

1 Q. In the 2001 Application hearing process the following efficiencies were identified by
2 Newfoundland Power as flowing from the 2001 purchase of poles.
3

4 *“The goal of Newfoundland Power’s acquisition of Aliant’s Support Structures is to*
5 *improve the overall efficiency of the provision of support structure services.”*

6 2001 Evidence page 6 [Consent # 2 (ii)]
7

8 *“Many of the operating benefits arising from this acquisition are difficult to quantify.*
9 *However, it is obvious that there will be greater efficiency from the elimination of*
10 *duplicated administrative services and from single ownership, construction and*
11 *maintenance of pole lines. This will result in the mutual benefit to customers of both*
12 *utilities.”*

13 2001 Evidence page 7 [Consent # 2 (ii)]
14

15 *“In effect, this will result in the more efficient use of existing Newfoundland Power*
16 *personnel. Newfoundland Power’s customers will benefit from the increased efficiency*
17 *utilization of Newfoundland Power’s resources.”*

18 2001 Evidence page 7 [(Consent # 2 (ii)]
19

20 *“Newfoundland Power expects that the streamlining of administrative processes and the*
21 *elimination of duplicate work will increase the efficiency of administration of joint use.”*
22 [Consent # 2 (iv) – RFI - NLH-7.0]
23

24 *“Single ownership of support structures and a simplified process for calculation of rentals*
25 *will result in more streamlined management and administration of joint use of support*
26 *structures.”*

27 [Consent # 2 (iv) – RFI - PUB-4.0]
28

29 *“If a support structure is required in a municipality, then both Newfoundland Power and*
30 *Aliant separately have to seek municipal approval. Both utilities also have to make contact*
31 *with CATV operators. Staff and resources of both utilities are required to manage the*
32 *existing joint use arrangements with respect to the pole ownership ratio and other pole*
33 *data.”*

35 *“Circumstances currently exist where Newfoundland Power will construct a pole line and*
36 *place its equipment on the poles. Aliant will later place the steel strand for its*
37 *telecommunications cable on the poles. This can result in a loosening of the guys*
38 *supporting the pole line necessitating a return visit by Newfoundland Power personnel. By*
39 *having exclusive responsibility for Support Structures, Newfoundland Power personnel*
40 *will, in the future, be able to minimize such repeated visits.”*

41 [Consent # 2 (ii), page 7]
42

43 **If the proposed sale to Bell Aliant is approved, will the inefficiencies that existed in**
44 **operation and maintenance of joint use structures prior to 2001 re-occur and how**
45 **will they be managed by Newfoundland Power?**

46 A. If the proposed sale to Bell Aliant is approved, the inefficiencies that existed in operation
47 and maintenance of Joint Use Support Structures are not expected to re-occur.
48

1 Operational and maintenance improvements realized over the 10 years of the 2001 Joint
2 Use Facilities Partnership Agreement (the “JUFPA”) are substantially incorporated in the
3 2011 Joint-Use Agreement (the “2011 JUA”). Prior to the JUFPA, each of
4 Newfoundland Power and Bell Aliant used different inspection standards, maintenance
5 standards and data collection requirements associated with Joint Use Support Structures.
6 Under the 2011 JUA, these will be the same for both Newfoundland Power and Bell
7 Aliant.

9 Multi-party ownership may have the potential to increase overall costs associated with
10 the management of Joint Use Support Structures which are borne collectively by
11 Newfoundland Power and Bell Aliant. However, over the 5-year term of the 2011 JUA,
12 the costs borne by Newfoundland Power’s customers will be *lower* than had the JUFPA
13 been renewed in 2011.¹ Accordingly, the 2011 JUA is a lower cost alternative to
14 management of Joint Use Support Structures than renewal of the JUFPA.

16 Newfoundland Power observes that in 2000, prior to the JUFPA, it had a workforce of
17 704 full-time equivalents and electricity supply costs of approximately \$23.3 million.² In
18 2010, Newfoundland Power forecast a workforce of 651 FTEs and electricity supply
19 costs of approximately \$22.3 million.³ Newfoundland Power’s management of electricity
20 supply costs, which include Joint Use Support Structure costs, have consistently been
21 efficient and least-cost. The new Joint Use regime is consistent with Newfoundland
22 Power’s least-cost management of its facilities.

24 Please refer to the Response to Request for Information PUB-NP-76 for further
25 information concerning the improved efficiency of the operating relationship between
26 Newfoundland Power and Bell Aliant since 2000.

¹ Prefiled Evidence, Exhibit 8.

² *Operating & Customer Service Evidence*, (1st Revision, February 10, 2003), Page 56 and Exhibit EAL-1 (1st Revision), Newfoundland Power 2003 General Rate Application.

³ *Customer Operations Evidence* (1st Revision, September 28, 2009) Page 2-13 and Exhibit 1 (1st Revision) Newfoundland Power 2010 General Rate Application.