

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

11 (Page 6, 2001 Evidence)

12  
13 **In light of the above excerpt from page 6 of the 2001 Evidence, provide a full**  
14 **explanation as to why it is not better for customers of Newfoundland Power for**  
15 **Newfoundland Power to own all the poles.**

16  
17 **A.** *Introduction*

18 It is not better for Newfoundland Power customers for Newfoundland Power to own all  
19 the Support Structures in its service territory. There is *no* evidence in this proceeding of  
20 a negative impact on customers from the Company’s sale of 40% of its Joint Use Support  
21 Structures, from either a rates perspective or a service perspective.

22  
23 The evidence shows that there has been a positive impact on customer rates over the  
24 period 2001 through 2010 and that there will be further cost savings for the initial 5-year  
25 period following the repurchase of Joint Use Support Structures by Bell Aliant.<sup>1</sup> The  
26 evidence further shows that there will be no negative impact on the level of service to  
27 customers as a result of the proposed repurchase.<sup>2</sup>

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29 *Customer Rates*

30 As indicated in Exhibits 4 and 8, and in Response to Request for Information  
31 PUB-NP-74, the total benefits associated with the 2001 agreement are approximately  
32 \$10.6 million for the period 2001 through 2015. These economic benefits have  
33 effectively reduced Newfoundland Power’s revenue requirement, and in turn customer  
34 rates, from that which would otherwise have been for this period.

35  
36 *Service to Customers*

37 From a service perspective, Newfoundland Power’s procedures and standards related to  
38 the construction and maintenance of the electrical system have been maintained in the  
39 2011 Joint Use Agreement (“2011 JUA”). The negotiated terms of the 2011 JUA  
40 substantially reflect longstanding operational practice regarding Joint Use of Support  
41 Structures and are consistent with the maintenance of current levels of customer service.<sup>3</sup>

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<sup>1</sup> See Prefiled Evidence, page 11, line 7 to page 12, line 13; Exhibits 4 and 8; Responses to Requests for Information PUB-NP-45 and PUB-NP-74.

<sup>2</sup> See Prefiled Evidence, page 10, lines 14-17; Response to Request for Information PUB-NP-1.

<sup>3</sup> The only substantive difference between the Administration Practices of the 2011 JUA and previous Joint Use arrangements is the addition of Newfoundland Power’s standards for inspections and planned and emergency maintenance (Sections 19 and 20 of the Administration Practices).

1 For the reasons set out in the cited excerpt, the “operational reality” of Newfoundland  
2 Power’s “primary role in the operation and maintenance of Support Structures” in its  
3 service territory existed both before and after the 2001 purchase of Bell Aliant’s Joint  
4 Use Support Structures by Newfoundland Power.<sup>4</sup> This operational reality will persist  
5 following the repurchase of Joint Use Support Structures by Bell Aliant.  
6

7 Newfoundland Power will continue to dispatch trouble crews to address *all* electricity-  
8 related trouble calls. Section 20 of the Administration Practices contained in the 2011  
9 JUA details a three-level response procedure for customer trouble calls.<sup>5</sup> In a typical  
10 year, over 99% of customer trouble calls that Newfoundland Power responds to do not  
11 require the replacement of Support Structures.<sup>6</sup> For these types of situations, the trouble  
12 call response is currently dispatched as follows:  
13

- 14 • Customer trouble calls are reported to Newfoundland Power’s System Control  
15 Centre (“SCC”);
- 16 • The SCC determines the level of response required; and
- 17 • If necessary, the request is forwarded to the appropriate Newfoundland Power  
18 personnel to respond.  
19

20 Support Structures are required to be repaired or replaced in less than 1% of trouble calls,  
21 affecting approximately 50 Support Structures per year. Response to these trouble calls  
22 is currently dispatched as follows:  
23

- 24 • Customer trouble calls are reported to Newfoundland Power’s SCC;
- 25 • The SCC immediately (i) dispatches the on call supervisor to complete a field  
26 visit and assess the damage and (ii) dispatches a trouble crew;
- 27 • The on call supervisor notifies the pole contractor that a Support Structure needs  
28 to be replaced. Pole contractors are required by the terms of their contracts to  
29 have all necessary equipment and personnel, and be ready to respond within one  
30 hour of being called;
- 31 • If telephone or cable television facilities attached to the Support Structure have  
32 been damaged, and the trouble crew is unable to make repairs, the on call  
33 supervisor notifies the SCC, who then notify the owner of the damaged facility;
- 34 • The pole contractor arrives on site and repairs or replaces the Support Structure as  
35 required; and
- 36 • The trouble crew restores electricity service and reports back to the SCC when the  
37 work is complete.

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<sup>4</sup> Because downed power lines are dangerous when energized, and electric circuits do not function when the wires are on the ground, Newfoundland Power must continue to take a primary role in restoration efforts when power interruptions occur as a result of damage to Support Structures.

<sup>5</sup> The levels of trouble call response outlined in Section 20 of the Administration Practices are unchanged from Newfoundland Power’s current practice. Refer to Responses to Requests for Information PUB-NP-58 and PUB-NP-61.

<sup>6</sup> Examples of trouble calls that would not involve Support Structure work include the removal of trees that have fallen into lines, and the repair or replacement of electrical components on distribution lines (e.g. insulators, transformers, cut outs, conductor etc.)

1 For the less than 1% of electricity system trouble calls requiring Support Structure work,  
2 Newfoundland Power and Bell Aliant will be responsible to complete repairs on their  
3 respective Support Structures.<sup>7</sup>  
4

5 The *only* difference from Newfoundland Power's current customer trouble call response  
6 will be which pole contractor is called upon to complete the work on the Support  
7 Structure. If the Support Structure is owned by Newfoundland Power, Newfoundland  
8 Power will dispatch their pole contractor. If the Support Structure is owned by Bell  
9 Aliant, Newfoundland Power will immediately notify Bell Aliant, who will then dispatch  
10 their pole contractor to repair or replace the Support Structure.<sup>8</sup>  
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12 The level of customer service provided will not vary depending on whether the Support  
13 Structure is owned by Bell Aliant or Newfoundland Power.

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<sup>7</sup> Bell Aliant will be responsible for 40% of the approximately 50 Support Structures requiring emergency repair or replacement per year, or approximately 20 Support Structures per year.

<sup>8</sup> Bell Aliant's pole contractors will be required by the terms of their contracts to have all necessary equipment and personnel, and be ready to respond within one hour of being called, similar to the terms currently in place with Newfoundland Power's pole contractors. Failure to respond within two hours will be subject to Article 11 of the 2011 JUA.