

1 **Q. (Reference Schedule B, Extensions) It is stated (page 11) "*Extensions to***
2 ***distribution lines to connect new customers are constructed upon requests***
3 ***from developers, contractors or individual customers.*"**
4 **a) What amount of the 2025F total expenditure of \$19,982,000 was recovered**
5 **via CIAC?**
6 **b) Since this work is carried out at the request of new customers, do all new**
7 **customers contribute at least a portion towards the cost? Please explain the**
8 **protocols in this case.**
9

10 **A.** a) All contributions received from customers are recorded as reductions against
11 Newfoundland Power's net plant investment when calculating rate base.¹ The
12 Company does not record customer contributions as being part of a specific capital
13 program.² The Company can confirm that CIACs are primarily associated with the
14 *Extensions* and *Relocate/Replace Distribution Lines for Third Parties* programs.
15

16 The approved 2025 Capital Budget included an estimated amount of \$2,500,000 in
17 contributions that would be demanded of customers, and which would be calculated
18 in the manner approved by the Board.³
19

20 b) Capital costs associated with projects and programs proposed in Newfoundland
21 Power's *2026 Capital Budget Application* are intended to be indirectly recovered from
22 customers through customer rates.
23

24 Newfoundland Power does not require a CIAC from all new customers. A CIAC is
25 only required when the cost of providing and maintaining a line extension is not
26 expected to be recovered through the electricity rates paid by those customers. This
27 approach ensures that the cost of extending service to a specific customer is not
28 borne by other Newfoundland Power ratepayers. The amount of a customer CIAC is
29 calculated in accordance with the Company's approved *Residential and General*
30 *Service CIAC Policies* and includes the capital costs as well as an allowance for future
31 operating and maintenance costs.⁴

¹ See Newfoundland Power's *2024 Annual Report to the Board*, Return 3 for the calculation of net plant investment and Return 7 for the annual contributions received from customers each year.

² Newfoundland Power completes a review of its CIACs in accordance with its *Residential and General Service CIAC Policies (Effective January 27, 2025)*.

³ See Newfoundland Power's *2025 Capital Budget Application, Application*, page 1, paragraph 3.

⁴ Newfoundland Power's *Residential and General Service Contribution in Aid of Construction Policies, Effective January 27, 2025*, were approved by the Board in Order No. P.U. 4 (2025).