

1 Q. **Reference: CA-NLH-075.**

2 a) With respect to Table 1, please confirm that for 2024 (i) there were 379 service requests and
3 only 17 of them required CIAC; (ii) the total payments of CIAC was \$805,783 for those 17;
4 and (iii) of the total cost of \$868,120, the remainder of \$62,337 ($=\$868,120 - \$805,783$) was
5 sufficient to cover the costs for the remaining 362 service requests.

6 b) With respect to Table 1, why were the total cost of new service requests and the associated
7 CIAC so low in 2023 compared to the other years?

8 c) Please confirm that the items for which there is CIAC, the ownership remains with Hydro but
9 only the net-of-CIAC cost is included in Hydro's rate base.

10 d) Other than for the services described in Attachment 1, does Hydro require CIAC for any
11 other service (e.g., a pole with street light) that it provides at customers' requests? If so,
12 please provide a listing and the associated revenues.

13 e) In order to reduce its net capital spending, has Hydro investigated requiring CIAC for a
14 broader range of its capital expenditures that are undertaken due to customer requests?

15 f) In Attachment 1, page 8 of 31, it is *stated "The Corporation will provide Line extensions for*
16 *Permanent Service to Domestic Customers without a CIAC when the cost to construct and*
17 *maintain the Line extension will be recovered through electricity rates paid by those*
18 *customers."* (i) How is that determination made? and (ii) How is the cost of specific capital
19 services recovered through electricity rates paid by those customers? Don't those customers
20 pay the same rates as all other customers in the same customer class?

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23 A. a) It is confirmed that Table 1 in Newfoundland and Labrador Hydro's ("Hydro") response to
24 CA-NLH-075 shows 379 new service requests in 2024 and that 17 of the service requests
25 required a Contribution in Aid of Construction ("CIAC"). It is further confirmed that there
26 was a total payment of \$805,783 in contributions from customers for those 17 service
27 requests in 2024. However, the total cost of the extensions listed in the second last column
28 represent the total cost of the extensions for the 17 new services requiring a CIAC. While

1 the costs of the 17 extensions totaled \$868,120, the lesser amount of \$805,783 was
2 recovered due to amounts of the costs being covered by Hydro pursuant to the CIAC policy.
3 As an example, not necessarily specific to the 2024 service requests, Hydro's CIAC Policy for
4 Domestic Customers includes, as Hydro's Basic Investment in a single-phase Line extension,
5 up to 85 meters of Line and all plant associated with that specific length of line.¹ The costs
6 and payments in Table 1 relate only to the new services requiring a CIAC.

7 **b)** The costs of new service requests and the associated CIAC are directly related to the type of
8 service requests made by customers and the work related to that service. It is Hydro's
9 opinion that further detail regarding those service requests is not necessary for a
10 satisfactory understanding of the matters to be considered in the 2026 Capital Budget
11 Application ("CBA") as required by the *Board of Commissioners of Public Utilities*
12 *Regulations, 1996*.

13 **c)** It is confirmed.

14 **d)** Hydro does, from time to time, require contributions from customers for services that are
15 not listed in Hydro's CIAC policies. An example would be a contribution from an industrial
16 customer for the capital costs associated with their interconnection to the system. If the
17 contribution being requested is not pursuant to Hydro's already approved CIAC policy,
18 Hydro will make application to the Board for approval pursuant to Section 41(5) of the
19 *Public Utilities Act*. It is Hydro's opinion that further detail regarding contributions that do
20 not form part of the 2026 CBA is not necessary for a satisfactory understanding of the
21 matters to be considered in the application as required by the *Board of Commissioners of*
22 *Public Utilities Regulations, 1996*.

23 **e)** The purpose of a CIAC from a customer is to ensure that the costs of providing service to
24 that customer will not be carried by other Hydro customers. Hydro believes that the existing
25 policies and practices are consistent with that purpose and further expansion is not
26 warranted.

¹ "Contribution in Aid of Construction Policy: Distribution Line Extensions to Domestic Customers," Newfoundland and Labrador Hydro, sec. 3, January 26, 2023.

- 1 **f)** Certain costs related to providing service to a customer are considered “basic investment”
2 and are defined in the CIAC policy approved by the Board of Commissioners of Public
3 Utilities. This basic investment is provided to the customer without charge and recovered
4 from the customer in the rates that are charged to all customers. The additional sales to the
5 new customer is generally considered to provide revenue that would offset the additional
6 costs. For general service customers, there is an Additional Load Based Investment that is
7 provided to General Service Customers with a demand exceeding 10 kW. How this is
8 calculated and utilized is described in Section 4 b) of the General Service CIAC Policy.