

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P. U. 17(2010)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the “*Act*”), and regulations thereunder;

5
6 **AND**

7
8 **IN THE MATTER OF** an Application by
9 Newfoundland Power Inc. (“Newfoundland
10 Power”) for approval of a capital expenditure
11 Allowance for Unforeseen Requirements
12 for the construction and purchase of certain
13 improvements and additions to its property
14 pursuant to Section 41(3) of the *Act*
15 (the “Application”).

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17
18 **WHEREAS** Newfoundland Power is a corporation duly organized and existing under the laws of
19 the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is
20 also subject to the provisions of the *EPCA*; and

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22 **WHEREAS** in Order No. P. U. 41(2009) the Board approved, *inter alia*, Newfoundland Power’s
23 2010 Capital Budget of \$64,679,000; and

24
25 **WHEREAS** on April 30, 2010 Newfoundland Power filed an Application with the Board for
26 approval of the addition of a supplementary allowance of \$4,200,000 to the \$750,000 Allowance for
27 Unforeseen Items approved in Order No. P. U. 41(2009); and

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29 **WHEREAS** Section 41(3) of the *Act* states that a public utility shall not proceed with the
30 construction, purchase or lease of improvements or additions to its property where:

- 31
32 (a) the cost of the construction or purchase is in excess of \$50,000; or
33 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,

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35 without the prior approval of the Board; and

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37 **WHEREAS** Newfoundland Power operates transmission lines to deliver electricity to, among

1 others, customers in the northwest Avalon Peninsula, Bonavista Peninsula and Bonavista North
2 areas; and

3
4 **WHEREAS** on March 5th and 6th, 2010, as a result of an intense ice storm, a number of
5 Newfoundland Power's transmission and distribution lines in the northwest Avalon Peninsula,
6 Bonavista Peninsula and Bonavista North areas (the "Lines") were damaged, resulting in an
7 interruption of electrical service to a large number of customers; and

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9 **WHEREAS** the Lines serve approximately 12,500 customers throughout the eastern portion of the
10 island of Newfoundland; and

11
12 **WHEREAS** as soon as the ice storm abated, Newfoundland Power undertook to rebuild the
13 damaged sections of the Lines in accordance with the Allowance for Unforeseen Items approved by
14 the Board in Order No. P. U. 41(2009) as part of Newfoundland Power's 2010 capital budget; and

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16 **WHEREAS** the estimated capital expenditure associated with rebuilding the Lines and returning
17 them to service is \$4,200,000; and

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19 **WHEREAS** the expenditure of \$4,200,000 associated with the rebuilding of the Lines exceeds the
20 balance in the Allowance for Unforeseen Items approved in Order No. P. U. 41(2010); and

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22 **WHEREAS** Newfoundland Power submits that it is prudent to maintain an Allowance for
23 Unforeseen Items of \$750,000 to permit Newfoundland Power to address unforeseen events that may
24 arise during the remainder of 2010, and requests that the Board approve a supplementary allowance
25 of \$4,200,000 for that purpose; and

26
27 **WHEREAS** the supplementary allowance, including the expenditures associated with returning the
28 Lines to service, is necessary for Newfoundland Power to provide service and facilities which are
29 reasonably safe and adequate and just and reasonable as required pursuant to s. 37 of the *Act*; and

30
31 **WHEREAS** the Board has reviewed the supporting documentation filed with the Application in the
32 context of the *Act* and the Capital Budget Application Guidelines issued by the Board; and

33 **WHEREAS** the Board is satisfied that the use of the Allowance for Unforeseen Items by
34 Newfoundland Power was in accordance with the Guidelines and that the proposed additional
35 amount for this account should be approved.

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37 **IT IS THEREFORE ORDERED THAT:**

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39 1. The addition of a supplementary amount of \$4,200,000 to the Allowance for Unforeseen
40 Items approved in Order No. P.U. 41(2009) is approved.
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42 2. Newfoundland Power shall pay all the expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 28th day of May 2010.

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

James Oxford
Commissioner

Cheryl Blundon
Board Secretary