

Residential and General Service CIAC Policies

(Effective January 1, 2021)

NEWFOUNDLAND POWER INC.

CONTRIBUTION IN AID OF CONSTRUCTION POLICY:

DISTRIBUTION LINE EXTENSIONS TO

DOMESTIC CUSTOMERS

1. THE POLICY: GENERAL

The Company will provide Line extensions for Permanent Service to Domestic Customers without a CIAC when the cost to construct and maintain the Line extension will be recovered through electricity rates paid by those customers. Otherwise, a CIAC calculated in accordance with this policy will be required.

2. INTERPRETATION

Board means the Board of Commissioners of Public Utilities for Newfoundland and Labrador.

CIAC means a contribution in aid of construction.

Clearing Costs means the estimated costs for the required brush clearing along the route for a Line extension.

Community Infilling Limits, which are determined by the Lands Division, define the extent to which Crown land may be available for development within a defined area beyond the developed part of a Municipality or Local Service District.

Company means Newfoundland Power Inc.

Cost per Metre means the average construction and maintenance cost per metre of Line extension as calculated by the Company and filed from time to time with the Board. See Appendix A.

Cottage Area means either (i) an area that is not a Residential Planning Area and is comprised of 3 or more premises, or (ii) an area designated for cottage development by the Lands Division. Where customer premises are separated by a distance of 300 metres or more, an area may be divided into multiple Cottage Areas for the purpose of determining a CIAC.

Cottage Area Potential means the total potential number of building lots in the Cottage Area as determined based on the Company's review of the surveyed lots for the Cottage Area and any development plan that has been approved by the Lands Division.

Domestic Customer means a customer eligible for Permanent Service or Temporary Service pursuant to Rate #1.1 of the Company's Schedule of Rates, Rules & Regulations.

Easement Costs means the estimated costs to complete a survey of the right-of-way for a Line extension and includes the labour costs to complete the survey, survey document and drawing; travel costs; and registration fees.

General Service Policy means the Company's policy entitled "Contribution in Aid of Construction Policy: Distribution Line Extensions and Upgrades to General Service Customers" as approved by the Board.

Lands Division means the Lands Management Division of the Department of Environment and Conservation of the Government of Newfoundland and Labrador, or its successor.

Local Area Plan is a plan developed for an area by the Lands Division to ensure that physical development proceeds in a systematic and orderly manner, in accordance with the *Urban and Rural Planning Act, 2000*.

Local Service District is a community, town or region that is not a Municipality.

Line means an electrical distribution line and includes a Main Line or a Service Line.

Main Line means any Line required to supply electricity that is not a Service Line.

Municipality is as defined in the *Municipalities Act, 1999*.

Municipal Plan is a development plan for a Municipality prepared and implemented in accordance with the *Urban and Rural Planning Act, 2000*.

Permanent Service means electrical service required for at least three years.

Protected Road Plan is a plan developed by the Department of Works, Services & Transportation of the Government of Newfoundland and Labrador, or its successor, for the purpose of controlling development alongside a highway or roadway, in accordance with the *Urban and Rural Planning Act, 2000*.

Public Road means any road that is (i) maintained to be open year round by the Department of Works, Services & Transportation of the Government of Newfoundland and Labrador, or its successor, or by a Municipality or Local Service District or, (ii) is categorized as Class I, Class II or Class III by the *Protected Road Zoning Regulations* under the *Urban and Rural Planning Act, 2000*.

Residential Planning Area is an area or region located along a Public Road that is either:

- (i) approved for residential development within a Municipal Plan; or
- (ii) approved for residential development within a Protected Road Plan; or
- (iii) approved for residential development within a Local Area Plan; or
- (iv) located within the Community Infilling Limits of a Municipality or a Local Service District for which no development plan exists.

Schedule of Rates, Rules & Regulations means the schedule setting out the rates, rules and regulations relating to the Company's service as approved from time to time by the Board.

Service Line means any Line across private property or along a private road required to serve a single customer.

Subdivision means a subdivided area of four or more building lots being developed for residential use within a Municipality.

Temporary Service means a service that is required for a period of less than three years.

3. BASIC INVESTMENT

The Company's Basic Investment in a single phase Line extension for Permanent Service to Domestic Customers shall include:

- (i) for Domestic Customers in a Residential Planning Area, up to 85 metres of Line, as measured from the customer's meter location, and all plant directly associated with that specific length of Line;
- (ii) for Domestic Customers in an area that is not a Residential Planning Area, up to 25 metres of Line, as measured from the customer's meter location, and all plant directly associated with that specific length of Line; and,
- (iii) transformation, metering and, where the service location is on the side of the road opposite the Company's Line, the number of metres of Service Line equal to the width of the road right-of-way.

4. ADDITIONAL INVESTMENT

In addition to its Basic Investment, the Company may provide Additional Investment in the form of single phase Main Line extensions for Permanent Service to Domestic Customers in a Residential Planning Area. Additional Investment will be provided if there is satisfactory evidence that future growth along the route of the Main Line extension will be sufficient to support the cost to construct and maintain the Main Line extension.

- (i) For Domestic Customers in a Residential Planning Area that is not a Subdivision, the existence of a foundation for a new building along the route of the Main Line extension shall constitute satisfactory evidence of sufficient future growth. For each such foundation, the Company will provide the number of metres of single phase Main Line, and all plant, applicable Clearing Costs and applicable Easement Costs directly associated with that specific length of Main Line, that would be provided as Basic Investment under this policy or the General Service Policy to a customer requiring service at the location of the foundation.

- (ii) For Domestic Customers in a Subdivision, satisfactory evidence of sufficient future growth shall be deemed to exist when:
 - (1) road work to and within the Subdivision is substantially complete;
 - (2) Line easements are in place;
 - (3) legal survey drawings that indicate lot layouts and roads, and that show all relative distances and bearings, are complete; and,
 - (4) written municipal approval has been obtained and/or there exists a written development agreement between the Subdivision developer and the municipal council.

For a Subdivision meeting all of these requirements, the Company will provide up to 60 metres of single phase Main Line, and all plant directly associated with that specific length of Main Line, per approved Subdivision building lot.

5. REFUNDABLE CIACs

- (a) The total CIAC for a single phase Line extension for Permanent Service to Domestic Customers shall be calculated by first multiplying (i) the number of metres of single phase Line in excess of that provided by the Company pursuant to Clauses 3 and 4, by (ii) the Cost per Metre for single phase Line extensions, and then adding applicable Easement Costs and applicable Clearing Costs.
- (b) (i) Subject to Clauses 5 (b) (ii) and 6, where a Domestic Customer connects to an existing Line extension in respect of which a CIAC was paid within ten years from the date that the Line extension was initially placed in service, that customer shall pay a CIAC calculated as if connection had occurred at the initial service date.
- (ii) Where a new connection, pursuant to Clause 5 (b) (i), to an existing Line extension in a Cottage Area would have resulted in an increase in the total CIAC for the entire Line extension as at the initial service date, the addition shall be deemed to be a separate Line extension.
- (c) In cases where a Line extension will be shared by two or more customers and the Line extension is in a Cottage Area, the total CIAC shall be apportioned, subject to Clause 6, based on the number of customers that connect to the Line extension. If the Line extension is not in a Cottage Area, the total CIAC shall be apportioned based on the length of Line extension required to serve each customer.
- (d) Subject to Clauses 5 (b) (ii) and 6, where additional Domestic Customers are connected to a Line extension within ten years from the date it was initially placed in service and CIACs have been previously paid for that Line extension, CIAC refunds will be provided. The Company will refund to each existing customer the amount by which (i) the CIAC paid by that existing customer less any refunds already received thereon, exceeds (ii) the CIAC which would have been payable by that existing customer under this Clause 5 if all customers had taken service at the time the Line extension was initially placed in service. A refund becomes due 90 days following the connection of the additional customer(s).

- (e) Interest paid through the financing option outlined in Clause 9 is not refundable.
- (f) The Company shall advise Domestic Customers of its CIAC refund policy. The Company shall make all reasonable efforts to identify customer refunds. A refund that is past due will accrue interest at the rate prescribed in Clause 9 (c) commencing on the day following the day it became due.

6. NON-REFUNDABLE CIAC OPTION

- (a) (i) Domestic Customers in Cottage Areas may be provided the option of paying a non-refundable CIAC determined in accordance with Table 1.

**Table 1
Non-Refundable CIAC Option**

Participation Percentage	Non-Refundable CIAC
50% - 65%	Minimum CIAC plus 25%
66% - 80%	Minimum CIAC plus 15%
Greater than 80%	Minimum CIAC plus 5%

- (ii) Participation Percentage is the ratio of (i) the total number of lot owners in the Cottage Area who have paid at least their minimum downpayment, determined in accordance with Clause 9 (b) (i), prior to the commencement of Line extension construction by the Company, to (ii) the Cottage Area Potential. The non-refundable CIAC option shall be available only in Cottage Areas where the Participation Percentage is at least 50%.

- (iii) The total CIAC for a Cottage Area shall be calculated by first multiplying (i) the number of metres of single phase Line in excess of that provided by the Company pursuant to Clauses 3 (ii) and 3 (iii) for the Cottage Area Potential, by (ii) the Cost per Metre for single phase Line extensions, and then adding applicable Easement Costs and applicable Clearing Costs.
 - (iv) The Minimum CIAC for each customer is the total CIAC required for the Line extension for the Cottage Area determined in accordance with Clause 6 (a) (iii), divided by the Cottage Area Potential.
- (b) The non-refundable CIAC shall apply to all building lots connected in the Cottage Area for a period of 20 years from the date that the Line extension was initially placed in service.

7. SERVICE ENTRANCE LOCATIONS

Should a Domestic Customer request the Company to attach to a service entrance that is not as close as practical to the distribution pole from which the Service Line is to be run, the customer will be required to pay the costs associated with any additional plant.

8. UNDERGROUND SERVICE¹

- (a) A Domestic Customer may have an underground Service Line installed for their dwelling provided that the customer pays, in addition to the CIAC required under this policy, the amount by which the installed cost of the underground Service Line exceeds the installed cost of an overhead Service Line.
- (b) A Subdivision developer who wishes to provide underground distribution service to a housing development within the Subdivision shall pay, in addition to the CIAC required under this policy, the amount by which the installed cost of the underground system exceeds the cost of an equivalent overhead system.

¹ This Clause does not apply to Newfoundland and Labrador Hydro.

9. PAYMENT

- (a) Subject to Clause 9 (b), all CIACs shall be paid in advance of construction.

- (b) Where approval has been given in advance by the Company, a Domestic Customer may pay a CIAC on the following basis:
 - (i) \$300 or $\frac{1}{4}$ of the CIAC, whichever is greater, as a down-payment in advance of construction; and
 - (ii) the balance together with interest by way of not more than 120 equal monthly installments of not less than \$20 each.

- (c) The interest rate on a CIAC financed pursuant to Clause 9 (b) shall be set at the time of issuance of the Domestic Customer's CIAC quote. The rate shall be equal to the prime rate of the Company's bankers as of the last day of the month immediately preceding the issuance of the CIAC quote to the customer, plus:
 - (i) 3% for customers that choose financing over a period of not more than 60 months; and
 - (ii) 4% for customers that choose financing over a period of more than 60 months.

- (d) Installments shall be subject to the Company's credit policy. Default in payment of any installment shall, at the Company's option, render the unpaid balance immediately due and payable.

- (e) Should a Domestic Customer wish to prepay all or a portion of the unpaid balance, the Company will accept such pre-payment without bonus or penalty.

10. BOARD APPROVALS

The Company shall apply to the Board for approval of:

- (i) all Line extensions involving CIACs where the sum of the CIAC calculated pursuant to Clause 5 (a) or Clause 6 (a) and the Basic and Additional Investment calculated pursuant to Clauses 3 and 4 is greater than \$50,000; and,
- (ii) any deviations from this policy in the calculation of CIACs for Line extensions to Domestic Customers.

**NEWFOUNDLAND POWER INC.
DISTRIBUTION LINE COST PER METRE FOR DOMESTIC CIACs**

TYPE OF CONSTRUCTION	COST / METRE ¹ \$
<u>LINE EXTENSIONS</u> SINGLE PHASE	45

¹ This cost factor does not include any costs for clearing or obtaining easements. When clearing is required, an additional charge of \$4.00 per metre will apply to the section of line beyond the distance of the Basic Investment. A \$400 charge will be applied for each required easement beyond the distance of the Basic Investment.

NEWFOUNDLAND POWER INC.

**CONTRIBUTION IN AID OF CONSTRUCTION POLICY:
DISTRIBUTION LINE EXTENSIONS AND UPGRADES
TO GENERAL SERVICE CUSTOMERS**

1. THE POLICY: GENERAL

The Company will provide Line extensions or Upgrades for Permanent Service to General Service Customers without a CIAC when the cost to provide and maintain the Line extension or Upgrade will be recovered through electricity rates paid by those customers. Otherwise, a CIAC calculated in accordance with this policy will be required.

2. INTERPRETATION

Board means the Board of Commissioners of Public Utilities for Newfoundland and Labrador.

CIAC means a contribution in aid of construction.

Clearing Costs means the estimated costs for the required brush clearing along the route of a Line extension or Upgrade.

Company means Newfoundland Power Inc.

Cost per Metre means the average construction and maintenance cost per metre of Line extension or Upgrade as calculated by the Company and filed from time to time with the Board. For Upgrades, this includes only the costs associated with the primary conductor and related hardware. See Appendix A.

Demand means the quantity of electricity which is delivered to a customer. It is expressed in kilowatts or kilovolt-amperes, either at a given point in time or averaged over a period of time.

Domestic Policy means the Company's policy entitled "Contribution in Aid of Construction Policy: Distribution Line Extensions to Domestic Customers" as approved by the Board.

Easement Costs means the estimated costs to complete a survey of the right-of-way for a Line extension or Upgrade, and includes the labour costs to complete the survey, survey document and drawing; travel costs; and registration fees.

General Service Customer means a customer eligible for Permanent Service or Temporary Service pursuant to any of Rate #'s 2.1, 2.3 or 2.4 of the Company's Schedule of Rates, Rules & Regulations.

Line means an electrical distribution line and includes a Main Line or a Service Line.

Load Factor means the ratio of the average Demand in kilowatts supplied during a designated period to the maximum Demand in kilowatts supplied in that period. The average Demand is determined by dividing the energy consumption in kilowatt hours by 730 hours (if monthly) or by 8760 hours (if yearly).

Main Line means any Line required to supply electricity that is not a Service Line.

Municipality is as defined in the *Municipalities Act, 1999*.

Peak Demand means the maximum annual Demand that will be required by a customer.

Permanent Service means electrical service required for at least three years.

Schedule of Rates, Rules & Regulations means the schedule setting out the rates, rules and regulations relating to the Company's service as approved from time to time by the Board.

Service Drop means the span of Service Line from a customer's service entrance to the first pole that is connected to the Company's electrical system.

Service Line means any Line across private property or along a private road required to serve a single customer.

Temporary Service means a service that is required for a period of less than three years.

Upgrade means the upgrade of either (i) single phase Line to two phase, or (ii) single or two phase Line to three phase.

3. BASIC INVESTMENT

The Company's Basic Investment in a Line extension for Permanent Service to General Service Customers shall include:

- (i) Up to 85 metres of Line¹, as measured from the point where the customer takes service, and all plant directly associated with that specific length of Line;
- (ii) transformation for service up to 500 kVA where the required service voltage is one of the Company's standard service voltages and installation is in accordance with Company standards,²
- (iii) secondary metering; and,
- (iv) where the service location is on the side of the road opposite the Company's Line, the number of metres of Service Line equal to the width of the road right-of-way.

4. ADDITIONAL INVESTMENT

- (a) Additional Growth Based Investment

In addition to its Basic Investment, the Company will provide Additional Growth Based Investment in the form of single phase Main Line extensions for Permanent Service to General Service Customers. Additional Growth Based Investment will be provided if there is satisfactory evidence that future growth along the route of the Main Line extension will be sufficient to support the cost to construct and maintain the Main Line extension. The existence of a foundation for a new building along the route of the Main Line extension shall constitute satisfactory evidence of sufficient future growth.

¹ The Line will be single phase or three phase depending on the requirements of the customer.

² The Company may, on such conditions as it deems acceptable, provide transformation for services greater than 500 kVA as set out in Regulation 5(j) of the Schedule of Rates, Rules & Regulations.

For each such foundation, the Company will provide the number of metres of single phase Main Line, and all plant directly associated with that specific length of Main Line, that would be provided as Basic Investment under this policy or the Domestic Policy to a customer requiring service at the location of the foundation.

(b) Additional Load Based Investment

In addition to its Basic Investment and Additional Growth Based Investment, the Company will provide Additional Load Based Investment for Permanent Service to General Service Customers with a Demand exceeding 10 kW. Additional Load Based Investment will be provided to the extent that it will be recovered from revenue generated by the customer(s) requesting the Line extension or Upgrade. The amount of Additional Load Based Investment that will be supported by such revenue shall be determined by reference to the anticipated Load Factor and Peak Demand of the customer(s) in accordance with the Plant Support Table in Appendix B.

5. CALCULATION OF CIACs

(a) The cost of a Line extension or Upgrade for a General Service Customer shall, as applicable, be composed of the following:

- (i) for all other Line extensions or Upgrades, construction cost that is equal to the product of (1) the total number of metres of Line extension or Upgrade, and (2) the applicable Cost per Metre as set out in Appendix A;
- (ii) applicable Clearing Costs and Easement Costs;
- (iii) for an Upgrade, the costs associated with the replacement, transfer or installation of additional poles or anchors, including, without limitation, the costs set out in Appendix C.

(b) The CIAC for Line extensions or Upgrades for General Service Customers shall, subject to Clause 5 (c), be equal to the cost of the Line extension or Upgrade, as determined in

accordance with Clause 5 (a), less the value of the Company's Basic and Additional Investment as provided for in Clauses 3 and 4.

- (c) In cases where the Line extension or Upgrade will be shared by more than one customer, any CIAC required will be apportioned based on the length of the Line extension or Upgrade required to serve each customer. Where a customer is connected to a Line extension or Upgrade in respect of which a CIAC was paid within ten years from the date that the Line extension or Upgrade was placed in service, that customer shall pay a CIAC calculated as if service was connected to that customer when the Line extension or Upgrade was originally placed in service.
- (d) For Upgrades, Clause 5 (c) does not apply to customers that require single phase service and are connected to a Line for which a CIAC was paid solely for an Upgrade.
- (e) Detailed cost estimates will be used in place of the applicable Cost per Metre in determining the cost of a Line extension or Upgrade when either: (i) the cost of a Line extension or Upgrade calculated using the applicable Cost per Metre is estimated to be greater than \$100,000, or (ii) an Upgrade is required from single phase to two phase Line.
- (f) The Company's Additional Load Based Investment for a Permanent Service will be reduced by 2.5% for each year that the estimated life of the customer's operations is less than the depreciable life of the distribution plant used in the Line extension or Upgrade.

6. REFUNDS

- (a) Subject to Clause 5 (d), where additional customers are connected to a Line extension or Upgrade within 10 years from the date that the Line extension or Upgrade was placed in service, the Company will refund all or part of a CIAC previously paid in respect of that Line extension or Upgrade by the existing customers. The amount of the refund to each existing customer will be the amount by which (i) the CIAC paid by that existing customer less any refunds already received thereon, exceeds (ii) the CIAC which would have been payable by that existing customer under Clause 5 if the additional customers had taken service at the time the Line extension or Upgrade was originally placed in service. A refund becomes due 90 days following the connection of the additional customer(s).
- (b) Interest paid through the financing option outlined in Clause 8 is not refundable.
- (c) The Company shall advise customers of its CIAC refund policy. The Company shall make all reasonable efforts to identify customer refunds. A refund that is past due will accrue interest at the rate prescribed in Clause 8 (b) commencing on the day following the day it became due.

7. SERVICE ENTRANCE LOCATIONS

Should a General Service Customer request the Company to attach to a service entrance that is not as close as practical to the distribution pole from which the Service Line is to be run, the customer will be required to pay the costs associated with any additional plant.

8. PAYMENT

- (a) All CIACs shall be paid in advance of construction, except in the following cases:
 - (i) Federal or Provincial Government Departments may provide a purchase order;
 - (ii) General Service Customers, if approval has been given in advance by the Company's credit personnel, may provide a purchase order; and,

- (iii) where approval has been given in advance by the Company's credit personnel, a customer may pay a CIAC on the following basis:
 - (1) \$300 or $\frac{1}{4}$ of the CIAC, whichever is greater, as a down-payment in advance of construction; and,
 - (2) the balance together with interest by way of not more than 60 equal monthly installments of not less than \$20 each.

- (b) The interest rate applied to an unpaid CIAC balance shall be set at the time of the issuance of the customer's CIAC quote. The rate shall be equal to the prime rate of the Company's bankers as of the last day of the month immediately preceding the issuance of the CIAC quote to the customer, plus 3%.

- (c) CIAC Installments shall be subject to the Company's credit policy. Default in payment of any installment on a CIAC shall, at the Company's option, render the unpaid balance immediately due and payable.

- (d) Should a customer wish to prepay all or a portion of the unpaid balance, the Company will accept such pre-payment without bonus or penalty.

9. REVIEW OF CIACs

All CIACs collected from General Service Customers will be subject to a review after a period of 24 months from the date the service is made available. The purpose of the review is to determine the reasonableness of the original CIAC calculation. If the recalculated CIAC differs from that originally calculated by more than \$100, such difference will, as applicable, be charged or refunded to the customer's electric service account.

10. BOARD APPROVALS

The Company shall apply to the Board for approval of:

- (i) all Line extensions or Upgrades involving CIACs where the costs of the Line extension or Upgrade calculated pursuant to Clause 5 (a) are estimated to be greater than \$50,000; and,
- (ii) all Line extensions or Upgrades involving CIACs where the costs of the Line extension or Upgrade are calculated pursuant to Clause 5 (e); and,
- (iii) any deviations from this policy in the calculation of CIACs for Line extensions and Upgrades to General Service Customers.

**NEWFOUNDLAND POWER INC.
DISTRIBUTION LINE COST PER METRE
FOR GENERAL SERVICE CIACs**

TYPE OF CONSTRUCTION	COST / METRE ¹ \$
<u>LINE EXTENSIONS</u>	
SINGLE PHASE	45
THREE PHASE	64
<u>UPGRADES ²</u>	
SINGLE PHASE TO THREE PHASE	54
TWO PHASE TO THREE PHASE	32

¹ These cost factors do not include any costs for clearing or obtaining easements. When clearing is required, an additional charge of \$4.00 per metre will apply to the section of line beyond the distance of the Basic Investment. A \$400 charge will be applied for each required easement beyond the distance of the Basic Investment.

² These costs include only the cost associated with primary conductors and related hardware in upgrades. For additional costs refer to Appendix C: Distribution Plant Upgrade Cost for General Service CIACs.

**NEWFOUNDLAND POWER INC.
DISTRIBUTION PLANT SUPPORT TABLE
FOR GENERAL SERVICE CIACs**

Annual Load Factor	Dollars per kW/kVA ¹
Less than 5%	111
5%-9.9%	160
10%-14.9%	176
15%-19.9%	200
20%-24.9%	215
25%-29.9%	225
30%-34.9%	239
35%-39.9%	254
40%-44.9%	267
45%-49.9%	279
50%-54.9%	287
55%-59.9%	295
60%-64.9%	308
65%-69.9%	313
70% and Over	318

¹ The Additional Load based Investment, which applies to customers with a maximum annual demand exceeding 10 kW, will be determined by multiplying (i) the estimated maximum annual demand, less 10 kW, and (ii) the appropriate dollars per kW/kVA.

**NEWFOUNDLAND POWER INC.
DISTRIBUTION PLANT UPGRADE COST
FOR GENERAL SERVICE CIACs**

TYPE OF TRANSFER OR REPLACEMENT	COST ¹ (\$)
REPLACE POLES - UP TO 45'	3,020
ADDITIONAL POLES	1,710
DISTRIBUTION SECONDARY PER POLE / SPAN	
Transfer Only	920
Replace Conductor	1,140
SERVICE DROP PER POLE / SPAN	
Transfer Only	90
Replace Conductor	170
TRANSFORMER MOUNTINGS	
Single Transformer	1,110
Two or Three Transformers	2,520
POLE GUY	
Transfer Only	50
Replace Guy	90
REPLACE ANCHOR	870
ADDITIONAL ANCHOR	500
STREETLIGHTING - TRANSFER SINGLE FIXTURE	280
STREETLIGHTING DUPLEX PER POLE / SPAN	
Transfer Only	90
Replace Conductor	160

¹ Includes all overheads.