

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

AN ORDER OF THE BOARD

NO. P.U. 41(2013)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 "*EPCA*") and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the "*Act*"), as amended, and regulations
5 thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 to treat costs associated with repairs to
10 the fuel oil system at the Holyrood Thermal
11 Generating Station as an extraordinary expense
12 pursuant to sections 69, 78 and 80 of the *Act*.
13

14 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and
15 existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act*, and
16 is also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** on December 9, 2013, Hydro applied to the Board for approval to treat the repair of
19 the fuel oil system at its Holyrood Thermal Generating Station, at a cost of \$1,059,686, as a
20 Major Extraordinary Repair in accordance with Board policy (the "Application"); and
21

22 **WHEREAS** Hydro submits that the costs associated with the repairs to the fuel oil system are
23 considerable and would constitute a significant adverse effect on Hydro's earnings were they to
24 be expensed in the year in which they were incurred; and
25

26 **WHEREAS** Hydro proposes to amortize the costs over a five-year period with the unamortized
27 balances to be included in rate base; and
28

29 **WHEREAS** the Application was copied to Newfoundland Power Inc. ("Newfoundland Power"),
30 the Consumer Advocate, a group of three Island Industrial customers: Corner Brook Pulp and
31 Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the "Industrial
32 Customer Group"), and Vale Newfoundland and Labrador Limited ("Vale"); and
33

34 **WHEREAS** the Board requested comments from the parties in relation to the creation of a
35 deferral account to capture the 2013 costs with the issue of whether these costs should be treated
36 as an extraordinary expense and recovered by Hydro to be addressed in a subsequent Order of
37 the Board; and

1 **WHEREAS** Newfoundland Power, the Consumer Advocate, the Industrial Customer Group and
2 Vale advised that they had no objection to the creation of a deferral account at this time and
3 Hydro did not file comments; and
4

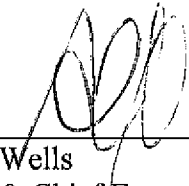
5 **WHEREAS** the Board finds that the issue of cost recovery should not be addressed until there
6 has been a full review of the Application with an opportunity for requests for information and
7 submissions; and
8

9 **WHEREAS** the Board is satisfied that it is appropriate to establish a deferral account to capture
10 the 2013 costs relating to the repairs to the fuel oil system until a determination can be made in
11 relation to recovery of these costs.
12


13 **IT IS THEREFORE ORDERED THAT:**
14

- 15 1. The creation of a deferral account for Hydro's 2013 costs relating to repairs to the fuel oil
16 system at the Holyrood Thermal Generating Station is approved.
17
- 18 2. Hydro's proposals in relation to the recovery of the 2013 costs relating to the repairs to
19 the fuel oil system at the Holyrood Thermal Generating Station and the inclusion in rate
20 base of the unamortized balance are not approved at this time and will be addressed in a
21 subsequent Order of the Board.
22
- 23 3. Hydro shall pay all expenses of the Board arising from this Application.


DATED at St. John's, Newfoundland and Labrador this 13th day of December, 2013.



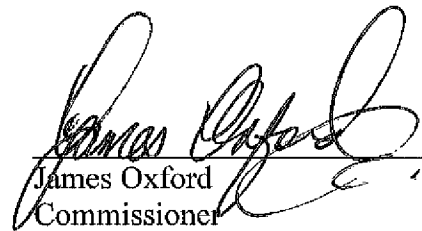
Andy Wells
Chair & Chief Executive Officer



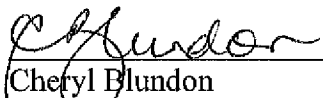
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary