

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

AN ORDER OF THE BOARD

NO. P.U. 15(2017)

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 Newfoundland
8 and Labrador Hydro for approval of a capital expenditure
9 to supplement the 2017 Allowance for Unforeseen Items for
10 the construction and purchase of certain improvements and
11 additions to its property pursuant to section 41 of the *Act*.
12
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 is
16 also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
19 purchase or lease of improvements or additions to its property where:
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- 21 a) the cost of construction or purchase is in excess of \$50,000; or
22 b) the cost of the lease is in excess of \$5,000 in a year of the lease
23

24 without prior approval of the Board; and
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26 **WHEREAS** in Order No. P.U. 45(2016) the Board approved Hydro's 2017 Capital Budget in the
27 amount of \$271,265,600; and
28

29 **WHEREAS** the Board approved supplementary 2017 capital expenditures:
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- 31 (i) in Order No. P.U. 5(2017) in the amount of \$3,045,000 to construct a distribution
32 feeder at the Bottom Waters Terminal Station;
33 (ii) in Order No. P.U. 7(2017) in the amount of \$3,168,944 to lease, sublease and
34 purchase transmission lines and electrical equipment to serve Labrador West;
35 (iii) in Order No. P.U. 10(2017) in the amount of \$1,349,200 to replace the exciter
36 controls for Units 1 and 2 at the Holyrood Thermal Generating Station;

- 1 (iv) in Order No. P.U. 11(2017) in the amount of \$2,585,200 to replace equipment and
2 complete a level 2 condition assessment of the synchronous condensers at Wabush
3 Terminal Station; and
4 (v) in Order No. P.U. 13(2017) in the amounts of amount of \$9,063,700 and \$2,361,500
5 respectively to inspect and refurbish Bay d'Espoir Penstock 2 and to complete a
6 major overhaul on Bay d'Espoir Unit 3 Turbine; and
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8 **WHEREAS** on March 30, 2017 Hydro filed an application with the Board requesting approval
9 of a supplementary amount of \$500,000 to be added to the 2017 Allowance for Unforeseen Items
10 (the "Application"); and
11

12 **WHEREAS** the Application stated that Hydro has executed an unforeseen capital project in the
13 amount of \$500,000 to replace and restore structures on transmission lines TL 212 and TL 201
14 resulting from the March 11, 2017 wind storm; and
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16 **WHEREAS** Hydro submitted that it is prudent to maintain a sufficient amount in the Allowance
17 for Unforeseen Items to permit Hydro to address unforeseen events that may arise during the
18 remainder of 2017 and requested that the Board approve a supplementary amount of \$500,000 for
19 that purpose; and
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21 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
22 Mr. Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited, NARL Refining Limited
23 Partnership; Teck Resources Limited; Vale Newfoundland & Labrador Limited; and Praxair
24 Canada Inc.; and
25

26 **WHEREAS** Newfoundland Power Inc. issued a request for information that was answered by
27 Hydro on April 12, 2017; and
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29 **WHEREAS** the Board did not receive any comments on the Application; and
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31 **WHEREAS** the Capital Budget Guidelines (the "Guidelines") issued by the Board in October
32 2007 permit a utility to apply for approval of a supplementary amount provided the utility shows
33 that usage of the Allowance for Unforeseen Items has been consistent with the Guidelines; and
34

35 **WHEREAS** the Board is satisfied that the 2017 Allowance for Unforeseen Items should be
36 replenished by \$500,000 effective immediately to allow Hydro to proceed expeditiously with
37 emergency capital expenditures where the nature of these expenditures is such that an application
38 under s. 41 of the *Act* for prior approval is not practical or possible.
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41 **IT IS THEREFORE ORDERED THAT:**
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- 43 1. The addition of a supplementary amount of \$500,000 to the 2017 Allowance for Unforeseen
44 Items is approved.
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46 2. Hydro shall pay all expenses of the Board arising from this Application.

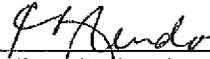
DATED at St. John's, Newfoundland and Labrador, this 2nd day of May 2017.



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary