

# O'DEA, EARLE

## LAW OFFICES

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May 10, 2011

**Board of Commissioners of Public Utilities  
Suite E120 Prince Charles Bldg.  
120 Torbay Road  
St. John's, NL  
A1A 5B2**

**Attention: Ms. G. Cheryl Blundon, Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland Power Inc. - Application for  
Approval of Sale of Support Structures**

Enclosed please find nine copies of the Consumer Advocate's Report for Information - CA-NP-8 to CA-NP-15.

We trust you will find the enclosed in order.

Yours very truly,



**THOMAS J. JOHNSON**

TJJ:amc  
Enc.

cc. Mr. Gerard Hayes, NP  
Mr. Geoffrey Young, NLH

**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994 (Chapter E-5.1 (the “EPCA”) and the *Public Utilities Act* RSNL 1990, Chapter P-47 (the “Act”) and regulations thereunder

**AND**

**IN THE MATTER OF** an Application by Newfoundland Power Inc, (“Newfoundland Power”) for an Order pursuant to Section 48 of the Act, and all other enabling powers for approval of the sale by Newfoundland Power to Bell Aliant Regional Communications Inc. (“Bell Aliant”) of certain utility poles, anchors and Related Equipment (“Support Structures”).

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**CONSUMER ADVOCATE  
REQUESTS FOR INFORMATION**

**CA-NP-8 to CA-NP-15**

**Issued: May 10, 2011**

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**CA-NP-8**

With respect to Exhibit 8, please provide the cost of debt and cost of equity assumptions (and the basis for same) for each of the years 2011 to 2015 which are used by the company to assume an incremental cost of capital of 4.83% in 2011 and 2012 and 7.35% thereafter as per footnote 3 of that Exhibit.

**CA-NP-9**

Please restate Exhibit 8 using the assumption that the Company's allowed return on equity in 2013, 2014 and 2015 is:

- (a) 2.5% lower than assumed in Exhibit 8;
- (b) 2% lower than assumed in Exhibit 8;
- (c) 1.5% lower than assumed in Exhibit 8;
- (d) 1.0% lower than assumed in Exhibit 8.

**CA-NP-10**

Does the Company maintain that the Board's economic/financial consideration or review of the Company's application approving the sale to Bell Aliant of Joint Use Support Structures as provided in the Purchase Agreement should be limited to examining the period from 2011 to 2015, and not beyond 2015? If so, please explain why the effects on customers beyond 2015 should not be a consideration in assessing the application?

**CA-NP-11**

Please confirm that pursuant to Article XVIX of the Joint Use Agreement that the terms of the same may be operative beyond December 31, 2015 and may continue on an indefinite basis.

**CA-NP-12**

Please confirm that pursuant to Article XVIII [TERM OF AGREEMENT] of the Joint Use Facilities Partnership Agreement (JUFPA), that the JUFPA would have continued in force for a further ten-year renewal term (to 2020) unless written notice of either an intention not to renew the JUFPA or an intention to renew the JUFPA for a different term or upon different terms was given by either party to the other party, no later than six months before expiration of the term of the JUFPA on December 31, 2010.

**CA-NP-13**

Please confirm that Newfoundland Power was satisfied to have the JUFPA continue in force for a further 10-year renewal term and that the Company had no intention to trigger its non-renewal as was done by Bell Aliant. If the same cannot be confirmed, please provide a copy of all notes, memos and communications that relate to the Company's consideration of possibly triggering a non-renewal.

**CA-NP-14**

Further to the reply to PUB-NP-35, please confirm that the disclosure of the existence of more third party attachments than are currently billed and the prospects of achieving higher rates for third party attachments through negotiation, as referred to in the response, could have been brought about in the absence of a sale of poles to Bell Aliant.


**CA-NP-15**

In the Company's Evidence at page 12, lines 2-4 it states:

“For 2013 through 2015, revenue requirement impacts are negative. This primarily reflects ongoing diseconomies of scale due to shared ownership of Joint Use Support Structures as compared to single ownership.”

Please fully explain how the shared ownership of Joint Use Support Structures as compared to single ownership gives rise to ongoing diseconomies of scale.

**DATED** at St. John's, Newfoundland and Labrador, this 10<sup>th</sup> day of May, 2011.

Per:   
Consumer Advocate, Thomas J. Johnson  
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