

Q. (Reference Schedule B, Relocate/Replace Distribution Lines for Third Parties)

- a) Is it NP's policy to request contributions in aid of construction for all such requests from third parties?**
- b) Will 100% of these costs be recovered from third parties?**

A. a) All third parties requesting work under the *Relocate/Replace Distribution Lines for Third Parties* program contribute to the work completed as per section 9(c) of Newfoundland Power's *Schedule of Rates, Rules and Regulations* which states:

*"Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay the Company the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the customer."*¹

- b) No, section 9(c) of Newfoundland Power's *Schedule of Rates, Rules & Regulations* states that a Customer shall pay Newfoundland Power the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment.

A betterment credit is applied against the cost of a distribution line relocation or replacement and reduces the amount of contribution required from the third party. The betterment credit is applied to ensure the third party pays only for the portion of the work that restores the distribution line to its original state at the time of the relocation request. Any improvements beyond the original state of the distribution line, such as the replacement of older equipment with new equipment, are considered beneficial to all customers served by the distribution line and are therefore not the responsibility of the third party.²

¹ See Newfoundland Power's *Schedule of Rates, Rules & Regulations*, Effective July 1, 2026, page 8, section 9(c).

² For example, if a third party requires a recently constructed distribution line serving a residential or commercial area to be relocated, the third party would receive a relatively small betterment credit, if any, since the existing distribution line is in new condition and is many years away from needing to be replaced. Alternatively, if a third party requires a relatively old distribution line nearing the end of its useful service life to be relocated, the third party would receive a higher betterment credit since the relocated section of distribution line would soon need replacement to continue to provide reliable service to customers served by the line regardless of the third-party relocation or replacement request.