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September 14, 2011

**Via email
& mail**

Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary
Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2

Ladies & Gentlemen:

Re: Reopening of Newfoundland Power Inc.'s application for approval of the sale of certain utility poles, anchors and related equipment to Bell Aliant Regional Communications Inc.

Please accept the following as the Consumer Advocate's comments upon this matter as per the schedule communicated to the parties on September 2, 2011.

In the wake of Order No. P.U. 17 (2011), Newfoundland Power Inc. filed an application requesting the Board re-open and/or rehear its February 4, 2011 Pole Sale Application for the Board to receive further evidence which the company filed with respect to the sale of 40% of the Joint Use Support Structures to Bell Aliant.

In its aforesaid application, the Company further requested that the Board make an Order pursuant to Section 48 of the Public Utilities Act, approving the sale to Bell Aliant by Newfoundland Power of the Joint Use Support Structures as provided for in the Purchase Agreement.

In Order No. P.U. 17 (2011) the Board accepted the following as the proper test to be considered in the matter before it:

“Has Newfoundland Power shown on a balance of probabilities that, when the potential and negative impacts of the transaction are weighed, the balance favours customers or at least leaves them no worse off, having regard to all of the circumstances.”

The Consumer Advocate had submitted that this test was applicable and had not been met by the

Company. At page 16 of its decision the Board concluded its analysis as follows:

“The Board finds that this burden has not been met, whether one looks to the net present value analysis provided or the impact on rates or the other specific aspects of the proposed joint ownership regime.”

Following the Board’s Order in P.U. 17 (2011) the record discloses that Newfoundland Power and Bell Aliant continued to negotiate and consequently arrived at revised terms for the installation and removal of the Joint Use Support Structures, work which will now be performed by Newfoundland Power on behalf of Bell Aliant for the period 2011 to 2020. Exhibit 10 to the August 26, 2011 application shows a material increase in the revenue requirement impacts compared to the impacts indicated in the February 4, 2011 application. According to the new evidence, the levelized annual revenue requirement savings increase from \$76,000.00 to \$1.45 million. The net present value of revenue requirement surpluses over the 10-year period 2011 to 2020 increases from approximately \$.5 million to \$10.1 million.

Considering the thinness of the benefits expounded by the company in its original application seeking approval to sell 40% of its joint use support structures, there was real risk of a harm or detriment to customers. In the present application, the benefits are considerably more substantial and the sensitivity analysis provided with the revised filing gives one greater assurance of the realization of the proffered benefits.

The Consumer Advocate would recommend that the Board grant the request to re-open and/or rehear the company’s Pole Sale Application and to receive the evidence which the company filed therewith on August 26, 2011.

Further, having regard to the test enunciated by the Board in P.U. 17 (2011), the Consumer Advocate would not oppose the company’s request that the sale to Bell Aliant of the Joint Use Support Structures in question be approved, as in the revised filing it is clear that the economic benefits associated with the sale favours customers, whereas the company’s original application failed in this regard.

We trust the foregoing is found to be in order.

Yours very truly,

O’DEA, EARLE



THOMAS JOHNSON
TJ/cel

cc: Newfoundland Power Inc.
Attention: Mr. Gerard Hayes/Mr. Ian Kelly, Q.C.

Newfoundland and Labrador Hydro
Attention: Mr. Geoffrey Young