

**P. U. 20 (2003)**

**IN THE MATTER OF THE *PUBLIC UTILITIES ACT*, (THE “*ACT*”);**

**AND**

**IN THE MATTER OF AN APPLICATION BY NEWFOUNDLAND AND LABRADOR HYDRO (“*HYDRO*”) FOR APPROVAL OF: (i) ITS 2004 CAPITAL BUDGET PURSUANT TO SECTION 41(1) OF THE *ACT*; (ii) ITS 2004 CAPITAL PURCHASES, AND CONSTRUCTION PROJECTS IN EXCESS OF \$50,000 PURSUANT TO SECTION 41(3)(a) OF THE *ACT*; AND (iii) ITS ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION FOR 2004 PURSUANT TO SECTION 41(5) OF THE *ACT*.**

**WHEREAS** on March 28, 2003 Hydro filed with The Board of Commissioners of Public Utilities (the “*Board*”) an Application, requesting that the Board make an Order:

- (i) Approving Hydro’s 2004 Capital Budget, pursuant to Section 41(1) of the *Act*;
- (ii) Approving 2004 capital purchases and construction projects in excess of \$50,000.00, pursuant to Section 41(3) of the *Act*; and
- (iii) Approving the proposed estimated contributions in aid of construction for 2004 pursuant to Section 41(5) of the *Act*; and

**WHEREAS** on May 2, 2003 Intervenor Submissions were filed on behalf of Newfoundland Power Inc., (*“Newfoundland Power”*) as well as Abitibi Consolidated Inc. (Grand Falls), Abitibi Consolidated Inc. (Stephenville), Corner Brook Pulp & Paper Limited and on May 15, 2003 North Atlantic Refining Limited (the *“Industrial Customers”*); and

**WHEREAS** notice of this application was subsequently issued and the hearing of the matter was ultimately scheduled to begin on July 7, 2003; and

**WHEREAS** the Board established a settlement conference day for June 18, 2003; and

**WHEREAS** the parties, after the settlement conference, agreed to file with the Board a report detailing the understanding of the parties, (the *“Settlement Report”*); and

**WHEREAS** the Settlement Report was filed as a consent document and is attached as Schedule “A” to this Order; and

**WHEREAS** in the Settlement Report the parties consent to the admission of the pre-filed testimony and exhibits in relation to certain projects, including project C-2, Purchase and Install Transformer in Happy Valley – Goose Bay (*“Project C-2”*), without the calling of witnesses for the purpose of cross-examination on the projects; and

**WHEREAS** in the Settlement Report the parties state that they have no objection to the Board making its determination on certain projects, including Project C-2, based on the parties' pre-filed testimony and exhibits and the parties positions on these projects as stated in this Settlement Report; and

**WHEREAS** Hydro advised in relation to Project C-2, that to meet the expected 2004 load growth in Happy Valley-Goose Bay it is necessary to make a commitment to the manufacturer now, to ensure delivery early in 2004; and

**WHEREAS** in the Settlement Report the parties state that they have no objection to the Board providing Hydro with an immediate order approving Project C-2 in order to enable Hydro to meet its objective of securing delivery of the appropriate equipment in time to place the asset in service as proposed; and

**WHEREAS** the Board has considered the Settlement Report, the pre-filed documentation and the submissions of the parties and is satisfied that approval of Project C-2 is reasonable and necessary at this time.

**IT IS THEREFORE ORDERED THAT**

1. Hydro's proposed 2004 expenditure, project C-2, Purchase and Install Transformer, is hereby approved without prejudice to the parties right to 1) address argument on the sufficiency of the documentation supplied to support a capital project generally or the principles and procedures applied in the capital budget process, or 2) advocate an alternative position on the project in other proceedings as they may deem appropriate.

**Dated** at St. John's, Newfoundland and Labrador, this 10<sup>th</sup> day of July, 2003.

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G. Fred Saunders,  
Presiding Chair.

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Gerard Martin, Q.C.  
Commissioner.

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Don R. Powell, C.A.  
Commissioner.

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Barbara Thistle,  
Assistant Board Secretary.

**SCHEDULE "A"**

**Settlement Report**

**(Consent # 2 filed July 7, 2003)**

**IN THE MATTER OF** the Public  
Utilities Act, R.S.N., c. P-42 (the “Act”)

**AND**

**IN THE MATTER OF** an application by Newfoundland and  
Labrador Hydro (“Hydro”) pursuant to section 41 of the Act  
for approval of its 2004 Capital Budget.

## **Settlement Report**

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This Settlement Report is submitted to the Board of Commissioners of Public Utilities in accordance with the understandings reached by the parties as follows:

1. The undersigned parties have expressed final positions regarding certain capital projects as proposed by Hydro in its 2004 Capital Budget Application.
2. This agreement does not preclude any party from advocating an alternative position on the same or similar projects in other proceedings as they may deem appropriate.
3. This agreement is on a without prejudice basis to a party’s right to address argument on the sufficiency of the documentation supplied to support a capital project generally or the principles and procedures applied in the capital budget process, including by reference for illustrative purposes to projects referred to herein.
4. The parties consent to the admission of pre-filed testimony and exhibits pertaining to the capital projects to which there is no objection as detailed herein (the “Projects”) without the calling of witnesses for the purpose of cross-examination on the Projects.
5. The parties have no objection to the Board making its determination on the Projects based on the parties’ pre-filed testimony and exhibits and the parties’ positions on these Projects as stated in this Settlement Report.

**PROJECTS**

1. The parties do not object to the following capital projects (the “Projects”):

<b>Description</b>	<b>Page Ref</b>	<b>Value (\$)</b>
Purchase and Install Transformer	C-2	1,244,200
Upgrade TL214	B-25	2,836,200
Pole Replacements	B-43	993,200
Insulator Replacements	B-45	944,500
Install Recloser	B-47	85,200
Replace Substation Transformer	B-48	75,800
Upgrade Generator Relaying Happy Valley Plant	B-51	170,000
Purchase Meters & Equipment	B-52	98,100
Service Extensions	B-39	1,558,000
Upgrade Distribution Systems	B-41	1,471,000
Purchase Cash Remittance Processor	B-85	60,000
Electronic Metering Reading	B-86	35,800
Allowance for Unforeseen Events	N/A	1,000,000

2. The parties have no objection to the Board providing Hydro with an immediate order approving Project C-2, Purchase and Install Transformer, in order to enable Hydro to meet its objective of securing delivery of the appropriate equipment in time to place the asset in service as proposed.

Agreed to this 7<sup>th</sup> day of July, 2003.

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For Newfoundland and Labrador Hydro  
*(Original signed by Maureen P. Greene)*

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For the Industrial Customers  
*(Original signed by J.M. Henley Andrews)*

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For Newfoundland Power  
*(Original signed by Gerard Hayes)*

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Board Hearing Counsel  
*(Original signed by Mark Kennedy)*