

1 **Q. Please provide the details and the rationale for the adjustment that has been made**  
2 **to the capital expenditure history from 2008 to 2011 shown in Table 2, pg. 34 of**  
3 **Schedule B.**

4  
5 A. Capital expenditure required for Distribution Extensions necessary to serve new  
6 customers is estimated based on average historical expenditure over the prior five years.  
7 For 2013 the estimate was based on actual expenditures for the period 2008 to 2011 and  
8 forecast expenditure for 2012.

9  
10 At year end 2010 Newfoundland Power sold 40% of its jointly used poles to Bell Aliant.  
11 From 2011 forward Bell Aliant is responsible for installing 40% of the poles required to  
12 connect new customers. To properly estimate the 2013 Newfoundland Power capital  
13 expenditures associated with Distribution Extensions it was necessary to adjust the actual  
14 data for 2008 to 2010 to exclude 40% of the pole cost. The adjustments made are shown  
15 in Table 1 below:  
16  
17

**Table 1**  
**Adjustments to Extensions**  
**(\$000s)**

<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>
(1,145)	(1,555)	(1,739)