

P.U. 21(2004)

IN THE MATTER OF the
PUBLIC UTILITIES ACT,
R.S.N. 1990, c. P-47, as amended
(the “Act”)

AND

IN THE MATTER OF the application by
Newfoundland Power Inc. (the “Applicant”)
for an Order rescinding Order No. P.U. 9(2004),
pursuant to section 76 of the Act and approving
a revised contribution in aid of construction
(“CIAC”) for a line extension to serve seasonal
customers (the “Customers”) pursuant to
section 41(5) of the Act.

WHEREAS the Applicant is a corporation duly organized and existing under the laws of
the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is
also subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS the Customers’ residences are located at Reid’s Pond near Whitbourne; and

WHEREAS by Order No. P.U. 9(2004), dated April 15, 2004, the Board approved a CIAC
in the amount of Six thousand four hundred eighty-four dollars and nineteen cents (\$6,484.19),
including HST, for each of fourteen (14) Seasonal Customers; and

WHEREAS the Applicant subsequently received payment from thirteen of the fourteen Seasonal Customers and was informed by one Seasonal Customer that they are unable to provide payment at this time and unwilling to accept service; and

WHEREAS the Applicant recalculated the CIAC in accordance with Clauses 5(b) and 5(c) of the CIAC Policy: Distribution Line Extensions To Residential and Seasonal Residential Customers approved by Order No. P.U. 7 (1997-98) dated September 30, 1997 (the “Policy”) to reflect thirteen (13) participating Seasonal Customers (the “Customers”) and the resulting CIAC amount is Six thousand nine hundred four dollars and sixty cents (\$6,904.60), including HST, for each Customer (the “Recalculated CIAC”); and

WHEREAS further Customers may decline to accept electrical service if the Recalculated CIAC were to be implemented; and

WHEREAS to avoid this scenario the Applicant proposes to deviate from the Policy by charging the Customers the original CIAC amount rather than the Recalculated CIAC; and

WHEREAS this will create a shortfall in cost recovery of \$420.41 per customer that the Applicant proposes to recover by suspending the entitlement of the Customers to refunds as calculated under Clause 6 of the Policy until the shortfall amount is recovered from additional customers connecting to the line extension; and

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

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

WHEREAS the proposed suspension of refunds to the Customers is necessary to ensure that the Applicant's investment in the Line extension is compensatory over the useful life of the extension and will not be to the detriment of the Applicant's other customers; and

WHEREAS the Board is satisfied that the deviations from the Policy are reasonable in the circumstances.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 76 of the Act, Order No. P.U. 9 (2004) is hereby rescinded; and
2. Pursuant to Section 41(5) of the Act, the Board approves:
 - (a) the CIAC of Six thousand four hundred eighty-four dollars and nineteen cents (\$6,484.19), including HST, as calculated under the Policy; and
 - (b) the suspension of the payment of refunds to the Customers until such time as the shortfall of \$420.41 per customer is recovered.

DATED at St. John's, Newfoundland and Labrador, this 6th day of July, 2004.

Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen, P.Eng.
Vice-Chair.

G. Cheryl Blundon,
Director of Corporate Services
and Board Secretary.