

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the “*Act*”), and regulations thereunder;
5
6

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

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NP-13 to PUB-NP-80

Issued: April 22, 2011

PUB-NP-13

Is notice to or approval of the Board required before Bell Aliant can exercise its option under Section 14.5 of the Joint Use Support Structure Purchase Agreement, to assign its rights, or sell the Support Structures pursuant to clause 5.02 and 13.01 and 13.02 of the Joint Use Agreement?

PUB-NP-14

In light of the broad authority to transfer poles in section 8.03 of the Joint Use Agreement, please confirm that Newfoundland Power would be required to seek the approval of the Board before any transfer of poles for any reason.

PUB-NP-15

Section 12 of the Administration Practices states that the Joint Use Agreement, the Administration Practices, the Construction Practices, and the Maintenance Practices can be amended by the signing authorities listed in that section. Will the Board be advised of any amendments and their impact on customers?

PUB-NP-16

Are any CRTC approvals necessary in relation to the subject matter of the Application and, if so, please explain the status?

PUB-NP-17

Provide a copy of the Survey of Canadian Utilities Support Structure Joint Use Arrangements that was provided to other utilities.

PUB-NP-18

Provide a list of all utilities that were sent the survey referred to in PUB-NP-17?

PUB-NP-19

Please provide any additional responses to the survey referred to in PUB-NP-17 that may have been subsequently received after the Application was filed.

PUB-NP-20

Can Newfoundland Power provide further information with regard to pole sharing agreements of other Canadian electricity utilities, including other Canadian Fortis Utilities, taken from other sources of information, in addition to the information received in the survey and set out in Exhibit 2 to the 2011 Application? If so, please provide.

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PUB-NP-21

Please provide details of when and how the ownership of joint use support structures has changed for Canadian utilities since the 2001 survey for those utilities included in the 2001 survey and the 2011 survey.

PUB-NP-22

Can Newfoundland Power provide any examples of other electric utilities that have in recent times sold a significant portion of their support structures to a telecommunications provider?

PUB-NP-23

If this Application is not approved, what alternatives are available to the parties and what are the consequences for Newfoundland Power customers?

PUB-NP-24

If the Purchase Agreement is terminated, PUB-NP-5 states that Bell Aliant and Newfoundland Power can renegotiate the terms of the joint use support structures, and PUB-NP-6 states the Newfoundland Power would have no comprehensive regime for the joint use of support structures from January 1, 2011. Has Newfoundland Power developed a contingency plan for Joint Use Support Structures in the event the Purchase Agreement is terminated?

PUB-NP- 25

On pages 42 & 59 of Newfoundland Power's 2010 Annual Report it is stated that if the Purchase Agreement is terminated, the rights and recourses under the Joint Use Facilities Partnership Agreement remain in effect for both parties. Explain this statement in light of the responses to PUB-NP-5 and PUB-NP-6.

PUB-NP-26

In relation to the termination of the Purchase Agreement, please reconcile the responses in PUB-NP-5 and PUB-NP-6 with the Purchase Agreement paragraph 9.1(c) and with the definition of "Outside Date" in the Purchase Agreement.

PUB-NP-27

What is the current status of the discussions with Bell Aliant regarding the future operational and financial aspects of this transaction beyond 2011, referenced at page 41 of Newfoundland Power's 2010 Annual Report? Please detail the nature of these discussions.

1 **PUB-NP-28**

2
3 PUB-NP-8 discusses the information that will be considered when determining the
4 specific support structures to be transferred to Bell Aliant. Please provide further
5 specifics setting out all the factors that will be considered, including those that may
6 be identified during the pole survey, and the priority or weighting to be given to the
7 factors.

8
9 **PUB-NP-29**

10
11 With specific reference to Tables 7 and 8 in PUB-NP-10, how will Newfoundland
12 Power balance all of the factors to be considered in allocating joint use support
13 structures in smaller and rural areas.

14
15 **PUB-NP-30**

16
17 Are the available resources of Newfoundland Power and Bell Aliant to provide
18 service to these joint use structures a factor in the decision to allocate the structures in
19 smaller and rural areas?

20
21 **PUB-NP-31**

22
23 The Administration Practices states at 3.02:

24
25 *“Both Parties recognize that one Party’s ownership of a Pole Line is*
26 *preferable to mixed ownership where such sole ownership is a practical*
27 *alternative to mixed ownership.”*

28
29 What are the problems with mixed ownership?

30
31 **PUB-NP-32**

32
33 Can Newfoundland Power confirm that there will be no mixed ownership of a pole
34 line if the Purchase Agreement is completed?

35
36 **PUB-NP-33**

37
38 What means has either Newfoundland Power or Bell Aliant used to determine and
39 evaluate any risk of negative impact, either from a cost or a service perspective, to
40 current Newfoundland Power customers as a result of the sale of the joint use
41 structures to Bell Aliant?

1 **PUB-NP-34**

2
3 What risks for customers, from a cost or service perspective, were identified arising
4 from the sale of the Joint Use Structures to Bell Aliant? Please provide a full
5 explanation.

6
7 **PUB-NP-35**

8
9 What steps will be taken by Newfoundland Power and Bell Aliant to mitigate the
10 risks referred to in PUB-NP-34, and what are the anticipated results, setting out the
11 time line required, of these actions?

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13 **PUB-NP-36**

14
15 What cost benefits to current or future Newfoundland Power customers, resulting
16 from the sale of support structures, have been identified by Newfoundland Power?

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18 **PUB-NP-37**

19
20 What service benefits to current or future Newfoundland Power customers, resulting
21 from the sale of support structures, have been identified by Newfoundland Power?

22
23 **PUB-NP-38**

24
25 *“The proposed acquisition reflects the operational reality that Newfoundland Power has*
26 *the primary responsibility for Support Structures in its service territory. This, in turn, is*
27 *largely a reflection of the nature of the services provided by the various users of the*
28 *Support Structures. For example, in emergency conditions such as extreme weather*
29 *which causes destruction to Support Structures, it is Newfoundland Power which leads*
30 *restoration efforts. One reason for this is the extreme safety hazard presented by downed*
31 *electricity wires. Another part of the reason relates to the fact that electric circuits do*
32 *not function when wires are on the ground while telecommunication circuits do.*
33 *Newfoundland Power’s primary role in the operation and maintenance of Support*
34 *Structures has historically been an integral part of joint use in Newfoundland.”*

35 (Page 6, 2001 Evidence)

36
37 In light of the above excerpt from page 6 of the 2001 Evidence, provide a full
38 explanation as to why it is not better for customers of Newfoundland Power for
39 Newfoundland Power to own all the poles.

40
41 **PUB-NP-39**

42
43 In relation to the excerpt from page 6 of the 2001 Evidence, referred to in PUB-NP-
44 38, how are the unique circumstances of the electric utility as compared to the
45 telecommunications utility addressed in the Purchase Agreement and operationally
46 after the sale?

1 **PUB-NP-40**

2
3 Please provide a complete and full explanation of the operation of Section 15 of the
4 Administration Practices in relation to Rentals from Others, explaining the
5 proportional 4/7 and 3/7 sharing and also the Bell Aliant Share and Newfoundland
6 Power Share in Appendix B.

7
8 **PUB-NP-41**

9
10 In Section 3.2 of the Evidence it is stated that no attachment rental fees will be paid
11 by either Newfoundland Power or Bell Aliant under the proposed 2011 Joint Use
12 Agreement. Provide financial analysis of estimated attachment rentals due from each
13 party over the initial five-year term of the Agreement to support this statement.

14
15 **PUB-NP-42**

16
17 What are the current attachment rates paid by third parties, other than Bell Aliant, to
18 Newfoundland Power?

19
20 **PUB-NP-43**

21
22 Provide an explanation of how the attachment rates are generally calculated, though it
23 is acknowledged that the ultimate rate is set by agreement or the regulator.

24
25 **PUB-NP-44**

26
27 PUB-NP-1, page 2 states:

28
29 *“From a customer rates perspective, Newfoundland Power’s costs for Joint Use Support*
30 *Structures under the 2011 Joint Use Agreement are broadly comparable to those costs*
31 *which could be expected had the 2001 Joint Use Facilities Partnership Agreement been*
32 *renewed to reflect current financial parameters”*

33
34 Please provide the details of the comparison.

35
36 **PUB-NP-45**

37
38 With reference to Exhibits 4 and 8 of the 2011 Evidence, explain how can the
39 estimated negative impact on revenue requirement is consistent with the least cost
40 service standard?

1 **PUB-NP-46**

2
3 In Section 2.2 of the Evidence, it is stated that the rental rate per Bell Aliant
4 attachment under a Joint Use Facilities Partnership Agreement renewal for 2011
5 would have been lower than the 2010 rate. Provide the calculations that form the
6 basis of this statement showing the actual 2010 revenue and the estimated 2011
7 renewal rate.

8
9 **PUB-NP-47**

10
11 Has Newfoundland Power completed an analysis of the revenue it would have
12 received under a renewed Joint Use Facilities Partnership Agreement? If so, please
13 provide it.

14
15 **PUB-NP-48**

16
17 What assurance can Newfoundland Power provide that the costs that will be borne by
18 Newfoundland Power's customers will be consistent with least cost reliable power
19 when Bell Aliant owns 40% of the joint use structures which will be under the
20 jurisdiction of the CRTC?

21
22 **PUB-NP-49**

23
24 Please provide a comprehensive and detailed explanation in relation to operations
25 under Section 19 - Inspection and Planned Maintenance of the Administration
26 Practices.

27
28 **PUB-NP-50**

29
30 Will there be a standard form for the Asset Management System information referred
31 to in Section 19 of the Administration Practices?

32
33 **PUB-NP-51**

34
35 What is the referenced standard of reliability referred to in Section 19.03 and in
36 Section 19.05 of the Administrative Practices that is to be observed?

37
38 **PUB-NP-52**

39
40 What checks will be performed to ensure compliance with inspection and planned
41 maintenance standards set out in Section 19 of the Administration Practices?

1 **PUB-NP-53**

2
3 What are the remedies for non-compliance with the standards set out in Section 19 of
4 the Administration Practices?

5
6 **PUB-NP-54**

7
8 Please provide a comprehensive and detailed explanation in relation to operations
9 under Section 20 - Emergency Maintenance of the Administration Practices.

10
11 **PUB-NP-55**

12
13 Which company dispatches the trouble crew referred to in Section 20 of the
14 Administration Practices?

15
16 **PUB-NP-56**

17
18 Are Level 1 and Level 2 repairs referred to in Section 20 of the Administration
19 Practices not done if partners' facilities are involved?

20
21 **PUB-NP-57**

22
23 Under Section 20 of the Administration Practices what is the range of time that may
24 be required to assess that it is the partners' facility involved and what is the range of
25 time for the partner to respond?

26
27 **PUB-NP-58**

28
29 Does the sale of the Joint Use Support Structure to Bell Aliant mean that
30 Newfoundland Power will have a smaller pool of resources to draw upon for Level 1
31 and 2 Responses referred to in Section 20 of the Administration Practices?

32
33 **PUB-NP-59**

34
35 Will Newfoundland Power be laying off staff if the sale of the Joint Use Support
36 Structures to Bell Aliant is completed?

37
38 **PUB-NP-60**

39
40 Please confirm that the cost and time to restore power to customers will in all cases be
41 the same or more favourable after the sale of the Joint Use Support Structures than it
42 was before?

PUB-NP-61

1
2 How will the costs associated with emergency maintenance, in particular Level 3
3 referred to in Section 20 of the Administration Practices where there appears to be a
4 high degree of cooperation, be tracked and recovered?
5

PUB-NP-62

6
7
8 Section 11.03 of the Joint Use Agreement provides certain default notice periods.
9 Does this mean that Newfoundland Power and its customers will have to wait an
10 additional two hours for Bell Aliant to respond to an emergency after notice has been
11 provided?
12

PUB-NP-63

13
14
15 In light of Section 11.03 of the Joint Use Agreement, please explain how after the
16 sale, the response time for repairs will always be as good as or better than current
17 response times.
18

PUB-NP-64

19
20
21 Please explain how the timelines for the Support Structure Work Request Forms set
22 out in Sections 4.04 and 4.05 and the compliance process in Section 4.06 of the
23 Administration Practices will allow for a response time which is always as good as or
24 better than current response times.
25

PUB-NP-65

26
27
28 *“Each party shall maintain sufficient resources to be able to respond to the need to*
29 *Replace Poles to maintain or restore service during emergencies when immediate*
30 *attention is required”*

31 (Administration Practices, Section 7.09)
32

33 Please advise what resources Bell Aliant has in the province to meet this
34 requirement?
35

PUB-NP-66

36
37
38 What due diligence has been done by Newfoundland Power to ensure that the
39 standard referred to in Section 7.09 of the Administration Practices can be met on an
40 ongoing basis?
41

PUB-NP-67

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43
44 What remedies are available if the standard in Section 7.09 of the Administration
45 Practices is not met?

PUB-NP-68

The 2001 Evidence says at page 6 that:

“The proposed acquisition reflects the parties’ intention that Newfoundland Power have exclusive responsibility for Support Structures. Newfoundland Power and Aliant have been moving in this direction for some time.”

Will Newfoundland Power have primary responsibility for the maintenance of Joint Use Support Structures after 2011?

PUB-NP-69

In the 2001 Evidence, Exhibit 3, page 2 it is stated that:

“In 1998 Newfoundland Power and Aliant entered into a joint pole contract whereby a single contractor was hired to do the pole line construction work of both parties at a common price.”

Will Newfoundland Power and Bell Aliant use a common pole contractor to install the Joint Use Support Structures in the future?

PUB-NP-70

In the 2001 Evidence Exhibit 3 page 2 it is stated that

“In 1999, Newfoundland Power began doing engineering work required for Aliant’s pole lines. Presently, Newfoundland Power designs and constructs all joint use poles and most major non-joint use pole lines for Aliant.”

Is it anticipated that Newfoundland Power will be doing similar or any work for Bell Aliant under the 2011 Joint Use Agreement?

PUB-NP-71

In the 2001 Evidence at page 7 the following is stated

“The goal of improving efficiency by allowing the parties to capture the economies of scale of a single pole ownership will only be realized if all Support Structures are included.”

Are the non-joint use poles owned by Fortis to be sold to Bell Aliant as well?

PUB-NP-72

At page 7 of the 2001 Evidence it is stated that

“It is not efficient for Aliant to continue to own the approximately 30,000 non-joint use poles. Aliant would need to maintain a substantial amount of the infrastructure and support services that it currently uses, but such infrastructure would be applied to a vastly reduced and relatively small pole population.”

How many poles will Bell Aliant own if the 2011 Purchase Agreement is completed?

PUB-NP-73

Does Bell Aliant have support infrastructure and support services in the province to carry out the responsibilities of the 2011 Joint Use Agreement?

PUB-NP-74

Can Newfoundland Power say that the 2011 sale of the poles will be of benefit to Newfoundland Power customers as was the case with the 2001 purchase as stated in the 2001 Evidence, where at page 7 [Consent # 2 (ii)] it states:

“Based on Newfoundland Power’s financial analysis, the acquisition will be beneficial for Newfoundland Power’s customers.”

and further at RFI - NLH 7.0 [Consent # 2 (iv)]

“While any efficiency gains achieved under the new arrangement will increase the benefits to Newfoundland Power and its customers, the economic analyses in Exhibit 10 clearly demonstrate that the new arrangement will be of economic benefit to Newfoundland Power and its customers, whether or not such efficiency gains are realized.”

PUB-NP-75

In the 2001 Application hearing process the following efficiencies were identified by Newfoundland Power as flowing from the 2001 purchase of poles.

“The goal of Newfoundland Power’s acquisition of Aliant’s Support Structures is to improve the overall efficiency of the provision of support structure services.”
2001 Evidence page 6 [Consent # 2 (ii)]

“Many of the operating benefits arising from this acquisition are difficult to quantify. However, it is obvious that there will be greater efficiency from the elimination of duplicated administrative services and from single ownership,

1 *construction and maintenance of pole lines. This will result in the mutual benefit*
 2 *to customers of both utilities.”*

3 2001 Evidence page 7 [Consent # 2 (ii)]
 4

5 *“In effect, this will result in the more efficient use of existing Newfoundland*
 6 *Power personnel. Newfoundland Power’s customers will benefit from the*
 7 *increased efficiency utilization of Newfoundland Power’s resources.”*

8 2001 Evidence page 7 [(Consent # 2 (ii))]
 9

10 *“Newfoundland Power expects that the streamlining of administrative processes*
 11 *and the elimination of duplicate work will increase the efficiency of*
 12 *administration of joint use.”*

13 [Consent # 2 (iv) – RFI - NLH-7.0]
 14

15 *“Single ownership of support structures and a simplified process for calculation*
 16 *of rentals will result in more streamlined management and administration of joint*
 17 *use of support structures.”*

18 [Consent # 2 (iv) – RFI - PUB-4.0]
 19

20 *“If a support structure is required in a municipality, then both Newfoundland*
 21 *Power and Aliant separately have to seek municipal approval. Both utilities also*
 22 *have to make contact with CATV operators. Staff and resources of both utilities*
 23 *are required to manage the existing joint use arrangements with respect to the*
 24 *pole ownership ratio and other pole data.”*

25
 26 *“Circumstances currently exist where Newfoundland Power will construct a pole*
 27 *line and place its equipment on the poles. Aliant will later place the steel strand*
 28 *for its telecommunications cable on the poles. This can result in a loosening of*
 29 *the guys supporting the pole line necessitating a return visit by Newfoundland*
 30 *Power personnel. By having exclusive responsibility for Support Structures,*
 31 *Newfoundland Power personnel will, in the future, be able to minimize such*
 32 *repeated visits.”*

33 [Consent # 2 (ii), page 7]
 34

35 If the proposed sale to Bell Aliant is approved, will the inefficiencies that existed in
 36 operation and maintenance of joint use structures prior to 2001 re-occur and how will
 37 they be managed by Newfoundland Power?
 38

39 **PUB-NP-76**

40
 41 Specific concerns were addressed in RFI - PUB-4 of the 2001 Application [Consent #
 42 2 (iv)] on the requirement for detailed tracking, the need for engineering technicians
 43 in both companies to correspond, lost opportunities regarding scheduling of work,
 44 time consuming tracking and allocating of contractor costs for tree trimming and
 45 brush clearing on mixed ownership lines and time required as a result of disputes with
 46 Bell Aliant. Will these concerns arise under the 2011 Joint Use Agreement?

1 **PUB-NP-77**

2
3 In the 2011 Evidence, Exhibit 4, Note 5, Newfoundland Power states that the 2001
4 incremental operating costs reflect realized operating efficiencies of \$275,000,
5 primarily reflecting a reduction in costs associated with the advantages of a single-
6 owner joint use regime. How does this compare to the administration costs in Exhibit
7 8 of the 2011 Evidence?

8
9 **PUB-NP-78**

10
11 Please provide a full reconciliation of Exhibit 4, Note 5 and Exhibit 8, Note 5, setting
12 out detailed calculation of each cost and in particular offering an explanation in
13 relation to the realized operating efficiencies of \$275,000 in 2001 as compared to the
14 estimated administration costs of \$100,000 for 2012.

15
16 **PUB-NP-79**

17
18 Please confirm that Newfoundland Power has reflected in Operating Expenses in
19 Exhibit 8 all estimated costs associated with the Joint Use Agreement to be effective
20 January 1, 2011, including any costs associated with the increased level of co-
21 operation (coordination of work, information exchange and detailed record keeping);
22 costs of disputes with Bell Aliant, tracking difficulties; periodic Board review of
23 issues, and pole surveys.

24
25 **PUB-NP-80**


26
27 How does the 2011 sale of poles proposal address the observations found by the
28 expert engaged by the Board to conduct a pole audit, BDO Dunwoody, pursuant to
29 **The Public Utilities Act(Pole Attachment Rate) Order, 1985**, filed RFI - PUB-1.0,
30 page 9 in the 2001 Application [Consent # 2 (iv)]:

31
32 *“Another area of concern which arose during the audit was the fact that all parties*
33 *involved are spending a great deal of time and money attempting to comply with the*
34 *current system. Of particular concern was the difficulty in maintaining the joint use data*
35 *base.”*

36
37 *In our opinion, the breakdown in the system was as a result of all parties involved not*
38 *being able to realistically provide and maintain the information and accounting records*
39 *required. All parties should share the responsibility as no one party strictly adhered to*
40 *the requirements. However, consideration must also be given to the fact that the system*
41 *as designed is extremely difficult to maintain. The cost of maintaining this system*
42 *including periodic tests to ensure that it is operating effectively is, in our opinion,*
43 *extremely high and there is no certainty that difficulties such as those experienced in the*
44 *years 1988 to 1991 will not recur.”*

DATED at St. John's, Newfoundland and Labrador this 22nd day of April, 2011.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
Cheryl Blundon
Board Secretary