

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**ORDER NUMBER: P.U. 7 (2002-2003)**

**APPENDIX I**

**IN THE MATTER OF** the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the “Act”))

**AND**

**IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro for approvals of: (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers; (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of Electricity to its Rural Customers; (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and (4) Under Section 41 of the Act, its 2002 Capital Budget.

**TO: The Board of Commissioners of Public Utilities (the “Board”)**

**THE APPLICATION** of Newfoundland and Labrador Hydro (the “Applicant”)

**STATES that: -**

1. Section 41 (1) of the Act requires that a public utility submit an annual capital budget to the Board for its approval not later than December 15 in each year for the next calendar year.

2. Section 41 (3) of the Act states that a public utility shall not proceed with the construction, purchase or lease of improvements or additions to its property where
  - (a) the cost of the construction or purchase is in excess of \$50,000;  
or
  - (b) the cost of the lease is in excess of \$5,000 in a year of the leasewithout the prior approval of the Board.
3. On May 31, 2001, the Applicant filed an application requesting an Order of the Board to, inter alia, (1) set the rates to be charged Newfoundland Power, Rural Customers and Industrial Customers, to be effective January 1, 2002 and (2) approve the Applicant's 2002 capital budget, which contained Sections A, B, C, D and E.
4. Section A of the Applicant's revised proposed 2002 Capital Budget lists all capital projects including those that are less than \$50,000 each and those that are \$50,000 each or more. The revised total of all capital projects proposed for 2002 is \$40,946,000. Section B of the Applicant's proposed 2002 capital budget lists projects that each are \$50,000 or more. The total revised amount proposed for 2002 Section B projects is \$26,206,000. Projects less than \$50,000 each in Section A total \$14,740,000.
5. On November 20, 2001 Hydro filed an Application seeking an Order of the Board

- (i) extending the interim rates charged Industrial Customers under Order No. P.U. 25 (2000-2001) until such time as an Order is issued revising such rates; and
  - (ii) approving those 2002 capital projects to which no party made an objection.
- 6. All parties filed replies to the November 20, 2001 Application indicating certain projects in Sections A and B, including those less than \$50,000 each, in the Applicant's proposed 2002 capital budget that they objected to. Objections were made in the replies to projects less than \$50,000 each listed in Section A totaling \$359,000. Objections were not made to any projects in Section C or leases in Section D.
- 7. Order No. P.U. 30 (2001-2002) issued on December 20, 2001 approved those projects in Sections B and C of the Applicant's proposed 2002 capital budget to which no party had indicated an objection in its reply. Projects less than \$50,000 each listed in Section A and leases in Section D were not addressed in Order No. P.U. 30 (2001-2002).
- 8. The Applicant seeks an Order at this time approving
  - (i) those projects under \$50,000 each listed in Section A of the Applicant's proposed 2002 capital budget to which the other parties did not indicate objections in their replies to the Applicant's November 21, 2001 Application; and
  - (ii) those leases for 2002 in excess of \$5,000 listed in Section D of the Applicant's proposed capital budget to which no party indicated an objection.

As in the November 20, 2001 Application, the Applicant proposes that the Order sought be made without prejudice to the other parties' rights to address argument on (i) the sufficiency of the documentation supplied to support a capital project generally or the principles and procedures applied in the capital budget process and (ii) an adjustment to the 2002 Capital Budget to reflect the Applicant's past capital spending practice.

Dated at St. John's, Newfoundland this 28<sup>th</sup> day of December, 2001.

**NEWFOUNDLAND & LABRADOR HYDRO**

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January 11, 2002

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's, Newfoundland  
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**Attention: Ms. Cheryl Blundon**  
**Director Corporate Services and Board Secretary**

Dear Ms. Blundon:

**Re: 2002 Capital Budget –  
Application December 28<sup>th</sup>, 2001**

As raised at the hearing yesterday I have reviewed Section 4 of Hydro's December 28<sup>th</sup> Application relating to the 2002 Capital Budget. I confirm that the total revised amount for projects less than \$50,000.00 as listed throughout Section A is \$1,090,000 and not \$14,740,000.00 as stated in the Application. Objections have been raised by parties to projects less than \$50,000.00 that total \$359,000. Therefore, the total amount of projects less than \$50,000 that Hydro is requesting approval of at this time is \$731,000.

Hydro is requesting, as stated in the December 28<sup>th</sup> Application and as stated yesterday, an Order from the Board at this time approving:

1. Projects under \$50,000.00 listed throughout Section A of the proposed 2002 Capital Budget to which the other parties have not indicated any objections, totaling approximately \$731,000.00; and

2. Leases for 2002 in excess of \$5,000.00 listed in Section D.

I apologize for any confusion that the error in Section 4 of the December 28<sup>th</sup> Application relating to the total amount of projects less than \$50,000.00 caused.

Yours truly,

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