Q. (Reference CA-NP-037) With respect to the Relocate/Replace Distribution Lines for Third Parties program:

a) Please provide a table showing annual expenditures on this program as well as the annual total contributions from third parties for the years 2015 to 2025.

b) It is stated that "*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*." However, if the improvement beyond the original state comes at a time that Newfoundland Power had not planned on doing it (in the absence of the third-party request) then that makes costs higher for ratepayers; the improvements in the system are premature. Is this taken into account and netted out of the betterment credit?

c) If in the course of capital work, Newfoundland Power damages a property and consequently restores it, is the owner of that property charged for any betterment?

d) Once the project is completed, is the resulting change in rate base equal to the project cost minus betterments?

e) For the existing equipment and infrastructure that are not re-used and are discarded, how is rate base adjusted to reflect their removal from use?

f) Is the same procedure for assessing CIAC followed for relocate/replace transmission lines requests from third parties carried out under the Transmission Line Maintenance program?

A. a) Newfoundland Power is unable to provide the annual contributions from third parties related to the *Relocate/Replace Distribution Lines for Third Parties* program as requested. The Company does not record customer contributions as part of a specific capital program. The Company's current practice for recording contributions is in accordance with long-standing Board-approved practices, including the following:

1. Upon receipt, Newfoundland Power records all contributions directly to a general ledger account within its current System of Accounts approved by the Board.[1]

2. The total contributions received from customers or government entities, as well as the annual amortization calculated on outstanding balances are reconciled and provided in Return 7 of the Company's Annual Reports to the Board, as directed by the Board.[2]

[1] See Newfoundland Power's *2025 Annual Report to the Board*, System of Accounts Revised, page 19.
[2] *Ibid.*, Return 7, page 1.

3. The total unamortized contribution balance each year is deducted from Newfoundland Power's net plant investment in the calculation of its rate base and reported in Return 3 of the Company's Annual Reports to the Board, as directed by the Board.[3]

Newfoundland Power provided information to demonstrate how customer contributions are recorded as part of its *2026 Capital Budget Application*. The Board found Newfoundland Power's explanation to be in accordance with Board-approved practices and concluded that changes to the current practices were not necessary.[4]

Table 1 provides the annual expenditures under the *Relocate/Replace Distribution Lines for Third Parties* program from 2015 to 2025.

Table 1
Relocate/Replace Distribution Lines for Third Parties Program
Annual Expenditures
($000s)

Year	Total
2015	2,118
2016	2,454
2017	2,445
2018	3,177
2019	5,192
2020	2,745
2021	3,060
2022	3,055
2023	3,109
2024	3,905
2025	3,814

[3] See Newfoundland Power's *2025 Annual Report to the Board*, Return 3, page 1 for the calculation of net plant investment.
[4] See Order No. P.U. 38 (2025), page 6, line 40 to page 7, line 3.

b) Yes. The fact that the distribution line is being replaced earlier than it otherwise would have been is taken into account in determining the betterment credit. While the distribution line is replaced earlier than originally planned, the newly constructed line will remain in service beyond the point at which the original line would otherwise have required replacement. As a result, customers receive the benefit of avoiding or deferring a future replacement expenditure that would otherwise have been required. The betterment credit appropriately assigns that extended-life benefit to customers while the third party remains responsible for the costs caused by its relocation request. This is consistent with the purpose of the betterment credit, which is to recognize the additional service life benefits to customers provided by the new assets relative to the assets being replaced.

c) Betterment credits apply to the relocation or replacement of utility assets, such as transmission and distribution lines and related equipment. Betterment recognizes improvements to utility assets that provide benefits to customers served by the electrical system beyond restoring those assets to their original state. Betterment credits do not apply in the scenario outlined in the Request for Information.

d) See the response to part a).

e) When existing equipment or infrastructure is retired and not re-used, it is retired and removed from utility plant records in accordance with Newfoundland Power's approved System of Accounts. As a result, the retired assets no longer form part of the Company's plant investment used to calculate rate base.

Rate base is determined based on net plant investment, which reflects plant investment less accumulated depreciation and other approved adjustments. Consequently, once an asset is retired and removed from plant investment, it is no longer included in rate base.

f) Yes, section 9(c) of Newfoundland Power's *Schedule of Rates, Rules and Regulations* applies equally to third-party requests relating to distribution lines and third-party requests relating to transmission lines.