

**IN THE MATTER OF** the *Public Utilities Act*, (the "Act"); and

**IN THE MATTER OF** an Application by Newfoundland Light & Power Co. Limited for approval to proceed with the construction and purchase of certain improvements and additions to its property pursuant to Section 41(3) of the Act.

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

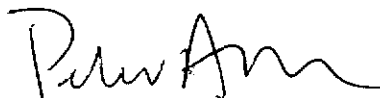
**THE APPLICATION OF** Newfoundland Light & Power Co. Limited (the "Applicant") **SAYS THAT:**

1. The Applicant is a corporation duly organized and existing under the laws of the Province of Newfoundland, is a public utility within the meaning of the Act, and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. On April 3, 1998, as a result of an ice storm which affected a large area of the island, the Applicant's transmission and distribution system in the Burin area sustained major damage. In rebuilding the damaged transmission and distribution lines, the Applicant has incurred capital expenditures in the amount of \$933,000 (see Schedule A, page 1 of 4, for Project Justification information).
3. As a result of repeated outages experienced on the Applicant's transmission line 5L serving Broad Cove, St. Phillip's, Portugal Cove and Bell Island, which were due to insulator failure, the Applicant chose to replace the insulators at a cost of \$136,000 (see Schedule A, page 2 of 4, for Project Justification information).
4. Water utilized at the Applicant's hydroelectric generating plant at Petty Harbour is obtained from, among other sources, a water containment facility at Bay Bulls Big Pond (the "Bay Bulls Big Pond Dam"). In November 1997, a sink hole developed in the crest of the Bay Bulls Big Pond Dam. As a result of consultations with outside experts, the Applicant instituted an enhanced inspection procedure. The inspections and subsequent analysis have revealed a deterioration in the impervious core of the Bay Bulls Big Pond Dam that necessitates immediate repair. The total estimated cost of repairing the core of the dam is \$540,000. (see Schedule A, page 3 of 4, for Project Justification information).
5. Board Order P.U. 15 (1997-98), Schedule C, dated December 24<sup>th</sup>, 1997, approved a lease of Computer Equipment consisting of an Alpha computer processor for a term of 4 years at an estimated annual cost of \$75,000.00, and a lease of disk storage equipment for a term of 4 years at an estimated annual cost of \$105,000.00.

6. The Applicant has since evaluated the benefits associated with the purchase of the Computer Equipment versus the leasing option. The results of this evaluation indicate that purchasing the computer equipment is the better alternative for the Applicant at this time. The cost of purchasing the Alpha processor is approximately \$250,000 and the cost of purchasing the disk storage equipment is approximately \$270,000. As well, to achieve the required system performance, additional Memory capacity must be purchased at a cost of approximately \$80,000. This brings the total expenditure in 1998 to \$600,000 (see Schedule A, page 4 of 4, for Project Justification information).
7. The proposed expenditures as specified by the Applicant are necessary to continue to provide service and facilities which are reasonably safe and adequate and just and reasonable, all as required pursuant to s. 37 of the Act.
8. Schedule B to this application contains a revised summary of the Applicants 1998 Capital Budget.
9. Communications with respect to this Application should be sent to Peter Alteen, Counsel for the Applicant.
10. **THE APPLICANT REQUESTS** that the Board approve, pursuant to Section 41 (3) of the Act, the Applicant's proceeding with the purchase and construction of the improvements and additions to its property as set out in this Application.

DATED at St. John's, Newfoundland, this 30<sup>th</sup> day of July, 1998.

**NEWFOUNDLAND LIGHT & POWER CO. LIMITED**



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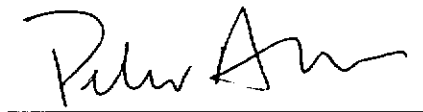
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**AFFIDAVIT**

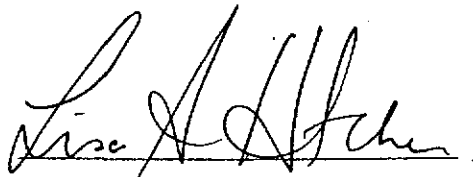
I, Lisa Hutchens, of St. John's in the Province of Newfoundland make oath and say as follows:

1. That I am employed with Newfoundland Light & Power Co. Limited as Manager, Finance.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in this Application are true.

**SWORN** to before me at St. John's  
in the Province of Newfoundland  
this 30<sup>th</sup> day of July, 1998  
before me:

A handwritten signature in cursive script, likely belonging to a legal professional, positioned above a horizontal line.

Barrister

A handwritten signature in cursive script, clearly legible as 'Lisa Hutchens', positioned above a horizontal line.

Lisa Hutchens

**BURIN STORM DAMAGE**

**Project Cost**

Transmission	\$ 655,000
Distribution	278,000
Total Cost	<u>\$ 933,000</u>

**Nature of Project**

Replace roughly 170 poles and over 12 kilometres of transmission and distribution lines destroyed or significantly damaged as a result of an ice storm on the Burin Peninsula.

**Customer Impact**

Approximately 3,000 customers experienced an interruption in their power supply as a result of the damage.

**Project Justification**

It was necessary to rebuild the damaged lines as soon as possible after the storm to ensure a reliable power supply to the affected customers.

This project has resulted in an increase in capital expenditure of approximately \$655,000 to the Head Office Transmission account and an increase in capital expenditure of approximately \$278,000 to the Burin Distribution account

**Future Commitments**

None.

## TRANSMISSION LINE INSULATOR REPLACEMENT

### **Project Cost**

Total Cost:      \$ 136,000

### **Nature of Project**

Replace faulty insulators on transmission line 5L serving the Broad Cove, St. Phillip's, Portugal Cove and Bell Island areas.

### **Customer Impact**

Customers experienced interruptions in their power supply on four occasions during 1997 as a result of repeated insulator failure.

### **Project Justification**

The number of outages for transmission line 5L were the highest in St. John's operating region during 1997. In order to ensure that customers receive a reliable supply of power in future, a portion of the funds already approved by the Board, in Order No. P.U. 15 (1997-98), for replacement of insulators on distribution lines in St. John's region, will be reallocated to replacement of insulators on transmission line 5L.

This project will result in a reduction in capital expenditure of approximately \$136,000 to the St. John's Distribution account and a corresponding increase in capital expenditure to the St. John's Transmission account.

### **Future Commitments**

None.

**BAY BULLS BIG POND DAM**

**Project Cost**

Total Cost:           \$540,000

**Nature of Project**

Repair the containment dam located at Bay Bulls Big Pond.

**Customer Impact**

The Bay Bulls Big Pond dam, as part of the Petty Harbour Hydroelectric Development, is essential to ensure optimal water reserves for the efficient operation of the hydroelectric plant. The operation of the hydroelectric facility assists in reducing the overall cost of supplying power to island consumers.

**Project Justification**

Optimal utilization of the Petty Harbour hydroelectric facility supports a lower overall cost of power supply. As well, an abrupt failure of the Bay Bulls Big Pond dam would cause significant flooding and property damage to the Goulds and the town of Petty Harbour.

This project will result in an increase in capital expenditure of approximately \$540,000 to the Energy Supply account.

**Future Commitments**

None.

## COMPUTER EQUIPMENT

### **Project Cost**

Alpha Processor	\$ 250,000
Disk Storage Equipment	270,000
Memory Upgrade	80,000
Total Cost:	<hr/> \$ 600,000

### **Nature of Project**

Purchase computing equipment necessary for the operation of the customer service system (CSS) and other applications

### **Customer Impact**

Increased efficiency and flexibility of the customer service system (CSS).

### **Project Justification**

Board Order No. P.U. 15 (1997-98), Schedule C, approved the lease of the Alpha Processor at \$75,000 per year for 4 years, and the lease of the Disk Storage Equipment at \$105,000 per year for 4 years. A subsequent evaluation has indicated that purchasing the computer equipment represents the more beneficial option for the Company. The benefits are derived primarily because the expected life of the equipment exceeds the lease period. Also, in order to achieve the necessary system performance, the Disk Storage Equipment is required to be supplemented by additional Memory capacity.

This project will result in an increase in capital expenditure of approximately \$600,000 to the Computing Equipment account and a reduction in proposed lease costs of \$720,000 over a 4 year period.

### **Future Commitments**

None.

**Newfoundland Light & Power Co. Limited**  
**Revised Capital Budget 1998**  
**Budget Summary**  
**(\$'000)**

	<u>Substations</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Gen. Property</u>	<u>Transportation</u>	<u>Total</u>
Head Office	303	<b>655</b>	2,308	1,532	96	<b>4,894</b>
St. John's	498	<b>448</b>	<b>4,085</b>	186	341	5,558
Avalon	276	524	1,984	234	187	3,205
Burin	319	62	<b>832</b>	16	87	<b>1,316</b>
Bonavista	188	257	679	30	247	1,401
Gander	74	330	881	38	155	1,478
Grand Falls	223	96	786	27	29	1,161
Corner Brook	178	69	919	71	70	1,307
Stephenville	<u>601</u>	<u>199</u>	<u>928</u>	<u>59</u>	<u>203</u>	<u>1,990</u>
	<u>2,660</u>	<u><b>2,640</b></u>	<u><b>13,402</b></u>	<u>2,193</u>	<u>1,415</u>	<u><b>22,310</b></u>
Other:						
Energy Supply						<b>13,121</b>
Telecommunications						1,173
Computing Equipment						<u><b>3,439</b></u>
Capital Expenditures Before General Expenses Capital						<b>40,043</b>
General Expenses Capital						<u>3,417</u>
TOTAL CAPITAL EXPENDITURE						<u><u><b>43,460</b></u></u>

Note: Amounts which would change as a result of expenditures outlined in this application appear in **bold**.