

1 **Q. Please confirm that Newfoundland Power was satisfied to have the JUFPA continue in force**
2 **for a further 10-year renewal term and that the Company had no intention to trigger its**
3 **non-renewal as was done by Bell Aliant. If the same cannot be confirmed, please provide a**
4 **copy of all notes, memos and communications that relate to the Company's consideration of**
5 **possibly triggering a non-renewal.**

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7 **A.** Newfoundland Power cannot confirm that it was satisfied to have the Joint Use Facilities
8 Partnership Agreement ("JUFPA") continue in force for a further 10-year renewal term.
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10 As indicated in the response to Request for Information CA-NP-11, Newfoundland
11 Power's joint use agreements with Bell Aliant and its predecessors have always been
12 revised following their initial term. Due to changes in a number of factors relevant to
13 Joint Use since the implementation of the JUFPA in 2001, it was reasonable to expect
14 that the JUFPA would not be extended in 2010 without renegotiation of some of its
15 terms.
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17 For example, as a result of revised construction standards for overhead distribution lines,
18 the parameters used to determine the sharing of third party rentals had changed.¹
19 Incorporating this change in revised joint use terms would increase Newfoundland
20 Power's relative share of third party rentals. A renewal of the JUFPA in accordance with
21 Article XVIII would not have incorporated the effects of this change.²
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23 In addition, Newfoundland Power's cost of capital had decreased from the 2001 cost of
24 capital reflected in Bell Aliant's attachment rental rate payable under the JUFPA. The
25 reduction in Newfoundland Power's cost of capital over the 10-year term of the JUFPA
26 substantially altered the 60/40 cost sharing ratio in favor of Newfoundland Power and its
27 customers.³ It was therefore reasonable to expect that joint use discussions with Bell
28 Aliant in 2010 would include consideration of ways to ensure ongoing fairness to both
29 Newfoundland Power and Bell Aliant in the event of changes in relevant financial
30 parameters.⁴ A renewal of the JUFPA in accordance with Article XVIII would
31 effectively have locked in the existing methodology for calculating attachment rental
32 rates for a further 10 years.
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34 In light of the foregoing, Newfoundland Power anticipated that discussions with Bell
35 Aliant in 2010 regarding the continuation or otherwise of the JUFPA would focus on
36 revising the JUFPA to reflect current circumstances.

¹ Please see the response to Request for Information PUB-NP-40 for details regarding the proportional sharing of rentals from others between Bell Aliant and Newfoundland Power.

² Clause 18.02 (b) of the JUFPA explicitly preserved the existing ratio for allocation of third party revenues on the basis of 62.5% for Bell Aliant and 37.5% for Newfoundland Power.

³ Please see Prefiled Evidence, Page 7, footnote 17.

⁴ Please see Prefiled Evidence, Page 4, line 9 to Page 5, line 12 for information concerning the fairness of the 60/40 Joint Use cost sharing ratio.

1 Upon commencement of joint use discussions with Bell Aliant in March 2010, it became
2 apparent that renewal of the JUFPA would not be a mutually agreeable option for future
3 Joint Use. As of that time, Newfoundland Power had not made any determination as to
4 whether it should terminate the JUFPA.

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6 Newfoundland Power does not have notes, memos and communications that relate to the
7 Company's consideration of possibly triggering a non-renewal of the JUFPA.