

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

4  
5 *“Based on Newfoundland Power’s financial analysis, the acquisition will be*  
6 *beneficial for Newfoundland Power’s customers.”*  
7

8 **and further at RFI - NLH 7.0 [Consent # 2 (iv)]**  
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10 *“While any efficiency gains achieved under the new arrangement will increase the*  
11 *benefits to Newfoundland Power and its customers, the economic analyses in*  
12 *Exhibit 10 clearly demonstrate that the new arrangement will be of economic*  
13 *benefit to Newfoundland Power and its customers, whether or not such efficiency*  
14 *gains are realized.”*  
15

16 **A. Yes.**  
17

18 Newfoundland Power’s financial analysis of the 2001 acquisition of Joint-Use Support  
19 Structures, which included a right of Bell Aliant to repurchase 40% of Joint Use Support  
20 Structures upon termination or non-renewal of the 2001 Joint Use Facilities Partnership  
21 Agreement (“JUFPA”) demonstrated the expected economic benefit of the transaction to  
22 Newfoundland Power and its customers. The agreement has proven to be beneficial to  
23 the customers of Newfoundland Power through 2010, and the repurchase by Bell Aliant  
24 in 2011, if approved by the Board, will provide *additional* benefits to Newfoundland  
25 Power’s customers.  
26

27 The total benefits associated with the 2001 agreement are approximately \$10.6 million  
28 for the period 2001 through 2015.<sup>1</sup> The benefits of approximately \$0.5 million associated  
29 with the repurchase of Joint Use Support Structures by Bell Aliant in 2011 represent  
30 *additional* benefits arising from the repurchase when compared to the alternative of a  
31 2011 renewal of the JUFPA.<sup>2</sup> Put another way, the repurchase of 40% of the Joint Use  
32 Support Structures by Bell Aliant, together with the 2011 Joint Use Agreement, is from a  
33 customer perspective, a lower cost alternative than the 2011 renewal of the JUFPA.  
34

35 Further benefits arising from the new Joint Use regime are possible.<sup>3</sup> These would  
36 improve the benefits to Newfoundland Power and its customers associated with the new  
37 Joint Use regime. While any further benefits would obviously increase the overall  
38 benefits to Newfoundland Power and its customers, the economic analysis clearly  
39 demonstrates that both the 2001 acquisition of Joint Use Support Structures and the  
40 repurchase as described in the Application are of economic benefit to Newfoundland  
41 Power and its customers.

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<sup>1</sup> See Prefiled Evidence, Exhibits 4 and 8.

<sup>2</sup> See Prefiled Evidence, Exhibit 8.

<sup>3</sup> See Response to Request for Information PUB-NP-35.