

1 **Q. (Reference Application Schedule B, Relocate/Replace Distribution Lines for**
 2 **Third Parties, Figure 1) Was 2019 an outlier? Please reproduce this figure with**
 3 **average figures excluding 2019.**
 4

5 A. No, 2019 was not an outlier. The *Relocate/Replace Distribution Lines for Third Parties*
 6 program expenditures are largely driven by the construction needs of joint use partners
 7 attached to poles owned by Newfoundland Power. The majority of work in 2019 was
 8 associated with a Federal/Provincial government broadband initiative to connect rural
 9 Canadians to high speed broadband.

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 11 On October 26, 2018, Federal, Provincial and Territorial Ministers for Innovation and
 12 Economic Development committed to developing a long-term broadband strategy to
 13 improve access to high-speed Internet for all Canadians. The project started in 2019
 14 and was expected to last into the foreseeable future. In 2020 and 2021, the pace of the
 15 broadband project was slowed dramatically due to the COVID-19 pandemic. The project
 16 is now back on track and expected to continue for a number of years.

17
 18 Figure 1 is reproduced below with average figures excluding 2019. The 2019
 19 expenditure used in the revised chart is the average of the 2017 to 2021 expenditures
 20 with 2019 excluded. This approach does not depict a realistic expectation of future
 21 expenditures related to third party obligations over the forecast period. This program is
 22 driven by sources outside Newfoundland Power and the budget should depict
 23 expectations and the latest information available from the joint use partners attaching to
 24 Company owned poles. In this case, it can reasonably be expected that there will be
 25 increased capital expenditure associated with the government broadband initiative.
 26 Excluding the historical costs associated with the 2019 broadband initiative from the
 27 average calculation is not reasonable.

Figure 1
Relocate/Replace Distribution Lines for Third Parties
Program Expenditures
(2017-2027F)

