

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

AN ORDER OF THE BOARD

NO. P.U. 7(2019)

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 2019 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*.
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14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
16 and is also subject to the provisions of the *EPCA*; and
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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
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24 without prior approval of the Board; and
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26 **WHEREAS** in Order No. P.U. 46(2018) the Board approved Hydro’s 2019 Capital Budget in the
27 amount of \$116,140,700; and
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29 **WHEREAS** on February 6, 2019 Hydro filed an application with the Board requesting approval
30 of a capital expenditure to supplement the Allowance for Unforeseen Items in the amount of
31 \$600,000 (the “Application”); and
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33 **WHEREAS** on December 20, 2018 Hydro notified the Board of its usage of the approved
34 Allowance for Unforeseen Items for the replacement of a failed diesel generator in the Town of
35 Rigolet and the Application stated that the project estimate of \$643,000 would deplete the
36 approved 2019 allowance of \$1,000,000; and

1 **WHEREAS** the Application stated that it is prudent to maintain a sufficient amount in the
2 Allowance for Unforeseen Items to permit Hydro to address unforeseen events that may arise
3 during the remainder of 2019 and requested that the Board approve a supplementary amount of
4 \$600,000 for that purpose; and

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6 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
7 Dennis Browne, Q.C. (the “Consumer Advocate”); Corner Brook Pulp and Paper Limited, NARL
8 Refining Limited Partnership, and Vale Newfoundland & Labrador Limited; Teck Resources
9 Limited and Praxair Canada Inc.; and

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11 **WHEREAS** on February 12, 2019 the Consumer Advocate advised he would not be intervening
12 in the Application; and

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14 **WHEREAS** on February 13, 2019 Newfoundland Power advised that it had no comment on the
15 Application; and

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17 **WHEREAS** on February 19, 2019 Hydro filed a reply requesting the Board approve the
18 Application as submitted; and

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20 **WHEREAS** no other comments were received by the Board; and

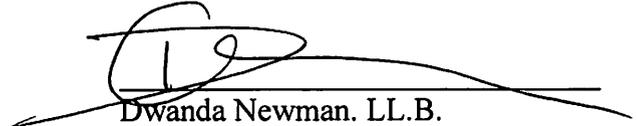
21
22 **WHEREAS** the Capital Budget Guidelines issued by the Board in October 2007 permit a utility
23 to apply for approval of a supplementary amount provided the utility shows that usage of the
24 Allowance for Unforeseen Items has been consistent with the guidelines; and

25
26 **WHEREAS** the Board is satisfied that the 2019 Allowance for Unforeseen Items should be
27 replenished by \$600,000 effective immediately to allow Hydro to proceed expeditiously with
28 emergency capital expenditures where the nature of these expenditures is such that an application
29 under section 41 of the *Act* for prior approval is not practical or possible.

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32 **IT IS THEREFORE ORDERED THAT:**

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34 1. The addition of a supplementary amount of \$600,000 to the 2019 Allowance for Unforeseen
35 Items is approved.
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37 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 21st day of February, 2019.



Dwanda Newman. LL.B.
Vice Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary