

Q. Reference: Schedule B, 2014 Capital Projects – Normal Capital (Historical Pattern) Relocate/Replace Distribution Lines for Third Parties (Pooled) page 47 of 85:

At page 48 of 85 it states that “Estimated contributions from customers and requesting parties associated with this project are included in the estimated contributions in aid of construction referred to in the Application.” Paragraph 2 of the formal Application states that the Company has estimated an amount of \$1,500,000 in aid of contribution that it intends to demand from its customers in 2014. Please provide a history of the contributions in aid of construction paid and forecast to be paid from 2009 to 2014 by each of the categories of requesting parties.

A. Data Requested

Table 1 includes the total contributions in aid of construction (CIACs) paid and forecast to be paid in each of 2009 to 2014.

Table 1
Contributions Received by Year¹
2009 to 2014F
(\$000's)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013F</u>	<u>2014F</u>
4,571	2,789	2,764	3,700	3,500	3,500

Data Context

The amounts in Table 1 reflect the actual or estimated total CIACs received in a particular calendar year. These amounts are comprised of payments associated with (i) contributions for work completed in that year's capital budget; (ii) amounts associated with contributions for work completed in previous years' capital budgets; and (iii) contributions associated with applications for supplementary capital expenditures not originally included in annual capital budget applications.²

The difference between the \$1,500,000 estimate of CIACs contained in a capital budget and actual CIACs received in a year is typically associated with CIACs received which are related to prior years' capital budget expenditures or approved supplementary capital expenditures. The \$1,500,000 estimate of CIACs to be demanded from customers referred to in paragraph 2 of the formal Application includes only CIACs related to the

¹ As provided in Return 7 of Newfoundland Power's Annual Report to the Board.

² CIACs are typically required when the Company extends electrical service to cabin areas in its service territory. Cabin area service extensions are often approved as supplementary capital expenditures (See, for example, Order No. P.U. 17 (2006) which approved a cabin area service extension of approximately \$1.3 million). There is also a significant lag between the Company's extension of mainline distribution service to a cabin area and the actual payment of CIACs and connection of customers. This lag is recognized in the Company's CIAC policies.

1 proposed 2014 Capital Budget of \$84,462,000.³ It does not include any estimated
2 amounts associated with either prior years' capital budgets or approved supplementary
3 capital expenditures.
4

5 ***Data Limitations***

6 The estimated amount of \$1,500,000 in CIACs that the Company intends to demand from
7 its customers in relation to its proposed 2014 Capital Budget is provided for information
8 purposes and is not specifically approved by the Board. Newfoundland Power reviews
9 the estimate for capital budget applications, however, it does not specifically track actual
10 CIACs received against these annual estimates.⁴ All CIACs demanded and received by
11 Newfoundland Power are, however, compliant with Board approved regulations and
12 policies.
13

14 Attributing amounts paid in a particular year to each of the categories of requesting
15 parties as requested by this Request for Information would involve analyzing over 1,200
16 individual transactions for each year from 2009 to 2012. Newfoundland Power therefore
17 cannot provide the requested information within the time allotted for response to
18 Requests for Information in this proceeding.

³ This estimate is a requirement of Section 41(1) of the *Public Utilities Act*.

⁴ For example, for the 2014 Capital Budget, the Company estimates approximately \$1 million in CIACs will be related to work performed for Bell Aliant and approximately \$500,000 in CIACs will be related to other work.