE FILLED WITH THE EXCAVATED FILL AND TAMPED WELL. ANY EXCESS SHALL BE MOUND ON TOP OF THE HOLE FOR SETTLEMENT UNLESS IN A LANDSCAPED AREA.

## STANDARD EARTH ANCHOR DETAILS





## NOTES:

## AB - ANCHOR IN BOG

- (1) HOLE SHALL BE 1.5m DEEP, 1.5m WIDE & 1.5m LONG.
- (2) ANCHOR LOG SHALL BE PLACED AGAINST THE BACK EDGE OF THE HOLE.
- (3) ANCHOR ROD SHALL BE PLACED SO THAT IT IS IN LINE WITH THE GUY.
- (4) FILL HOLE WITH ROCK NOT LESS THAN 100mm GRADE.

## AR - ANCHOR IN SOLID ROCK

- (1) DRILL HOLE, NOT GREATER THAN 38mm IN DIAMETER AND EXACTLY 400mm DEEP.
- (2) DRILL HOLE AT 60° FROM THE HORIZ AND AWAY FROM THE POLE.
- (3) INSERT WEDGE IN ANCHOR AND INSTALL IN HOLE WITH SLEDGE.
- (4) GROUT AROUND ANCHOR.

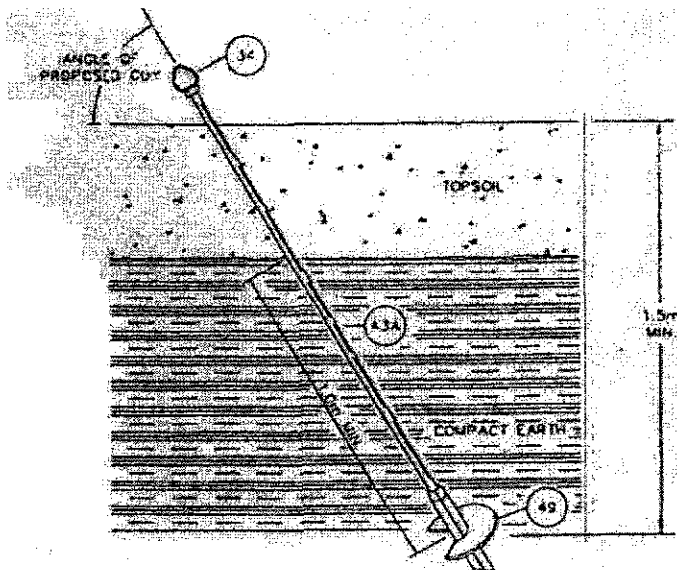
## AES - ANCHOR IN ROCK WITH EXTENSION

- (1) EXCAVATE EARTH TO BARE ROCK.
- (2) DRILL HOLE AND INSTALL ANCHOR AS SPECIFIED IN (1) TO (4) ABOVE.
- (3) ATTACH ROCK ANCHOR EXTENSION AND FILL IN EXCAVATION.

## AES - ANCHOR IN SHALE OR LOOSE ROCK

- (1) DRILL A 32mm DIA. HOLE IN LINE WITH PROPOSED GUY TO ACCOMMODATE THE ROCK ANCHOR.
- (2) DRILL HOLE TO A DEPTH SUCH THAT AFTER INSTALLATION THE BOTTOM OF THE EYE SHALL NOT BE MORE THAN 152mm ABOVE SURFACE OF ROCK.
- (3) PLACE A 5/8" BAR THROUGH THE EYE OF THE ANCHOR AND TURN IN A COUNTER CLOCKWISE DIRECTION UNTIL THE EXPANSION SHELL IS FIRMLY HEDGED AGAINST THE WALL OF THE HOLE.
- (4) GROUT AROUND ANCHOR.

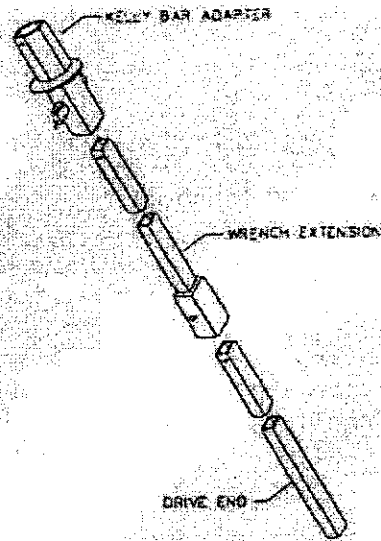
## STANDARD ROCK &amp; BOG ANCHOR DETAILS



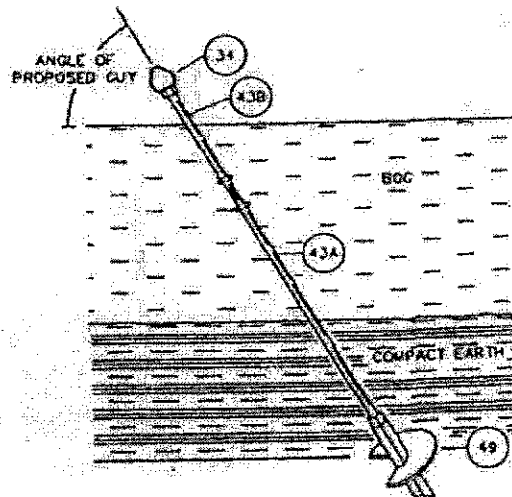
SCREW ANCHOR

## NOTES:

1. ASSEMBLE HELIX AND ANCHOR ROD (WITHOUT EYENUT) AND THREAD THROUGH WRENCH ASSEMBLY. ENSURE THAT THE LOCKING DOGS OF WRENCH ARE COMPLETELY CLOSED ENGAGING THE ANCHOR ROD COLLAR.
2. ALINE ANCHOR WITH THE PROPOSED GUY AND, USING A DOWNWARD PRESSURE WITH THE BOOM, SCREW ANCHOR ITS REQUIRED DEPTH TO THE RATED TORQUE OF THE BIGGER MOTOR.
3. AFTER INSTALLATION PULL LOCKING DOGS OF WRENCH ONE HALF WAY OUT TO RELEASE THE ANCHOR ROD COLLAR AND, USING BOOM, WITHDRAW DRIVE AND ASSEMBLY OF WRENCH.
4. A SCREW ANCHOR MUST HAVE A MINIMUM COVER OF 5 FEET OF SOIL TO ENSURE THAT IT IS BELOW THE FROST LINE, AND MUST PENETRATE THROUGH 3 FEET OF FIRM SOIL TO ENSURE MAXIMUM HOLDING STRENGTH.
5. IF, DUE TO POOR SOIL CONDITIONS, MAXIMUM HOLDING STRENGTH CANNOT BE ACHIEVED WITH THE ANCHOR AND 7'-0" ROD, A 3'-6" ROD EXTENSION MAY BE COUPLED TO PENETRATE DEEPER INTO FIRMER SOILS TO ACHIEVE THIS A WRENCH EXTENSION MUST BE COUPLED WITH THE KELLY BAR AND WRENCH.
6. AN ANCHOR WHICH CAN BE ROTATED AT MAXIMUM PENETRATION IS NOT IN FIRM SOIL AND SHOULD BE WITHDRAWN. AN EARTH, ROCK OR BOC ANCHOR MUST BE USED IN THIS CASE.

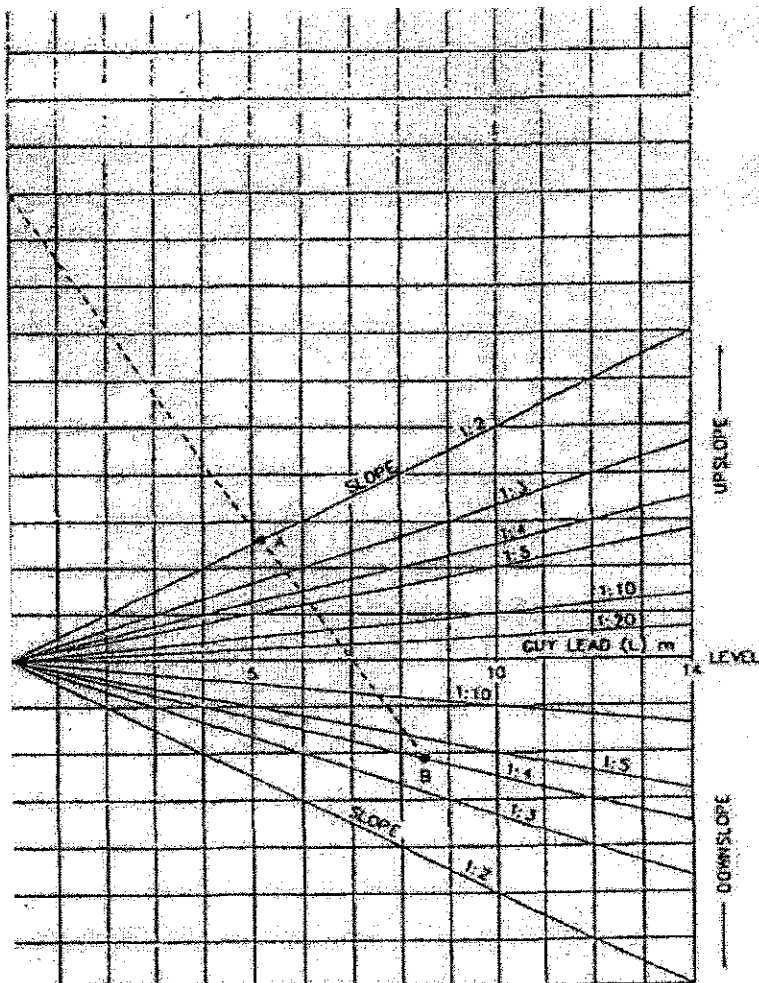


WRENCH ASSEMBLY DETAILS

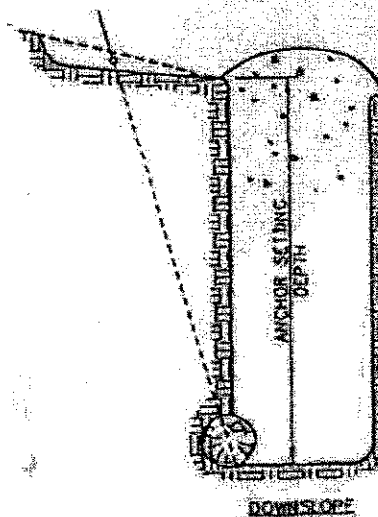
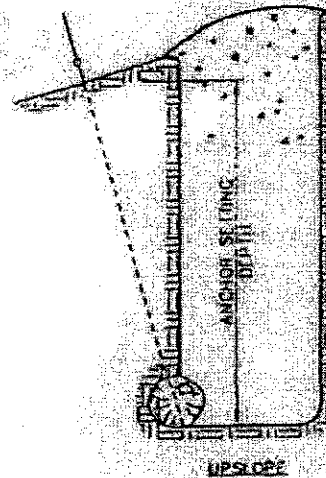


SCREW ANCHOR WITH ROD EXTENSION DETAILS

POWER INSTALLED SCREW ANCHOR DETAILS



THIS CHART IS FOR USE IN DETERMINING THE GUY LEAD FOR SLOPING GROUND.



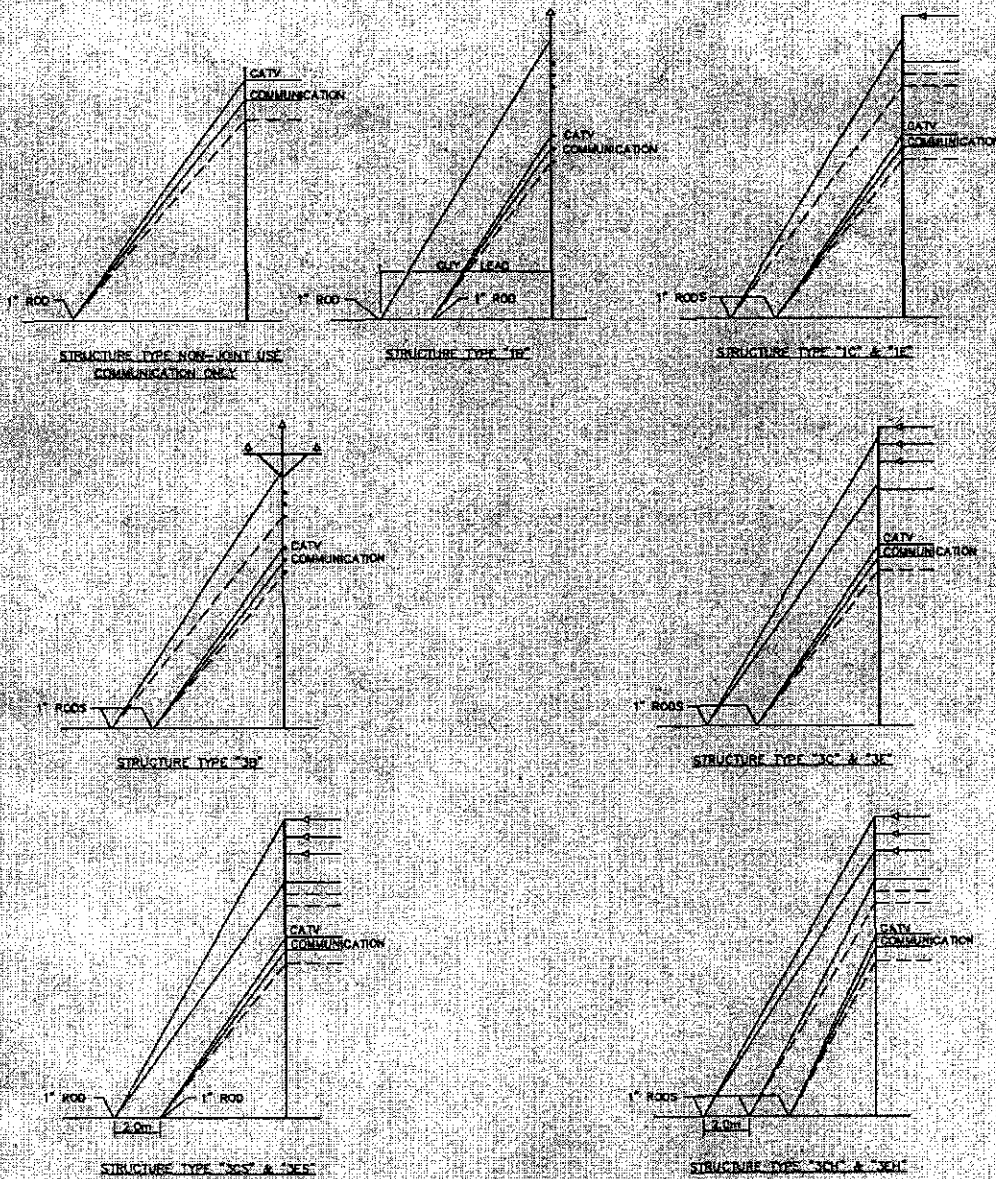
1. GUY LEAD (L) FOR LEVEL GROUND FROM CHART 13-4.  
 2. DETERMINE OR MEASURE SLOPE OF GROUND.  
 3. DETERMINE THE HEIGHT ABOVE GROUND OF GUY WIRE ATTACHMENT.  
 4. PROJECT A STRAIGHT LINE FROM (H) ON THE VERTICAL AXIS THROUGH (L) ON THE HORIZONTAL AXIS AS OUTLINED IN THE ART.

5. CORRECTED GUY LEAD IS DETERMINED FROM THE INTERSECTION OF THIS LINE WITH THE SLOPE IN QUESTION.

EX (1) - L = 7m, H = 10m, UPSLOPE = 1:2  
 PT OF INTERSECTION = A. CORRECTED GUY LEAD = 5.2m.

EX (2) - L = 7m, H = 10m, DOWNSLOPE = 1:4  
 PT OF INTERSECTION = B. CORRECTED GUY LEAD = 8.5m.

## GUY LEAD AND ANCHOR SETTING DEPTH ADJUSTMENT FOR SLOPE



## NOTES:

1. THIS DRAWING OUTLINES THE GUYING ARRANGEMENTS AS PER THE CHART ON PAGE 50.
2. SEE CHART ON PAGE 50 TO DETERMINE IF ADDITIONAL GUYING, INDICATED BY BROKEN LINES, IS REQUIRED.
3. 1" DIAMETER, TRIPLE-EYE ROD WILL BE REQUIRED FOR ATTACHMENT OF THREE GUYS.

## GUYING ARRANGEMENT FOR TYPICAL STRUCTURES

## 16.05 Poles

### 16.05.1 Pole Line Design

#### Pole Type and Treatment

- (a) The physical and treatment properties of Poles shall be in accordance with the following:  
  
CAN3-C22.3, No. 1-M87, Clause 7;  
CAN/CSA 015-90;  
CAN/CSA 080-M89.
- (b) The standard Pole shall be a minimum class 4 Pole. Class 3 Poles or larger shall be used where larger cables or conductors and/or longer spans are encountered.
- (c) Wood Poles shall be as follows:
  - (i) Southern Yellow Pine treated with penta;
  - (ii) Scots Pine treated with penta;
  - (iii) Red Pine treated with penta, or Chromated Copper Arsenate ("CCA");
  - (iv) Western Red Cedar, untreated.
- (d) Machine peeled with physical properties in accordance with CSA Standard 015-090.
- (e) Poles treated with pentachlorophenol (penta), shall be in accordance with CSA Standard 080 – M89, to an average net retention by assay of:
  - (i) Southern Yellow Pine      4.8 kg/m<sup>3</sup>
  - (ii) Red Pine                      6.4 kg/m<sup>3</sup>
- (f) Red Pine Poles treated with CCA, with or without additives, may be used in certain areas where the use of penta treated Poles is objectionable. The treatment of these Poles shall be in accordance with CSA Standard 080 – M89, to an average net retention by assay of 9.6 kg/m<sup>3</sup>.
- (g) The use of wood Poles of a species or treatment process other than those listed above must have prior approval of both Parties.

### 16.05.2 Span Lengths – Joint Use Lines

- (a) The class and maximum span length of Poles for standard power conductors and communication cables shall be determined from the charts and instructions shown on pages 62 to 64 of this Section.
- (b) The charts on pages 62 to 64 give the standard span lengths for Pole Lines with various types of conductor and sizes of communication cables. These charts should be used when building, upgrading or reconstructing Pole Lines. They are prepared for both class 4 Poles and class 3 Poles. The standard span lengths are limited by the wind span and the maximum span length.
- (c) The wind span is proportional to the breaking strength of the Pole. CSA standards state that a class 4 Pole and a class 3 Pole must withstand a horizontal load of 1,089 kg. and 1,361 kg., respectively, applied 0.6 metres from the top of the Pole, before the Pole breaks. The Pole breaks at the ground line when a greater than rated force is applied.
- (d) Based on this Section 16.05.2, and with an appropriate safety factor, the wind span lengths are calculated for lines subjected to both heavy wind loading and wind and ice loading. The lesser result of the two was used to determine the wind span.
- (e) A safety factor of  $1 \frac{1}{3}$  with winds gusting to 153 km/h was used in calculations for heavy wind loading. A safety factor of  $1 \frac{2}{3}$  with heavy loading ( $385\text{N/m}^2$  with 12.7mm of radial ice) was used for wind and ice loading.
- (f) The wind span, for any Support Structure, is one half the sum of the two adjacent spans, assuming that the wind force on the conductor is shared evenly between the two supporting Support Structures. For example, the wind span for a Support Structure having adjacent span lengths of 73m and 91m is  $(73 + 91) \div 2 = 82\text{m}$ .
- (g) All other things being equal the wind span will be greater for a class 3 Pole than that for a class 4 Pole.
- (h) The maximum span length is limited by the conductor spacing and the strength of the hardware used to support conductors. Under similar conditions it will be the same for a class 3 Pole and a class 4 Pole.
- (i) A standard 1200 mm phase spacing was used in calculations. For Support Structures supporting secondary conductors (Chart 3) the maximum span length is that recommended by the manufacture for polyethylene weatherproof (PEWP) conductor subjected to heavy loading conditions.

- (j) The curves on the charts found at pages 62, 63 and 64 are limited by a vertical line. This indicates the maximum span length for the type of line which the curve represents. For example, the maximum span length for three phase 477 MCM is 61 metres, and for single phase 1/0 AASC is 99 metres.
- (k) The standard span lengths are based upon a thirty-five foot Pole with standard long span spacing for Chart 1, page 62 and Chart 2 page 63; short span spacing for Chart 3 page 64.
- (l) In some areas of the province and in some highly exposed sections of distribution lines wind and ice loading may exceed these used in the calculations. Where these conditions are expected the span lengths used should not be more than 80% of the values obtained from Charts 1, 2 and 3. This is intended to provide an additional safety factor for these areas.
- (m) When using Charts 1, 2 and 3, consideration should be given for possible future additions to the Pole Line, either additional cables or larger conductors, when arriving at a suitable span length:
- (n) The following steps outline the procedure to be followed when using charts 1, 2 and 3 to determine a suitable span length.
  - (i) Determine the type of line involved (three phase, single phase with secondary, etc.), and the conductor size to be used for same.
  - (ii) If the Pole Line is to be used for Joint Use determine the total diameter of the communication cables involved. Table C1 on page 61 outlines the cable diameter to be used in Charts 1, 2 and 3 for various combinations.
  - (iii) Determine the class of Pole involved; Section 9-9 of Newfoundland Power's Distribution Standards indicates the minimum dimensions for class 4 Poles and class 3 Poles.
  - (iv) With this information locate the appropriate curve (A, B, C or D) and determine the span length corresponding to the cable diameter in question.
  - (v) If all, or sections of the Pole Line, are in extremely exposed areas and extra heavy loading is expected the span length should be reduced to 80% of the chart values in such areas.

- (o) For example, assume a three-phase line with 477 MCM primary, 4/0 neutral and a total diameter of communication cable of 125 mm.
  - (i) From Curve A on Chart 1 and Chart 2 the span length will be 40 metres for a class 4 Pole and 50 metres for a class 3 Pole; this will be the wind span length. When doing an actual layout an individual span length can exceed this value as long as it does not exceed the maximum span length.
  - (ii) For the above example, where a value of 50 metres was obtained for the wind span an individual span length could be 61 metres. However, the span lengths adjacent to this span would have to be limited to 39 metres in order not to exceed the wind span for the Support Structure.  
  
i.e.  $(61 + 39) \div 2 = 50$  (The wind span)
  - (iii) For high quality line construction and consistency in sag it is recommended that the span lengths be kept, wherever possible, approximately equal in length.




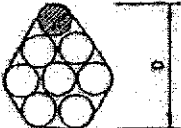


### 16.05.3 Span Lengths – Non Joint Use Lines (Communication Cables Only)

- (a) The class and maximum span length of Poles for communication cables shall be determined from the chart and instructions shown on page 65 of this Section.
- (b) The chart on page 65 give the standard span lengths for Pole Lines with various types of and size of communication cables. These charts should be used when building, upgrading or reconstructing Non Joint Use Pole Lines. The standard span lengths are limited by the wind span and the maximum span length.
- (c) Based on this Section 16.05.3, and with an appropriate safety factor, the wind span lengths are calculated for lines subjected to both heavy wind loading and wind and ice loading. The lesser result of the two was used to determine the wind span.
- (d) The wind span, for any Support Structure, is one half the sum of the two adjacent spans, assuming that the wind force on the conductor is shared evenly between the two supporting Support Structures. For example, the wind span for a Support Structure having adjacent span lengths of 61m and 53m is  $(61 + 53) \div 2$ . However, the wind span shall not exceed sixty-one (61) metres unless first approved by Aliant through the Support Structures Work Request form, which approval shall not unreasonably be withheld.



- (e) All other things being equal the wind span will be greater for a class 3 Pole than that for a class 4 Pole.
- (f) In some areas of the province and in some highly exposed sections of distribution lines wind and ice loading may exceed these used in the calculations. Where these conditions are expected the span lengths used should not be more than 80% of the values obtained from the Charts 1, 2 and 3. This is intended to provide an additional safety factor for these areas.
- (g) When using Charts 1, 2 and 3, consideration should be given for possible future additions to the Pole Line when arriving at a suitable span length:
- (h) For high quality line construction and consistency in sag it is recommended that the span lengths be kept, wherever possible, approximately equal in length.

TABLE C1

COMMUNICATION CABLE DIAMETERS		
CABLE CONFIGURATION SUPPORTED BY STRUCTURE	CROSSSECTIONAL VIEW	COMMUNICATION CABLE DIAMETER FOR USE IN SPAN LENGTH CHARTS
ONE CABLE SUPPORTED BY MESSENGER		$D = \text{DIAMETER OF COMMUNICATION CABLE PLUS MESSENGER}$
TWO CABLES SUPPORTED HORIZONTALLY		$D = \text{DIAMETER OF TWO CABLES PLUS MESSENGER AS SEEN HORIZONTALLY}$
TWO CABLES SUPPORTED VERTICALLY		$D = \text{TOTAL DIAMETER OF BUNDLED CABLES PLUS MESSENGER}$
BUNDLED CABLES		$D = \text{OVERALL DIAMETER OF BUNDLED CABLES PLUS MESSENGER}$
TWO OR MORE CABLES EACH SUPPORTED BY A MESSENGER		$D = \text{TOTAL OF EACH CABLE DIAMETER PLUS THE DIAMETER OF THE MESSENGER SUPPORTING SAME}$
		$D = D1 + D2 +$

LEGEND: -  MESSENGER

 CABLE

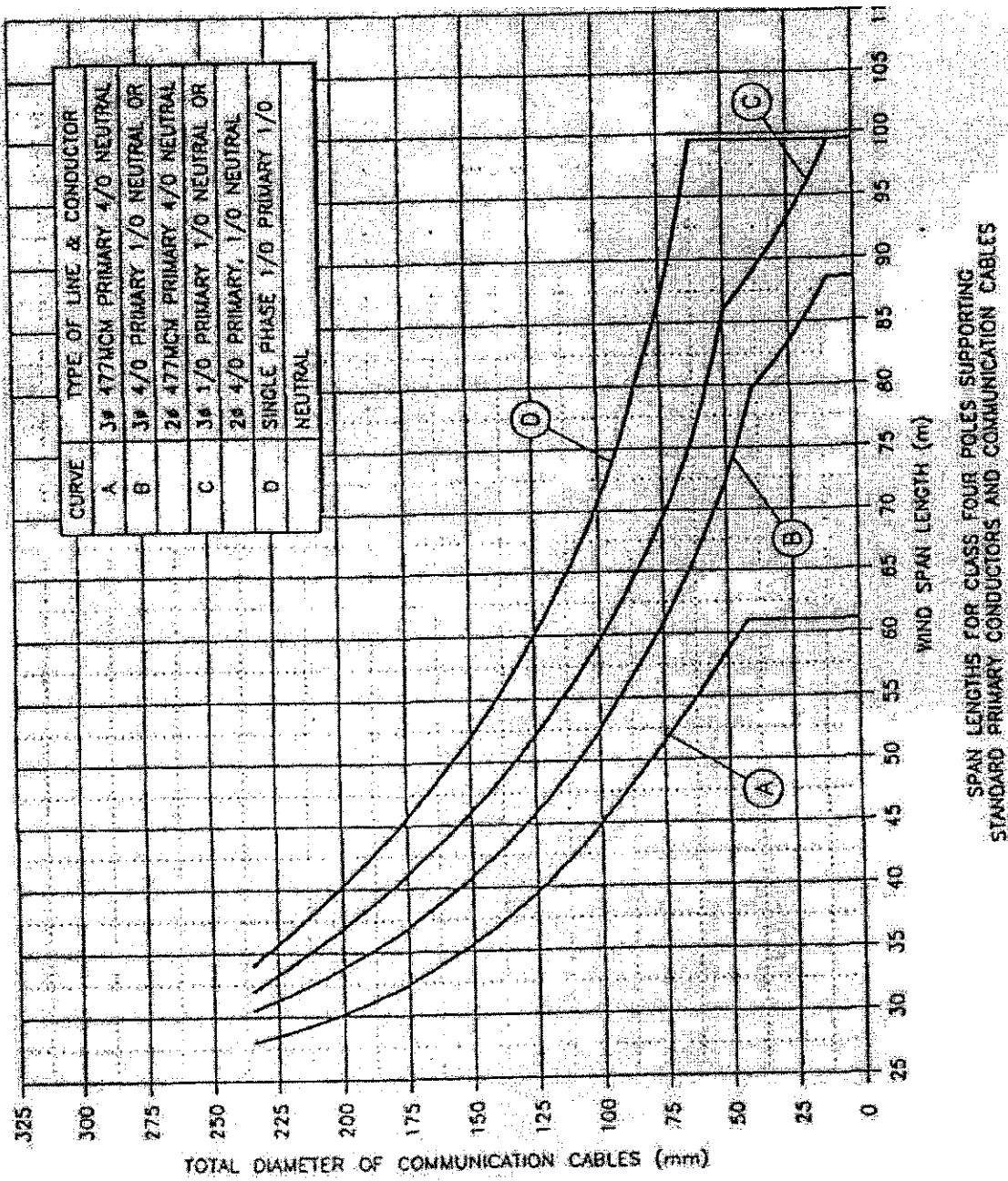


CHART 1 STANDARD SPAN LENGTHS

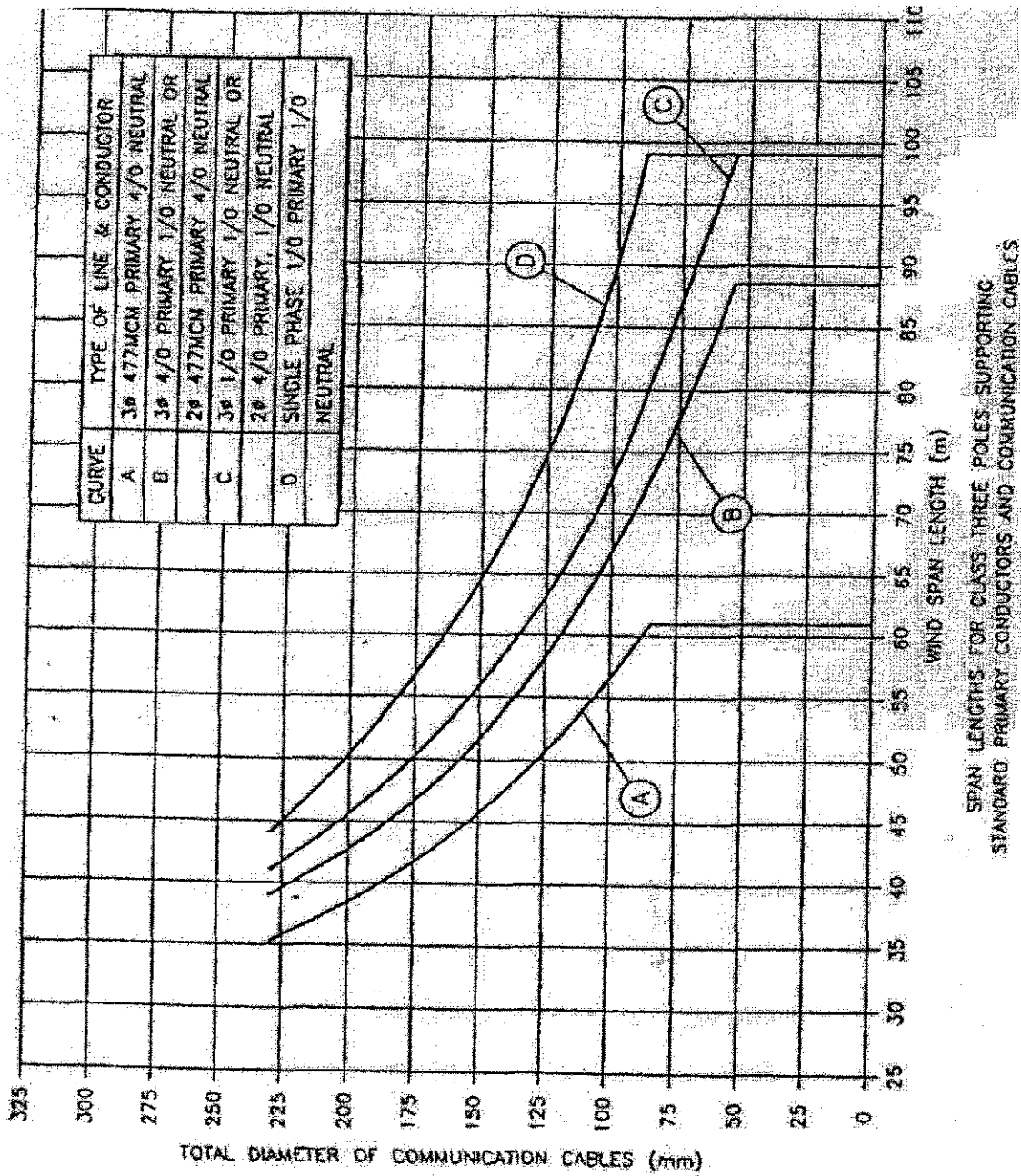
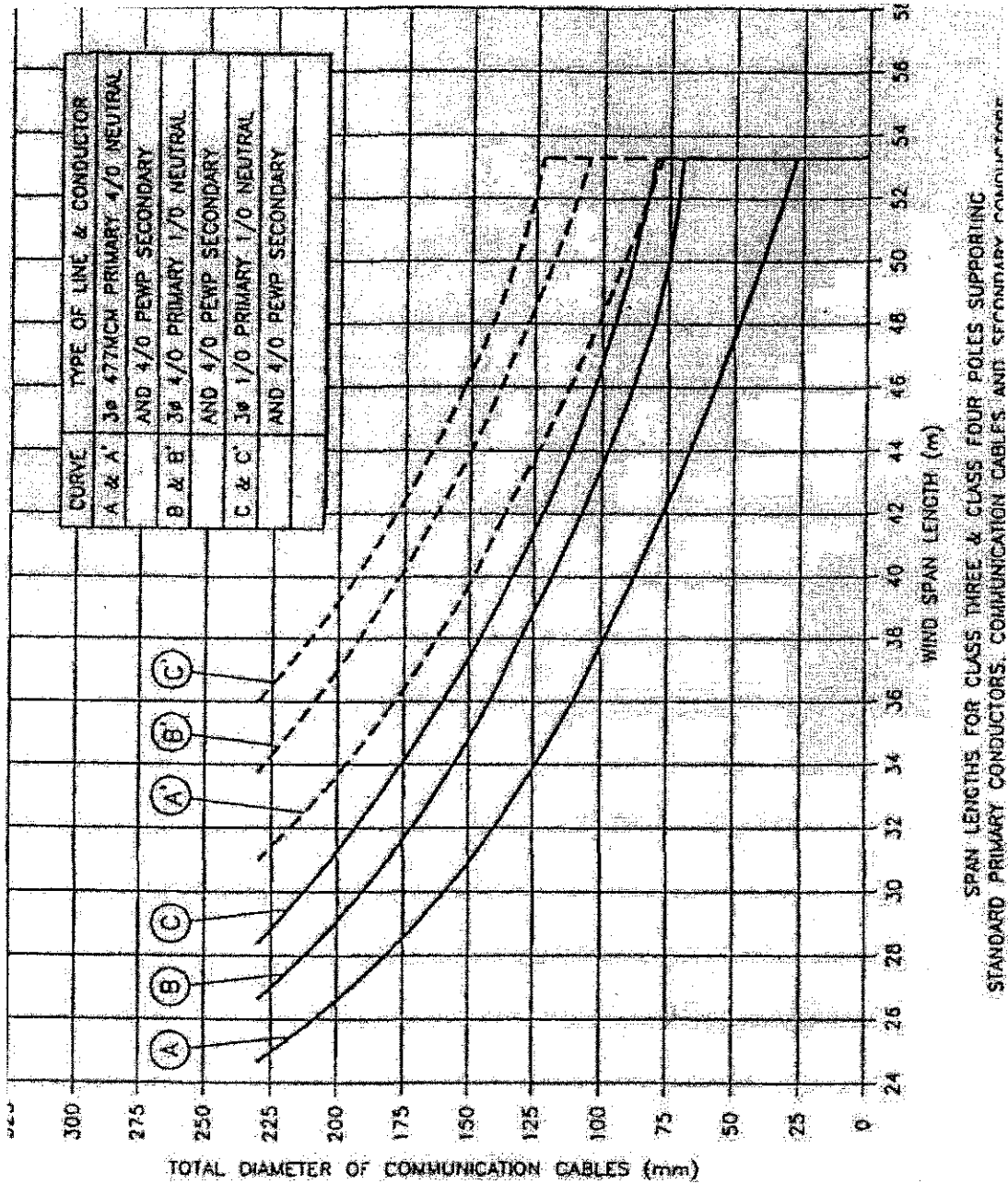
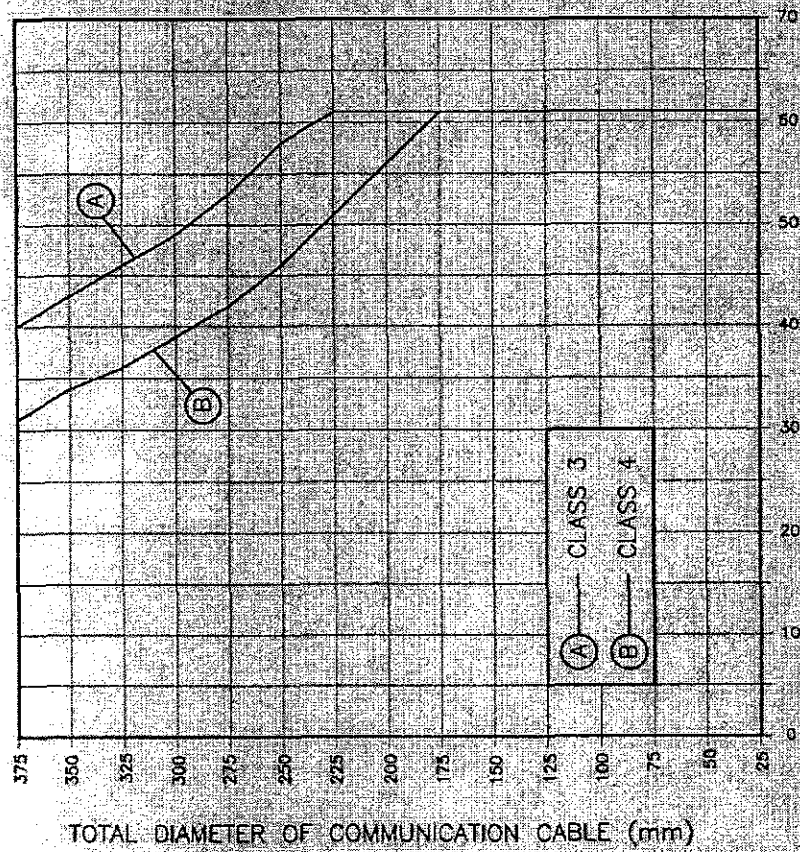


CHART 2 STANDARD SPAN LENGTHS



**CHART 3 STANDARD SPAN LENGTHS**

NON-JOINT USE POLES



SPAN LENGTHS FOR CLASS 3 AND CLASS 4 POLES  
SUPPORTING COMMUNICATIONS CABLES ONLY

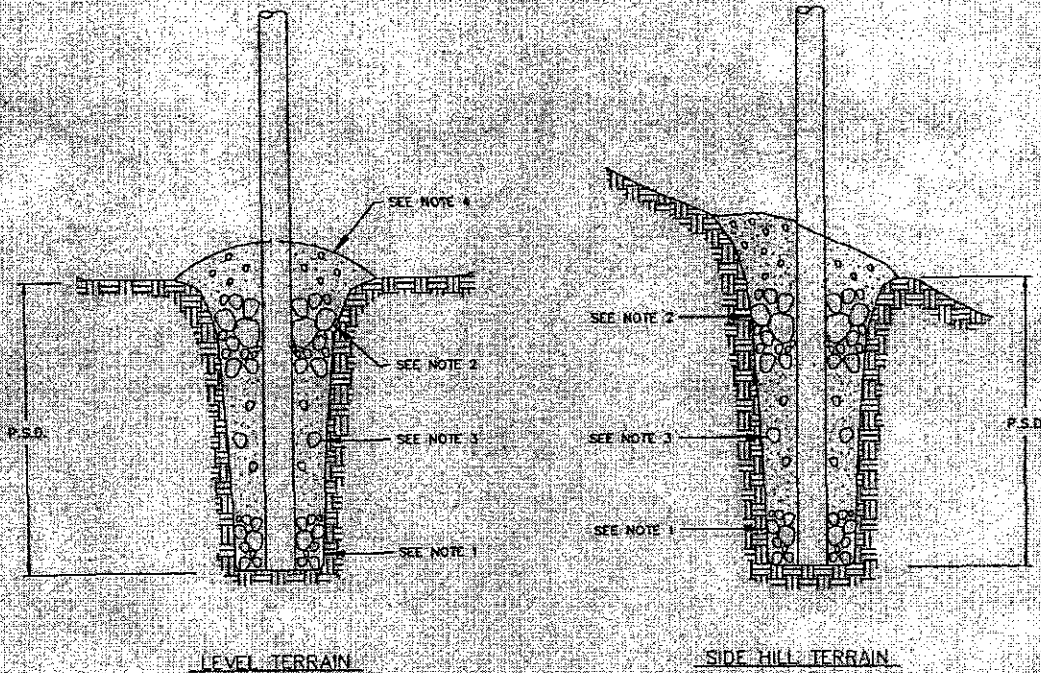
CHART 4 STANDARD SPAN LENGTHS  
NON-JOINT USE (COMMUNICATIONS)

#### **16.05.4 Pole Setting Depth (P.S.D.)**

- (a) The recommended minimum Pole setting depths are shown in the P.S.D. Table on page 67.
- (b) Pole crib installation details are shown on pages 68 and 69.

#### **16.05.5 Pole Marking**

Pole ownership, date nail, and numbering identification tags are to be placed by NP as illustrated on page 70.



POLE SETTING DEPTH P.S.D.	
POLE HEIGHT FT.	MIN. SETTING DEPTH METERS (FT.)
25	1.37 (4 1/2)
30	1.52 (5)
32 1/2 & 35	1.65 (5 1/2)
40	1.83 (6)
45	1.98 (6 1/2)
50	2.13 (7)
55	2.29 (7 1/2)
60	2.44 (8)
65	2.59 (8 1/2)
70	2.74 (9)

#### NOTES:

1. POLE SHALL HAVE A FOOTING OF 230mm (9") OF ROCK.
2. POLE SHALL HAVE A COLLAR OF 230mm (9") OF ROCK.
3. EARTH FILL SHALL BE PLACED IN 230mm (9") LAYERS AND THOROUGHLY TAMPED.
4. EXCESS FILL SHALL BE MOUNDING AROUND POLE UNLESS IN A LANDSCAPED AREA.
5. HOLES DUG BY BACKHOE SHALL ALWAYS BE DUG WITH THE LINE.

### STANDARD POLE SETTING DETAILS



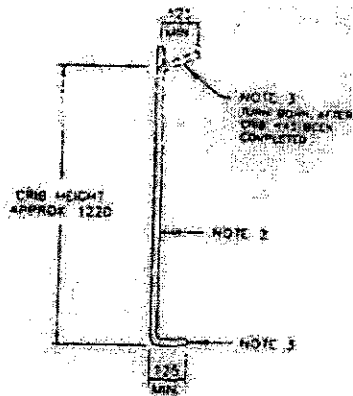
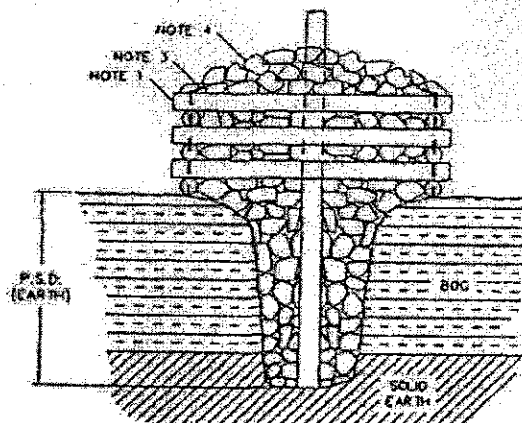
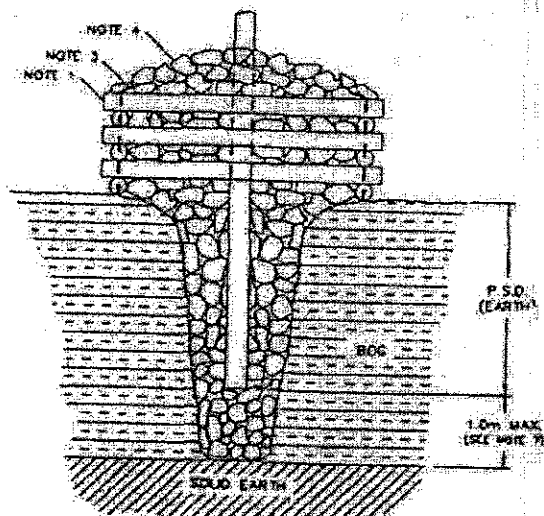
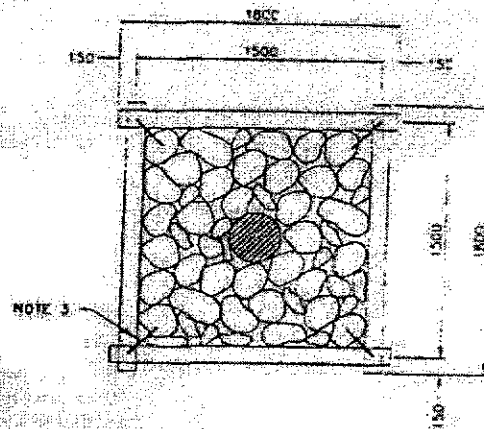


TABLE NO. 1	
POLE HT.	CRIB HT. (mm)
30' & 35'	1070
40' & 45'	1220
50' & 55'	1370

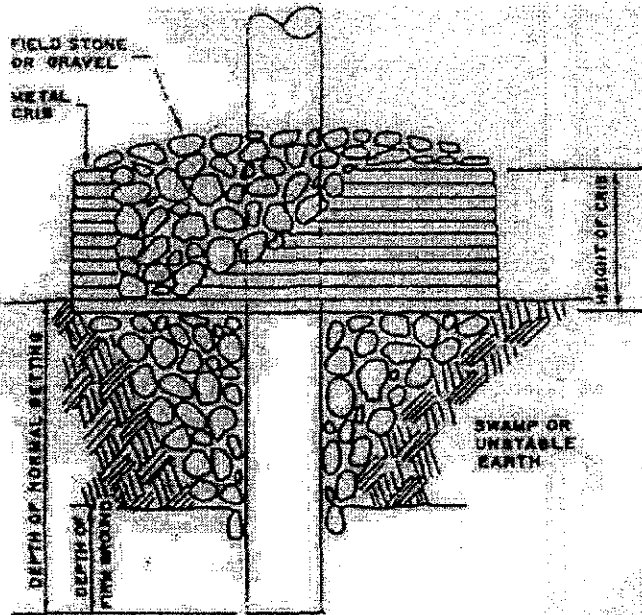


#### NOTES

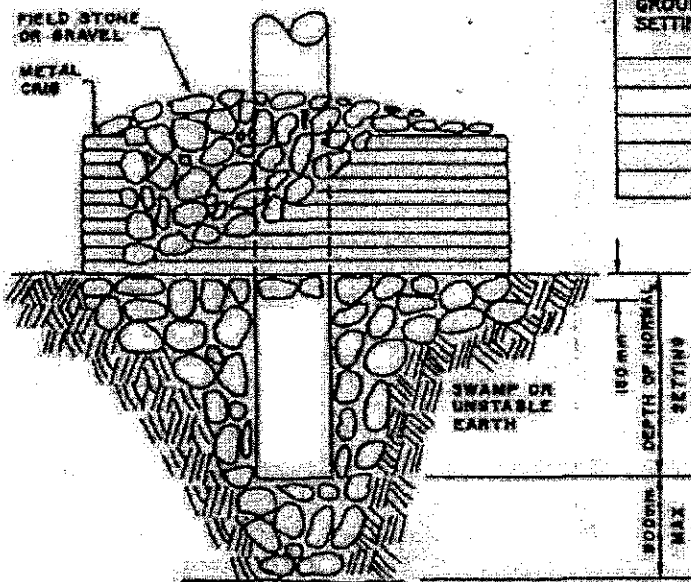
1. CRIB TIMBER SHALL BE OF -  
(a) TREATED POLES OR TREATED TIMBER  
(b) LOCAL UNTREATED - IF SPECIFIED
2. CORNER FASTENING ROD SHALL BE OF -  
(a) 1/2" GALVANIZED STEEL ROD (BUTTON HEAD)  
(b) 5/8" GALVANIZED STEEL ROD (BENT LEG)
3. CORNER FASTENING ROD SHALL HAVE A MINIMUM OF 125mm BENT FORWARD POLE AT BOTTOM AND TOP OF CRIBBING AS INDICATED BY NOTE 3.
4. ROCK FILL SHALL NOT BE LESS THAN 100mm GRADE.

5. CRIB HEIGHT SHALL BE ACCORDING TO TABLE 1.
6. CRIB TIMBER SHALL BE ERECTED WITH POLE IN CENTER.
7. IF SOLID FOOTING CAN BE OBTAINED WITHIN 1.0m OF THE SETTING DEPTH - THEN THE BOC SHOULD BE EXCAVATED AND THE HOLE FILLED WITH ROCK TO POLE SETTING DEPTH BEFORE POLE IS ERECTED.
8. IF SOLID FOOTING IS MORE THAN 1.0m BELOW THE POLE SETTING DEPTH A SPECIAL BOC STRUCTURE SHOULD BE USED OR THE POLE RELOCATED.

#### STANDARD CRIB DETAILS



DEPTH OF FIRM GROUND IN NORM SETTING (mm)	HEIGHT OF CRIB REQ'D FOR POLE LENGTHS (mm)			
	7500	9150	10700	12200
300	1200	1200	1200	1200
500	800	1200	1200	1200
800	800	800	1200	1200
1200	800	800	800	1200
1500	-	-	800	800

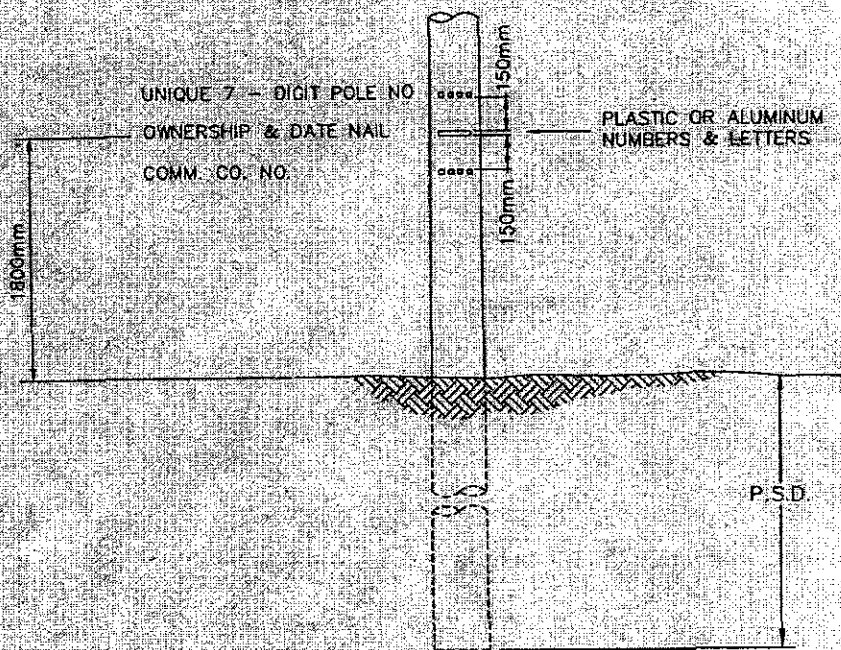
**NOTES:**

1. A METAL POLE CRIB CONSISTS OF FOUR SEEN-CIRCULAR CORRUGATED STEEL PIECES WHICH ARE ASSEMBLED IN THE FIELD USING BOLTS TO FORM A 2100 mm DIA. x 1200 mm HIGH CULVERT SECTION. HALF A CRIB (i.e. 2 PIECES ASSEMBLED TO FORM A 2100 mm DIA. x 800 mm HIGH SECTION) MAY BE USED WHERE ADEQUATE.
2. WHERE FIRM GROUND IS ONLY PARTIALLY AVAILABLE, A POLE SHALL BE PLACED AT THE NORMAL DEPTH OF SETTING AND IN ADDITION SHALL BE SUPPORTED WITH A CRIB AS ILLUSTRATED ABOVE. THE HEIGHT OF THE CRIB SECTION REQUIRED IS SHOWN IN THE TABLE ABOVE.
3. WHERE NO FIRM GROUND IS AVAILABLE WITHIN 800 mm OF THE NORMAL POLE SETTING DEPTH THE POLE SHOULD BE RELOCATED ON A SPECIAL DESIGN CRIB USED. THE SPECIAL DESIGN CRIBBING MUST BE MUTUALLY ACCEPTABLE TO NEWFOUNDLAND TELEPHONE AND THE POWER COMPANY.

**METAL POLE CRIB DETAILS**

NOTES:

1. OWNERSHIP/DATE NAILS WILL BE INSTALLED ON ALL SUPPORT STRUCTURES AS SHOWN.
2. THE POLE OWNER WILL SUPPLY AND INSTALL OWNERSHIP TAGS.
3. POLE NUMBERING WILL BE LOCATED AS SHOWN ON THE DIAGRAM.
4. THE DATING NAIL WILL BE INSTALLED AT THE TIME OF CONSTRUCTION.



STANDARD MARKING FOR SUPPORT STRUCTURES

#### 16.05.6 Reuse of Wood Poles

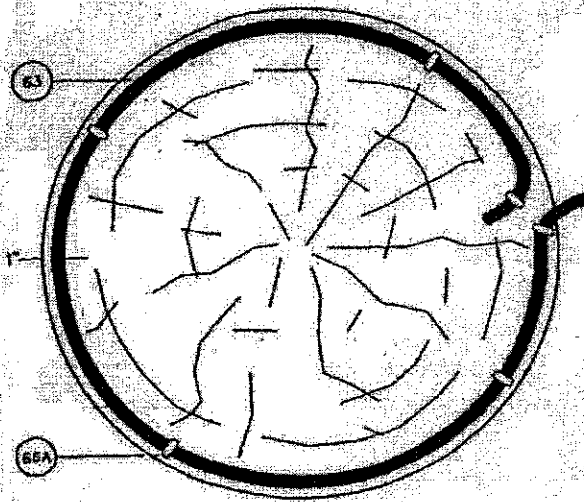
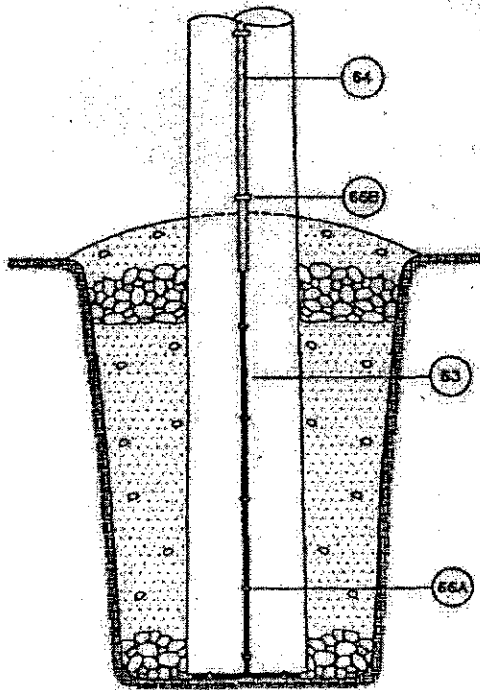
- (a) Used Poles are not to be scrapped prematurely, but should be reused if they are in good condition. Inspection procedures with respect to used Poles shall be carried out uniformly by the Parties. Defective material shall be recognized immediately upon inspection and not reused.
- (b) The following criteria shall apply for inspection of used Poles:
  - (i) Species: Only the following species will be acceptable to be used as Poles which may be reused:
    - (A) Southern Yellow Pine
    - (B) Red Pine
    - (C) Scots Pine
  - (ii) Treatment: Only the following will be acceptable treatments for Poles which may be reused:
    - (A) Pentachlorophenol (Penta);
    - (B) Chromated Copper Arsenate (CCA).
  - (iii) Defects: The following defects, as defined below shall be used as the criteria to determine whether used Poles are to be accepted or rejected for reuse:
    - (A) Check: Separation of the wood that extends radially across the annual growth rings and are the inevitable result of the drying of the wood.
    - (B) Crack/Break: A cross-break in the wood which is usually the result of rough handling (loading, unloading).
    - (C) Decay: The deterioration of wood caused by the action of wood destroying fungi, resulting in softening, loss of strength, and weight and often change of texture and colour. Note that advanced decay means the late stage of decay in which the decomposition is readily recognized as the wood becomes soft, stringy, pitted or crumbly. Incipient decay means the early stage of decay in which the decomposition has not proceeded far enough to soften or otherwise change the hardness of the wood. It is usually accompanied by the slight discoloration of the bleaching of the wood.

- (D) Shake: The separation of the wood along the grain, the greater part of which occurs between the annual growth rings.
  - (E) Split(s): Usually the result of two checks meeting at the centre of the Pole, resulting in two discrete portions of the Pole being completely separated.
- (iv) Application of Defects:
- (A) Check: Checks that result from normal seasoning of the wood shall be permitted. A combination of two checks (which meet in the centre) in the top or extending more than two feet in the butt shall be cut off to eliminate those portions.
  - (B) Crack/Break: Poles with cracks or breaks shall be rejected.
  - (C) Decay: Advanced decay or decay in heartwood (inner, dark core) shall be rejected; however, incipient decay in sapwood (outer, lighter wood) is permitted.
  - (D) Shake: Shakes in the butt end surface extending through an arc of not more than 90 degrees shall be permitted.
  - (E) Split(s): Poles with splits in the top or extending more than two feet in the butt shall be cut off to eliminate those portions.
  - (F) In addition to the above defects, Poles that have excessive amounts of climbing holes, bird holes, insect attack damage or burn marks that penetrate the sapwood or pores in poor physical condition shall be rejected or cut off to eliminate the defective portion.
- (v) Age Category: The following age categories shall apply in order to determine whether Poles may be reused:
- (A) 10 years or less: to be reused as per class and height.
  - (B) Over 10 years - less than 25 years: to be reused as 30' service Poles and street light Poles only.
  - (C) 25 years and over: to be rejected.

- (vi) Retreatment: All Poles in Age Category (B) shall be retreated in the following manner:
  - (A) Butt: Butt ends that are cut off shall be retreated.
  - (B) Top: All Poles that are cut off at the top shall have the top retreated.
- (vii) Holes: All unused bolt-holes are to be plugged after framing using treated plugs.

#### 16.06 Grounding and Bonding

- (a) Grounding coils shall be placed in accordance with the installation details shown on page 74, on all Poles supporting equipment such as distribution transformers and Guys. Additional ground coils shall be installed if these grounds do not satisfy the requirement of one ground per 300 metres. Where grounding is required on an existing Support Structure, ground rods shall be installed as per the installation details on page 75.
- (b) The bonding and grounding of communication cables to the structure ground shall be at the beginning and the end and at approximately 300 metre intervals along the Pole Line. The connection of the communication ground wire and the power ground wire, to the structure ground is shown on page 76.
- (c) Communication Guys that are not effectively grounded through the strand bolt shall be bonded to the strand as shown on page 77.

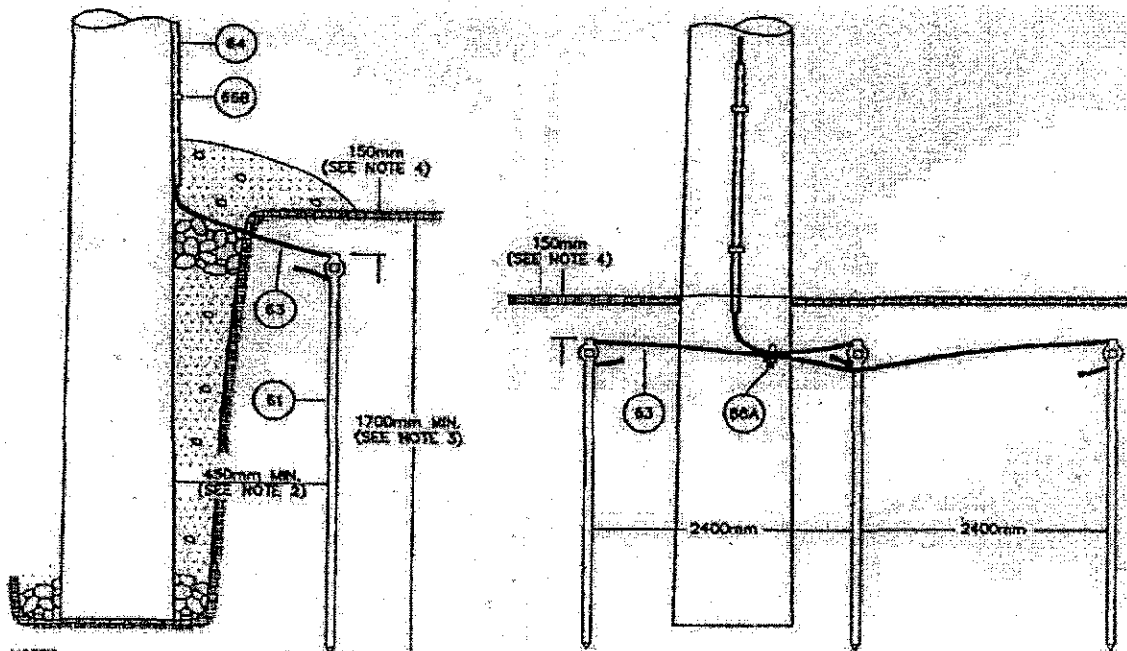


GROUND COIL DETAILS  
BUTT SECTION

NOTES:

1. A GROUND COIL IS TO BE USED FOR GROUNDING GUYS, TRANSFORMERS AND OTHER APPARATUS ON WOOD POLES.
2. THE GROUND COIL WILL HAVE TO BE MADE UP AND CLAMPED PRIOR TO INSTALLING THE POLE.
3. THE COIL IS CONSTRUCTED BY WRAPPING A SINGLE TURN OF #4 BARE, SOLID COPPER WIRE AROUND THE OUTER EDGE OF THE POLE BUTT.
4. THE WIRE USED FOR THE GROUND COIL SHOULD BE OF SUFFICIENT LENGTH TO EXTEND AND CONNECT TO THE SYSTEM NEUTRAL.
5. THE GROUND WIRE SHALL BE COVERED WITH A GROUND WIRE GUARD. THE GUARD SHALL EXTEND 150mm BELOW FINAL GRADE AND BE CLAMPED AT 200mm INTERVALS.
6. A GROUND COIL IS NOT RECOMMENDED WHERE THE POLE IS RESTING ON A ROCK FOUNDATION.

STANDARD GROUND COIL INSTALLATION DETAILS



## NOTES:

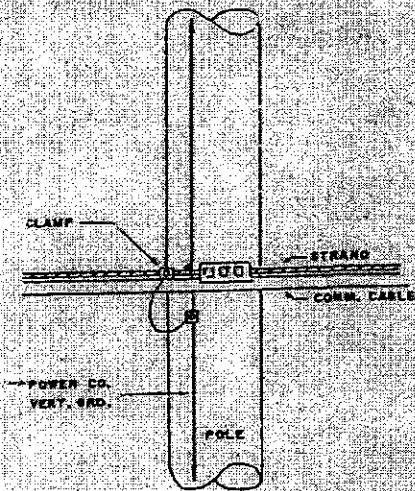
1. A GROUND ROD IS TO BE USED WHERE IT IS IMPRACTICAL TO INSTALL A GROUND COIL.
2. GROUND RODS SHALL BE INSTALLED IN UNDISTURBED EARTH (AT LEAST 450mm FROM WOOD POLES) TO ENSURE THE BEST POSSIBLE CONTACT WITH THE SOIL.
3. THE GROUND ROD SHALL BE DRIVEN VERTICAL. IF THIS IS NOT POSSIBLE THE GROUND ROD MAY BE DRIVEN AT AN ANGLE NOT LESS THAN 45° TO THE HORIZONTAL TO ITS FULL DEPTH.
4. FOR PROTECTION THE GROUND ROD AND GROUND WIRE SHALL BE BURIED AT LEAST 150mm BELOW FINAL GRADE.
5. THE GROUND WIRE SHALL BE COVERED WITH A GROUND WIRE GUARD. THE GUARD SHALL EXTEND 150mm BELOW FINAL GRADE AND BE CLAMPED AT 200mm INTERVALS.
6. TO IMPROVE GROUND RESISTANCE AT A PARTICULAR LOCATION TWO OR THREE GROUND RODS MAY BE ADDED TO THE EXISTING ELECTRODE AS INDICATED.
7. THE ADDITIONAL RODS SHOULD BE SPREAD NOT LESS THAN 2400mm APART AND INsofar AS POSSIBLE BE INSTALLED ALONG THE ROUTE OF THE POLE.

**INSTALLATION DETAILS FOR  
IMPROVED GROUND RESISTANCE**

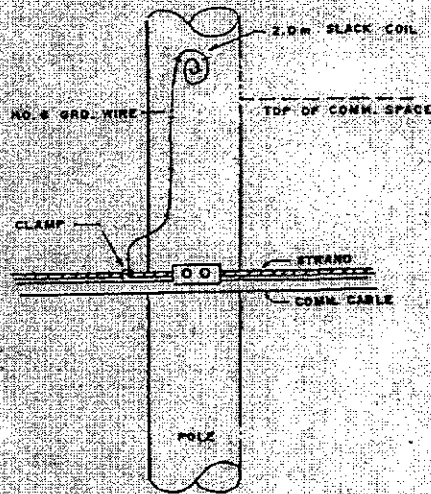
**STANDARD GROUND ROD INSTALLATION DETAILS**



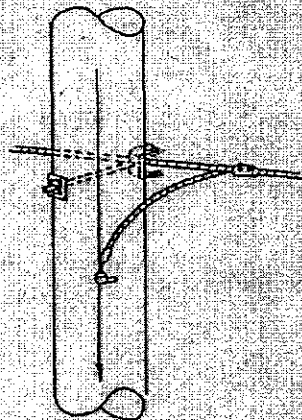
BONDING STRAND TO VERTICAL GROUND



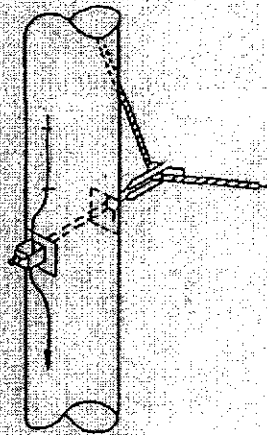
BONDING STRAND TO MULTI-GROUNDED NEUTRAL



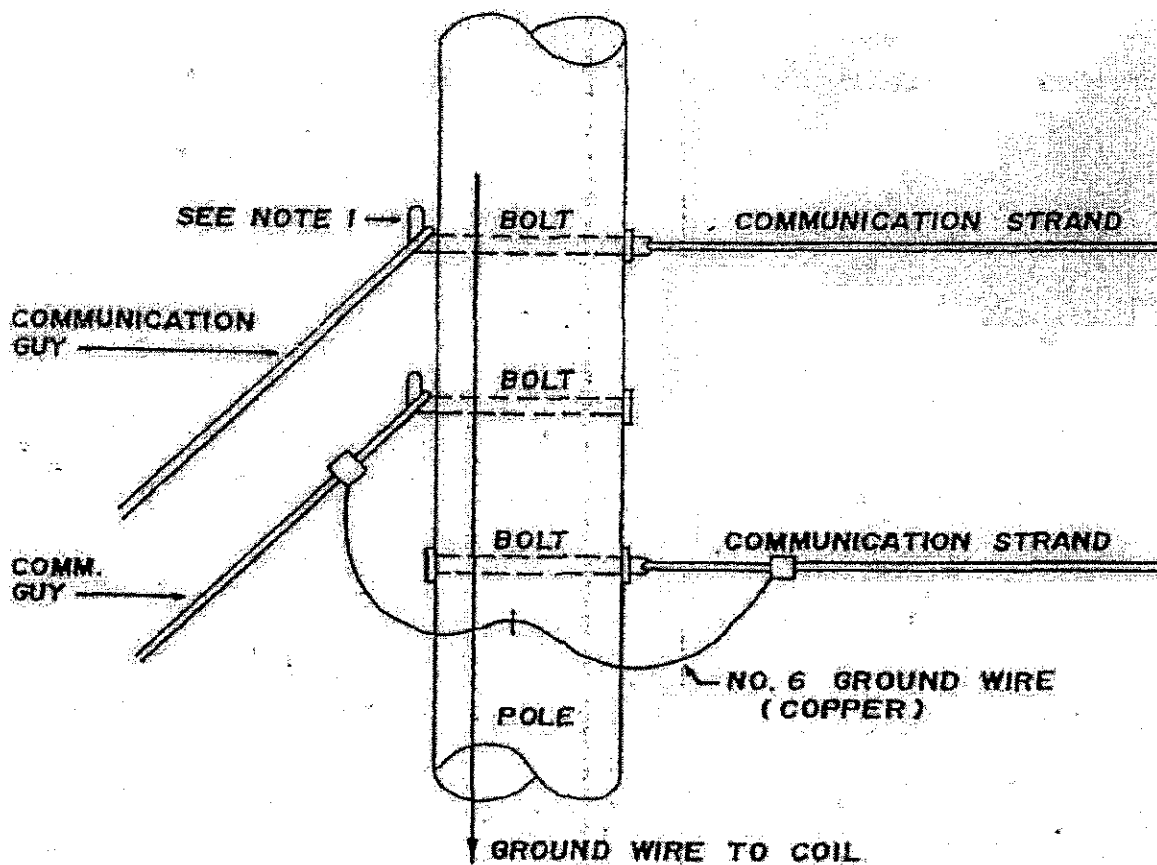
COMMUNICATION CONNECTION

CONNECTION - GROUND WIRE TO  
NEUTRAL - "B" STRUCTURE

POWER CONNECTION

CONNECTION - GROUND WIRE TO  
NEUTRAL - "C" & "E" STRUCTURES

GROUND WIRE CONNECTION FOR SUPPORT STRUCTURES



NOTE 1: TOP GUY IS EFFECTIVELY  
GROUNDED THROUGH BOLT.

COMMUNICATION GUY BONDING DETAILS

**16.07 Easement Widths for Pole Lines**

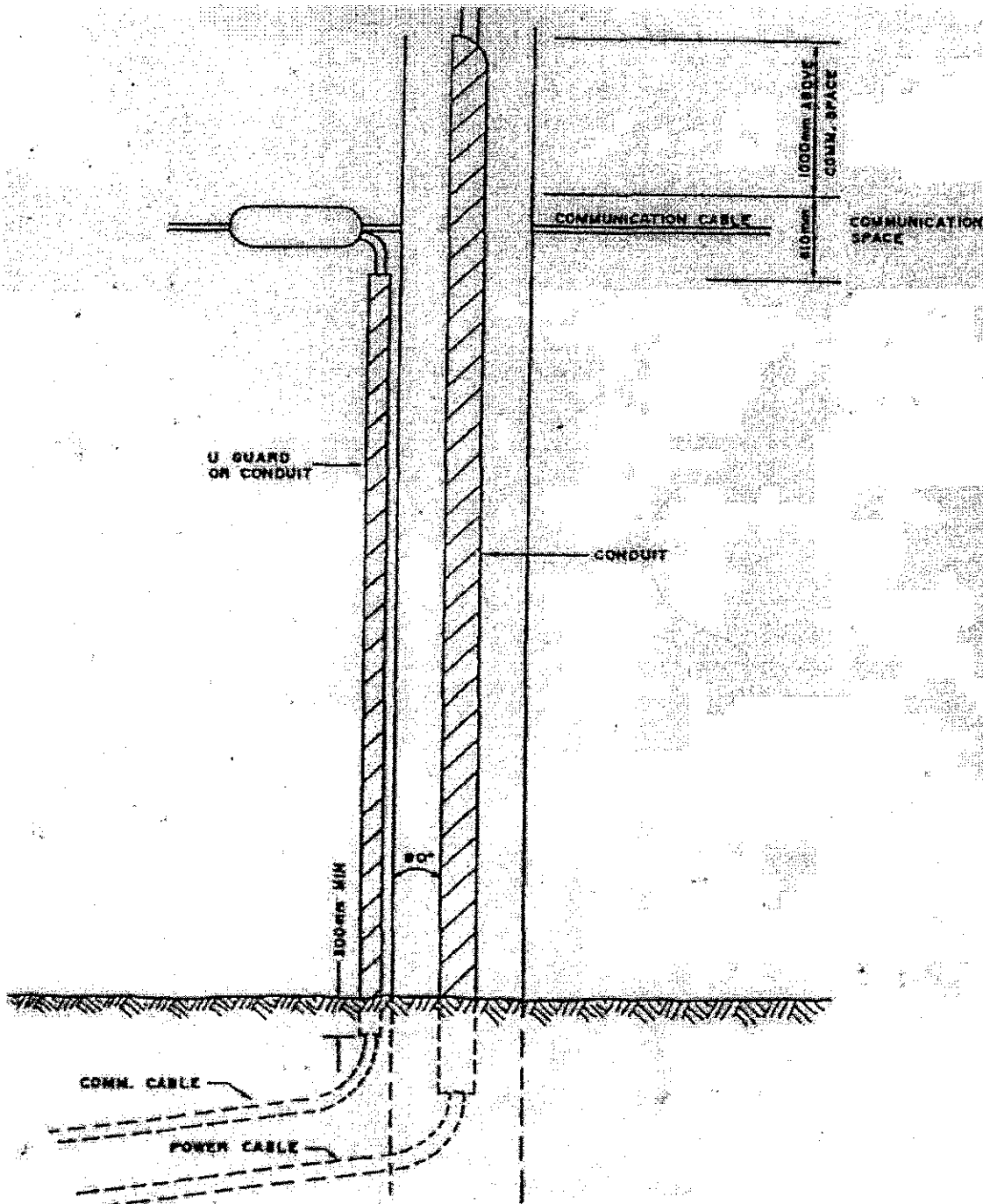
- (a) The standard Joint Use easement widths shall be as follows:
  - (i) Span lengths less than, or equal to, 61 metres
    - (A) two and three phase primary conductor and communication cables - 7.4 metres
    - (B) single phase primary conductor and communication cables - 5.4 metres
    - (C) secondary conductor and communication cables - 3.0 metres (minimum)
    - (D) Guy wire and Anchors - 3.0 metres wide x 8.0 metres (minimum) to 10.0 metres (maximum) long
  - (ii) Span lengths more than 61 metres
    - (A) single phase and three phase primary conductors and communication cables - 9.0 metres
    - (B) Guy wires - 3.0 metres wide x 10.0 metres long
- (b) The Standard Non Joint Use easement width shall be 3.0 metres (minimum).
- (c) The Pole Line shall be located in the center of the easement.

## 16.08 Line Clearing and Tree Trimming

- (a) For construction of new Pole Lines supporting primary conductors, the right of way shall be cleared to a maximum width of 7.4 metres, including all overhanging branches. The cleared section should be increased in locations where high trees or upslope is encountered. For secondary and service Pole Lines, a cleared width of 3.0 metres should be adequate providing the area is well sheltered and there is reasonable assurance that trees will not fall into the Pole Line. To provide adequate working conditions, all brush and stumps are to be cut within 150 mm of existing grade. All cuttings, trees, deadfall, bark and debris shall be burned or otherwise removed from the right of way. This burning must be conducted at a sufficient distance from the Pole Line to avoid heat damage to telephone cables and power lines. When a tree is located near energized power lines, a rope shall be used to anchor the tree to ensure that once cut it does not fall across these lines. Once cleared, NP may, subject to environmental regulation, cut, use spray, pellets, or other acceptable methods to control the growth of underbrush.
- (b) Most properly maintained rights of way will require no tree trimming. However in areas where trees are maintained for aesthetic reasons, trimming is essential. Trimming, in general, should be carried out when branches reach a 2 metre radius for fast growing trees and 1 metre radius for slow growing trees when adjacent to primary conductor and/or 1 metre radius for fast growing trees and 0.5 metre radius for slow growing trees when adjacent to secondary power lines and communication cable. All dead-wood which could blow into the line or trees which are leaning or appear to have inadequate support shall be removed during the trimming process. Special consideration shall be given to trees near school yards and playground areas to eliminate the possibility of climbing by children near energized conductors and/or cables.

## 16.10 Vertical Runs on Poles

- (a) Vertical runs of neutral conductors and ground wires shall be protected to a height of 2400mm with suitable grade material of adequate electrical insulating and mechanical properties. Where the vertical run consists of a power cable, the protection may consist of metal guard, or conduit, without insulating properties.
- (b) Power and communication vertical runs should not be made on the same Poles. Where it is not practical to place them on separate Poles they shall at least be 90° apart. A typical riser arrangement is shown on page 80.

NOTES:

1. CONCRETE ABUTMENT MAY BE REQUIRED AROUND DUCTS OR GUARDS IF EXPOSED TO VEHICULAR TRAFFIC.
2. SUPPLY SPACE AT DEADEND DIP POLE MUST BE AT 90 DEG. TO DOWN GUY TO ALLOW FOR COMMUNICATION GUY ATTACHMENT.

POLE RISER DETAIL










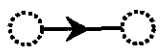


### **Standard Symbols**

The following exhibits show the most common symbols used by Aliant and Newfoundland Power.

**EXHIBIT A – Aliant Symbols**

**EXHIBIT B – Newfoundland Power Symbols**

### Exhibit A – Aliant Telecom Symbols

NEW	EXISTING	
		Wood Pole - Non-Joint Use, Indicate Height and Class
		Wood Pole - Joint Use, Indicate Height and Class
		Foreign Owned Pole
		Downguy and Anchor
		Pole to Pole Guy
		Push Brace

- NOTES: 1. STANDARD SYMBOLS USED ON WORKPLANS.
2. SYMBOLS WHICH ARE SHADED OR HEAVY INDICATE NEW CONSTRUCTION.
3. GUYS REFER TO ALIANT GUY ONLY. ANCHORS TO BE SIZED TO ACCOMMODATE ADDITIONAL NEWFOUNDLAND POWER REQUIREMENTS.
4. STANDARD ROD TYPE IS: 1" X 8' TRIPLE EYE.

## Exhibit B - Newfoundland Power Symbols

○ ● NP WOOD POLE } Indicates Pole Height (ft.) & Class  
(Other Than 4)  
Ex. O-35-3

□ ■ NP STEEL POLE } Indicates Pole Height (ft.)

—○— SINGLE DOWN GUY }  
—○— DOUBLE DOWN GUY } Indicates Guy Type, Anchor  
—○— OVERHEAD GUY } Size & Minimum Lead (ft.)  
—○— SIDEWALK GUY } Ex. O-1-3/4-12

— OVERHEAD 24 PRIMARY CONDUCTOR }  
— OVERHEAD 24 PRIMARY CONDUCTOR } Indicates Size & Type  
— OVERHEAD 18 PRIMARY CONDUCTOR } Ex. 1/0 AASC

— OVERHEAD DUPLEX #6 ASC WP }  
— OVERHEAD 3 WIRE SECONDARY WP } Indicates Size & Type  
— OVERHEAD 4 WIRE SECONDARY WP } Ex. 2/0 AASC

— OVERHEAD TRIPLEX ASC WP }  
— OVERHEAD QUADRIplex } Indicates Size  
— OVERHEAD BUS BREAK } Ex. #2 0

— SECONDARY BUS BREAK

— UNDERGROUND 24 PRIMARY CABLE }  
— UNDERGROUND 18 PRIMARY CABLE } Indicates Size, Type  
— PRIMARY AERIAL CABLE } & Voltage (kV)  
Ex. U-500-PLC-18

— UNDERGROUND DUPLEX CABLE PE/PVC } Indicates Size &  
— UNDERGROUND TRIPLEX CABLE PE/PVC } Number of Runs  
Ex. U-2-5

— UNDERGROUND 3 WIRE SECONDARY CABLE } Indicates Size  
— UNDERGROUND 4 WIRE SECONDARY CABLE }

— CUSTOMER OWNED PLANT

△ ▲ 1φ TRANSFORMER 120/240 VOLT } Indicates kVA  
△ ▲ OPEN DELTA TRANSFORMER BANK } Indicates kVA &  
3φ TRANSFORMER BANK } Secondary Voltage  
Ex. 75-120/208

□ 3φ PADMOUNT TRANSFORMER } Indicates kVA  
□ 1φ PADMOUNT TRANSFORMER }

□ PRIMARY METERING TANK

— CAPACITOR } Indicates Amps

— VOLTAGE REGULATOR } Indicates Amps

○ □ LUMINAIRE } Indicates Type & Voltage  
Ex. □ 8-150

LETTER 'E' ON SHADED SYMBOLS INDICATES EXISTING PLANT

### CONDUCTOR DESIGNATION

CU	COPPER
ASC	ALUMINUM STRANDED CONDUCTOR
AASC	ALUMINUM ALLOY STRANDED CONDUCTOR
ACSR	ALUMINUM CONDUCTOR STEEL REINFORCED
PILC	PAPER INSULATED LEAD COVERED
XLPE/ON	CROSSLINK POLYETHYLENE INSULATED CONCENTRIC NEUTRAL
WP	WEATHERPROOF CONDUCTOR
XLPE/PVC	CROSSLINK POLYETHYLENE INSULATED POLYVINYL CHLORIDE JACKET

### LUMINAIRE DESIGNATION

S	HIGH PRESSURE SODIUM
M	MERCURY VAPOUR
14	STANDARD LUMINAIRE 14" BRACKET
8	STANDARD LUMINAIRE 8" BRACKET
2	STANDARD LUMINAIRE 2" BRACKET
P	POST TOP LUMINAIRE

### NOTES

1. THIS DRAWING INDICATES THE STANDARD LEGEND TO BE USED ON ALL PROJECT PLANS.
2. INFORMATION NORMALLY REQUIRED TO IDENTIFY ITEM, SIZE, ETC. SHOULD BE PLACED ADJACENT TO THE SYMBOL AS INDICATED BY THE EXAMPLE ON DRAWINGS WHERE THE ITEM, SIZE AND TYPE ARE CONSISTENT, THE INFORMATION MAY BE INCLUDED WITH THE LEGEND.
3. SYMBOLS WHICH ARE SHADED AS OUTLINED, INDICATE AN EXISTING ITEM. THE LETTER 'E' SHALL BE USED ADJACENT TO THE REMAINING SYMBOLS TO INDICATE AN EXISTING ITEM.
4. GUYS REFER TO NEAP GUYS ONLY. HOWEVER THE ANCHOR SHALL BE SIZED TO ACCOMMODATE A GUY FOR COMMUNICATION CIRCUITS WHERE REQUIRED.  
STANDARD ROD TYPES ARE:  
(a) 3/4" x 8" DOUBLE EYE FOR UP TO 2 SINGLE GUYS  
(b) 1" x 8" TRIPLE EYE FOR UP TO 3 SINGLE GUYS
5. THE DESIGNATION TO BE USED ADJACENT TO THE SYMBOL FOR CONDUCTOR AND LUMINAIRE ARE INDICATED ABOVE.
6. THE OPERATING VOLTAGE AND INSULATION LEVEL SHALL BE INDICATED ON EACH PLAN.

STANDARD SYMBOLS — NEWFOUNDLAND POWER



**SCHEDULE "B"****CALCULATION OF ANNUAL RENTAL RATE AND ANNUAL RENTAL FEE****Annual Rental Rate (per Pole Unit)**

2001	\$32.00
2002	2001 Annual Rental Rate $\times$ [1 + (50% $\times$ 2001 GDPPI)] $\pm$ Third Party Revenue Adjustment
2003	2002 Annual Rental Rate $\times$ [1 + (50% $\times$ 2002 GDPPI)] $\pm$ Third Party Revenue Adjustment
2004	2003 Annual Rental Rate $\times$ [1 + (50% $\times$ 2003 GDPPI)] $\pm$ Third Party Revenue Adjustment
2005	2004 Annual Rental Rate $\times$ [1 + (50% $\times$ 2004 GDPPI)] $\pm$ Third Party Revenue Adjustment
2006	2005 Annual Rental Rate $\times$ [1 + (50% $\times$ 2005 GDPPI)] $\pm$ Third Party Revenue Adjustment
2007	2006 Annual Rental Rate $\times$ [1 + (50% $\times$ 2006 GDPPI)] $\pm$ Third Party Revenue Adjustment
2008	2007 Annual Rental Rate $\times$ [1 + (50% $\times$ 2007 GDPPI)] $\pm$ Third Party Revenue Adjustment
2009	2008 Annual Rental Rate $\times$ [1 + (50% $\times$ 2008 GDPPI)] $\pm$ Third Party Revenue Adjustment
2010	2009 Annual Rental Rate $\times$ [1 + (50% $\times$ 2009 GDPPI)] $\pm$ Third Party Revenue Adjustment

Note: Where GDPPI is less than zero, it shall be deemed to be zero for the purpose of the calculation.

**Transitional Rate Adjustment**

For the years 2001 to 2005, Aliant shall pay, in addition to the Annual Rental Rate, a transitional rate adjustment of \$0.50 per Pole Unit (the "Transitional Rate Adjustment").

**Annual Determination of Billable Pole Units**

2001	211,970 179,944 Pole Units *
2002 to 2010	Total NP Distribution Poles (end of previous year) $\times$ <u>75.5872.43</u> % **

(the "Occupied Pole Units")

Occupied Pole Units *less* Transitional Pole Count Adjustment\*\*\* = Billable Pole Units

- \* Total of Joint Use Poles owned by NP at December 31, 2000 and Joint Use ~~and Non-Joint-Use~~ Poles owned by Aliant at December 31, 2000.
- \*\* Percentage represents  $(\text{Aliant Non-Joint-Use Poles} + \text{Aliant Joint Use Poles} + \text{NP Joint Use Poles}) \div (\text{Aliant Non-Joint-Use Poles} + \text{Aliant Joint Use Poles} + \text{Total NP Distribution Poles})$ , as of December 31, 2000.
- \*\*\* See Transitional Adjustments, page 3.

**Determination of Annual Rental Fee**

- 1)  $(\text{Annual Rental Rate} \text{ *plus* Transitional Rate Adjustment}) \text{ multiplied by Billable Pole Units} =$   
Annual Rental Fee before Adjustments
- 2) Annual Rental Fee before Adjustments *less* Transitional Third Party Revenue Adjustment\*  
= Annual Rental Fee

\* See Transitional Adjustments, page 3.

**Third Party Revenue Adjustment**

If ~~b~~Billable Third Party ~~r~~Revenue for the previous year is greater by more than \$100,000 than the ~~b~~Billable Third Party ~~r~~Revenue for the year before, the Annual Rental Rate for the current year shall be adjusted downwards by an amount equal to 62.5% of the amount by which the variance exceeds \$50,000 as calculated below.

If ~~b~~Billable Third Party ~~r~~Revenue for the previous year is lower by more than \$100,000 than the ~~b~~Billable Third Party ~~r~~Revenue for the year before, the Annual Rental Rate for the current year shall be adjusted upwards by an amount equal to 62.5% of the amount by which the variance exceeds \$50,000 as calculated below.

The calculation is as follows:

1. (a) For 2002, the variance between the actual 2001 ~~b~~Billable Third Party ~~r~~Revenue *and* the benchmark combined NP and Aliant Third Party revenue of \$1,810,312 *less* \$50,000; and

(b) For subsequent years, the year over year variance in actual ~~b~~Billable Third Party ~~r~~Revenue less \$50,000

= Adjusted Third Party Revenue

2. Adjusted Third Party Revenue  $\times$  62.5% = Aliant's Portion

3. Aliant's Portion *divided by* (Occupied Pole Units *plus* Aliant-only Occupied Pole Units) = Third Party Revenue Adjustment

**Transitional Adjustments  
(2001 – 2004)**

**Transitional Pole Count Adjustment \***

2001	<u>105,985</u> 89,972 Poles
2002	<u>63,591</u> 53,983 Poles
2003	<u>42,394</u> 35,989 Poles
2004	<u>21,197</u> 17,994 Poles

**Transitional Third Party Revenue Adjustment \***

2001	<u>\$564,367</u> 521,000
2002	<u>\$338,620</u> 312,600
2003	<u>\$225,747</u> 208,400
2004	<u>\$112,873</u> \$104,200

- \* Transitional Adjustments apply only during the first four years of the initial term of the Agreement. The Transitional Pole Count Adjustment is based on the starting Pole count of 211,970179,944 poles. The transitional Third Party Revenue Adjustment is based on Aliant's benchmark Third Party revenue of \$1,128,733.

## **SCHEDULE "C"**

### **CALCULATION OF NET BOOK VALUE JOINT USE POLES**

#### **Buy-back on Termination (Clause 9.07)**

The Net Book Value of the Support Structures to be purchased by Aliant shall be determined in accordance with the following methodology:

##### **Step 1**

Determine the total cost of Poles as recorded in NP's fixed asset plant records in each of the following accounts:

1. Treated Wooden Distribution Poles (under 35 ft.)
2. Treated Wooden Distribution Poles (35 ft. and over)
3. Anchors & Rights-of-Way

(the "three accounts").

Adjust the total cost of Poles relating to each of the three accounts to remove the effect of any accounting or financial practices different from those used by NP in 2000.

##### **Step 2**

Using the numbers arrived at in Step 1, calculate the adjusted total cost of Poles relating to each of the three accounts in the following manner:

1. Deduct the amount of General Expenses Capitalized added to the respective accounts since 1997.
2. Deduct the amount of Interest During Construction added to the respective accounts since 1985.

##### **Step 3**

Based on the adjusted total cost of Poles determined in Step 2, calculate, for each account, the depreciation accruals as calculated in accordance with Aliant's depreciation method of equal life group straight-line depreciation with zero salvage value and an expected service life of 27 years using the Iowa R2.0 survivor curve.

#### Step 4

1. Calculate 32% of the unamortized portion of the Contributions In Aid of Construction received from Customers by NP.
2. Allocate the calculated amount to each of the three accounts using the weighted average of the adjusted total cost of poles as determined in Step 2.

#### Step 5

Calculate the Net Book Value of each of the three accounts listed in Step 1 by subtracting the sum of the depreciation accruals calculated in Step 3 and the unamortized portion of the contributions in aid of construction calculated in Step 4 from the adjusted total cost of Poles calculated in Step 2.

#### Step 6

Allocate the Net Book Value of each of the three accounts as determined in Step 5 between Joint Use and NP Non-Joint Use using the percentages set out in Table 1 below.

#### Step 7

Determine the total of the Net Book Value to be paid by Aliant for the Support Structures by calculating 40% of the total Net Book Value allocated to Support Structures.

**Table 1**

	Poles Under 35 ft.	Poles 35 ft. & over	Anchors & Rights-of-Way
Joint Use (JU)	58.90%	78.58%	72.43%
NP Non-JU	41.10%	21.42%	27.57%

Source: Joint-use Database as at December 31, 2000

#### **Buy-back on Exercise of Right of First Refusal (Clause 12.01)**

The Net Book Value of the Support Structures to be purchased by Aliant shall be determined in accordance with the methodology described above with the necessary adjustments *mutatis mutandis*.

**Q. PUB 17.0**

- 17.1 How does the Applicant intend to quantify and track these costs? How does the Applicant intend to provide assurance that the statement "...there is no certainty that difficulties such as those experienced in the years 1988 to 1991 will not recur" (Response to PUB 1, p. 9 of 9, application dated May 8, 2001) is no longer valid?**
- 17.2 How does the company intend to allocate these costs between regulated and non-regulated costs?**
- 17.3 To what extent has the cost of tracking been included in the analysis provided in Exhibit 10 (1<sup>st</sup> Revision)?**
- 17.4 Provide a breakdown, indicating the allocation of any tracking costs, of the estimated administration, engineering and miscellaneous costs of \$175,000 (Exhibit 10, p. 6 of 8, 1<sup>st</sup> Revision).**

**A.**

- 17.1 (a)** The costs referred to in PUB 17.0 relate to the current practice of maintaining detailed records by pole/by attachment/by party. This system of records is referred to as the joint use pole system. The modified Facilities Partnership Agreement will eliminate the need for individual tracking of attachments by party.

There are no significant costs to maintain joint use records to satisfy the modified Facilities Partnership Agreement. The modified Facilities Partnership Agreement uses plant and accounting records already in existence to establish pole and attachment counts that are used in billing. The actual number of billable poles is determined by applying a proxy to the total number of distribution poles owned by Newfoundland Power. There is no need for the costly tracking of individual pole attachments.

The non-joint use poles will be owned and operated by 11003 Newfoundland Inc. Requests for new non-joint use pole installations and removals will come from Aliant to Newfoundland Power. Newfoundland Power will carry out the engineering and engage the pole contractor to complete the pole installations and removals. The costs associated with maintaining the accounting and billing records will be borne by 11003 Newfoundland Inc.. Work performed by Newfoundland Power Inc. on the non-joint use poles owned by 11003 Newfoundland Inc. will be billed at market rates to 11003 Newfoundland Inc. Billing to 11003 will be initiated by engineering staff responsible for overseeing the pole work when the pole installations and removals are complete. Detailed pole attachment records are not required for this process.

- (b) The modified Facilities Partnership Agreement represents a binding contract between Aliant Inc. and Newfoundland Power Inc. The modified Facilities Partnership Agreement provides a simple approach to establish pole and attachment counts for use in billing. As well, during the 1988 through 1991 time period, billings to cable operators by Newfoundland Power and Aliant were based upon actual pole attachment counts. That practice has since been discontinued and now billings to Cable Companies for attachments are determined by use of a proxy based upon the actual number of cable subscribers.

In summary, the difficulties which were experienced in the years 1988 to 1991 will not reoccur as the Applicant has specifically contracted with Cable Companies and Aliant to use mutually agreeable (and contractually enforceable) estimates of attachments for the purposes of billing.

- 17.2 All costs associated with non-joint use telecommunication poles will be borne by 11003 Newfoundland Inc. 11003 Newfoundland Inc. has established a separate Facilities Partnership Agreement with respect to non-joint use support structures. All of the revenues and costs associated with this agreement will be accounted for by 11003 Newfoundland Inc..

Newfoundland Power Inc. currently performs pole line design, installation and maintenance services for Aliant Inc. Newfoundland Power will continue to provide those services in relation to the non-joint use telecommunication support structures following their purchase by 11003 Newfoundland Inc. Fees for these services will be charged to 11003 Newfoundland Inc. based on market rates Newfoundland Power charges to unrelated parties, as previously was the case with Aliant Inc. Such fees will be billed on the basis of detailed timesheet tracking of engineering and clerical time. Because 11003 Newfoundland Inc is a related company, inter-company transactions will be recorded and reported in accordance with Board Orders.

- 17.3 There was no requirement to provide for any additional tracking costs because existing plant and accounting records will still be used. The costs of having a separate company to own and maintain the non-joint use telecommunication poles will be borne by 11003 Newfoundland Inc.
- 17.4 The \$175,000 estimate for administration, engineering and miscellaneous costs represents a provision for incremental operating costs associated with the ownership of the joint-use structures. The Company has not allocated this amount to any specific cost category. The Company believes that there are greater operating costs savings associated with the modified Facilities Partnership Agreement and therefore believes the \$175,000 estimated incremental cost is conservative.



**Q. PUB 18.0**

- 18.1 In which Order of the Board was the previous Joint Use Agreement between the Applicant and Aliant approved?**
- 18.2 Why does the Applicant feel that it is necessary for the Board to approve the modified Facilities Partnership Agreement that has been included as part of this application?**

**A.**

- 18.1** The previous Joint Use agreement between the Applicant and Aliant (then, Newfoundland Telephone Company Limited) was not approved by the Board.

The Pole Ownership Agreement between the Applicant and Aliant (then, Newfoundland Telephone Company Limited) was approved by the Board by letter of March 28<sup>th</sup>, 1995 (copy attached).

- 18.2** The modified Facilities Partnership Agreement provides for the mandatory repurchase of Support Structures by Aliant in certain events. This is described at page 5, lines 21 *et seq.* of the direct evidence of Newfoundland Power Inc.

Section 48 of the *Public Utilities Act* would apply to such a repurchase and requires the Board's approval of the modified Facilities Partnership Agreement based upon the reasoning contained in the Applicant's letter of March 7<sup>th</sup>, 1995 seeking approval of the Pole Ownership Agreement (copy attached).

The provisions of the modified Facilities Partnership Agreement (particularly Article IX, Default and Termination) provide for repurchase of Support Structures upon an uncured breach of a variety of the modified Facilities Partnership Agreement's terms. Accordingly, Board approval of the modified Facilities Partnership Agreement itself is appropriate.



NEWFOUNDLAND AND LABRADOR

**FAXED**  
Mar 28/95

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

P.O. Box 21040  
St. John's, Newfoundland  
Canada  
A1A 5B2

FAX No.: (709)-726-9604

Telephone Nos.:	Chairperson	(709)-726-1133
	Commissioner	726-0955
	Clerk of the Board	726-8600
	Manager (Motor Carrier & Insurance)	726-0742
	Accountant	726-0553

**FAX NO: 737-5832**

1995 03 28

Mr. Peter S. Alteen,  
Counsel,  
Newfoundland Light & Power Co. Limited,  
P.O. Box 8910,  
St. John's, NF.  
A1B 3P6

Dear Mr. Alteen:

RE: Pole Ownership Agreement and Joint Use Agreement between  
Newfoundland Light & Power Co. Limited and Newfoundland Telephone  
Company Limited.

We acknowledge receipt of your letter dated March 7, 1995 with attached  
Pole Ownership Agreement and Joint Use Agreement between Newfoundland Light &  
Power Co. Limited and Newfoundland Telephone Company Limited.

The Board approves the Company's request for approval of the Pole  
Ownership Agreement with effect from January 1, 1994, pursuant to Section 48 of the  
Public Utilities Act.

Yours truly,

*Carol Horwood*

Carol Horwood,  
Clerk.

u:\users\barb\alteen28.mar



1995 03 07

**DELIVERED BY HAND**

Board of Commissioners of  
Public Utilities  
P. O. Box 12040  
120 Torbay Road  
St. John's, NF  
A1A 5B2

Attention: Ms. Carol Horwood  
Clerk

Ladies & Gentlemen:

Enclosed are 4 copies each of a Pole Ownership Agreement and Joint Use Agreement between Newfoundland Light & Power Co. Limited (the "Company") and Newfoundland Telephone Company Limited ("Newfoundland Telephone").

The enclosed agreements effectively replace the arrangements which formerly existed between the Company and each of Newfoundland Telephone and Terra Nova Telecommunications Inc. ("TNT"). These former arrangements include:

1. A Pole Rental Agreement effective April 1, 1980 between the Company and TNT which was concluded following the Board's Order No. P.U. 7 (1980) which established appropriate rates to be paid by TNT for attachment to Company owned poles; and
2. A Pole Ownership Agreement and Joint Use Agreement both effective January 1, 1988 between the Company and Newfoundland Telephone. These arrangements were concluded following a negotiated settlement of an application to the Board in 1987 to settle the terms of joint use between the parties.

The enclosed agreements have the effect of bringing all of the common service territory of the Company and Newfoundland Telephone under the general principles set out in the agreements which are described in item 2 above. Since the amalgamation of Newfoundland Telephone and TNT on January 1, 1989, the Company has dealt with the amalgamated Newfoundland Telephone with regard to joint use of poles differently depending on the location of the poles being jointly used.

*Newfoundland Light &  
Power Co. Limited*

55 Kenmount Road  
PO Box 8910  
St. John's, Newfoundland  
A1B 3P6  
Business: (709) 737-5600  
Facsimile: (709) 737-5832

For the former TNT service territory, joint use matters were dealt with on the basis of the agreement described in item 1 above while, for the pre-amalgamation Newfoundland Telephone service territory joint use matters were dealt with on the basis of the agreements described in item 2 above.

The enclosed agreements have a goal of the Company and Newfoundland Telephone owning and maintaining 60% and 40% respectively of all poles jointly used by them. Once this ratio is achieved, there is no exchange of pole rentals between the parties. Currently, the Company owns about 72% and Newfoundland Telephone about 28% of joint use poles. The 60% / 40% joint use ownership ratio is to be achieved under the terms of the Pole Ownership Agreement by two means. Firstly, Newfoundland Telephone is to place as many joint use poles or poles projected for joint use as is reasonably possible (see: Article II of the Pole Ownership Agreement). Secondly, the Company is to sell poles to Newfoundland Telephone to assist it in reaching the joint use ratio (see: Article III of the Pole Ownership Agreement). The price of the poles sold is to be net book value. This arrangement has been in place in respect of the pre-amalgamation Newfoundland Telephone service territory since 1988 and has operated satisfactorily.

Section 48 of the *Public Utilities Act* provides:

A public utilities shall not sell, assign or transfer the whole of its undertaking or a part of it to a person or corporation until the approval of the Board has been obtained.

As the Pole Ownership Agreement contemplates the sale of part of the Company's undertaking (ie. utility poles), that agreement requires the Board's approval pursuant to s.48. It is this approval that the Company specifically seeks. Because the Pole Ownership Agreement is integrally related to the Joint Use Agreement (see, for example, the cross-default provisions of Article 8.02 and the cross-termination provisions of Article 17.03) the Company has provided copies of this agreement to the Board also. While the Joint Use Agreement is a necessary part of the context of the Company's request for approval of the Pole Ownership Agreement, the Company does not believe Board approval of the Joint Use Agreement is specifically required.

The Pole Ownership Agreement is stipulated to be effective January 1, 1994. Accordingly, the Company would be appreciative if the Board could give this matter its consideration as soon as its schedule would reasonably permit. Given the

Board of Commissioners of  
Public Utilities  
1995 03 07  
Page 3

composition of the Board and, in particular, the fact that the Chair and Vice-Chair have been appointed since 1988 when the latest of the current arrangements were settled, the Company would be pleased to provide a presentation on the matter to the Board to assist it in its considerations if the Board feels this is desirable.

I trust the foregoing and enclosed are in order. If anything further is required, please contact the undersigned.

Yours very truly,



Peter Alteen  
Counsel

p.c. D. R. Bradbury

**Q. PUB 19.0**

- 19.1 Explain the origin of the \$0.50 transitional rate adjustment per pole. Provide, if necessary, a revised copy of Exhibit 9, p. 1 of 1, which was provided in the original application.**

**A.**

- 19.1** The \$0.50 transitional rate adjustment per pole was negotiated by Newfoundland Power and Aliant Telecom Inc. as a result of P.U.6(2001-2002). The amount represents a provision for transitional costs that may be associated with the segregation of the joint use and non-joint use support structures. In order to simplify administration associated with the application of the charge the \$0.50 transitional rate adjustment was negotiated to apply equally to all poles. Since the joint use poles Newfoundland Power will own are most of the distribution poles, this approach provides Newfoundland Power with 85% of the additional revenues associated with this charge.