

**P.U. 23 (2004)**

**IN THE MATTER OF** the  
**PUBLIC UTILITIES ACT**,  
R.S.N. 1990, c. P-47, as amended  
(the “Act”)

**AND**

**IN THE MATTER OF** the application by  
Newfoundland Power Inc. (the “Applicant”)  
for approval of a contribution in aid of  
construction (“CIAC”) for a line extension to  
serve seasonal customers (the “Customers”)  
pursuant to section 41(5) of the Act.

**WHEREAS** the Applicant is a corporation duly organized and existing under the laws of  
the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is  
also subject to the provisions of the *Electrical Power Control Act, 1994*; and

**WHEREAS** the Customers’ residences are located at Mobile First Pond near the community  
of Mobile and the Customers consist of twenty-nine (29) seasonal residents of the area; and

**WHEREAS** the Customers have requested that the Applicant provide their residences at Mobile First Pond with single-phase electrical service which, in order to so provide, requires the construction of a single-phase extension of 3,144 metres (the “Extension”); and

**WHEREAS** the Extension will not be jointly used by the Applicant and Aliant Telecom Inc.; and

**WHEREAS** on March 24, 2004 the Applicant quoted a CIAC of Two thousand four hundred seventy-one dollars and fifty-one cents (\$2,471.51), including HST, (the “Original CIAC Amount”) to twenty-eight (28) potential customers in the Mobile First Pond area based on constructing an extension of 2,656 metres; and

**WHEREAS** all twenty-eight (28) potential customers indicated their acceptance of the “Original CIAC Amount” and requested the Applicant to proceed with construction of the line extension; and

**WHEREAS** the Applicant subsequently became aware that another customer is also interested in obtaining service from the Extension; and

**WHEREAS** the calculation of the Original CIAC Amount contained certain errors; and

**WHEREAS** the Applicant has calculated a new CIAC of the Extension in accordance with Clauses 5(b) and 5(c) of the CIAC Policy: Distribution Line Extensions to Residential and Seasonal Residential Customers approved by Order No. P.U. 7 (1997-98) dated September 30, 1997 (the “Policy”) and the CIAC thus calculated is Two thousand nine hundred ninety-three dollars and seventy-three cents (\$2,993.73), including HST, for each Seasonal Customer (the “Revised CIAC Amount”); and

**WHEREAS** the Applicant believes that additional Customers may decline to accept electrical service if the Revised CIAC Amount is implemented; and

**WHEREAS** to avoid this scenario, the Applicant proposes to deviate from the Policy by charging the Customers the Original CIAC Amount rather than the Revised CIAC Amount; and

**WHEREAS** this will create a shortfall in cost recovery of \$522.22 per customer, and the Applicant proposes to recover this shortfall by suspending the entitlement of the Customers to refunds as calculated under Clause 6 of the Policy until the shortfall amount is recovered from additional customers connecting to the Extension; and

**WHEREAS** the establishment of the CIAC in this manner, and the suspension of refunds, is a deviation from the Policy, and Clause 12 (b) of the Policy requires that all deviations from the Policy in the calculation of CIACs for Line extensions must be submitted to the Board for approval; and

**WHEREAS** the construction cost of the Extension is \$84,744 and Clause 12(a) of the Policy requires all Line extensions or Upgrades involving CIACs where the construction costs are estimated to be greater than \$25,000 must be submitted to the Board for approval; and

**WHEREAS** Clause 12(c) of the Policy states that all CIACs for Main Line extensions for primarily seasonal residential customers be submitted to the Board for approval; and

**WHEREAS** the proposed suspension of refunds to the Customers is necessary to ensure that the Applicant's investment in the Extension is compensatory over the useful life of the Extension and will not be to the detriment of the Applicant's other customers; and

**WHEREAS** the Board is satisfied that the deviations from the policy are reasonable in the circumstances.

**IT IS THEREFORE ORDERED THAT:**

Pursuant to Section 41(5) of the Act, the Board approves:

- (a) the contribution in aid of construction in the amount of Two thousand four hundred seventy-one dollars and fifty-one cents (\$2,471.51), including HST, as calculated under the Policy; and
- (b) the suspension of the payment of refunds to the Customers until such time as the shortfall of \$522.22 per customer is recovered.

**DATED** at St. John's, Newfoundland and Labrador, this 6<sup>th</sup> day of July, 2004.

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Robert Noseworthy,  
Chair & Chief Executive Officer.

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Darlene Whalen, P.Eng.  
Vice-Chair

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G. Cheryl Blundon,  
Director of Corporate Services  
and Board Secretary.