

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

**AN ORDER OF THE BOARD**

**NO. P.U. 27(2024)**

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

7 **IN THE MATTER OF** an application by  
8 Newfoundland Power Inc. for an Order pursuant  
9 to sections 41 and 78 of the **Act**: (a) approving its  
10 2025 Capital Budget; (b) providing approval to  
11 proceed with the construction, purchase or lease of  
12 improvements or additions; and (c) fixing and  
13 determining its average rate base for 2023.  
14  
15

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

20 **WHEREAS** subsection 41(1) of the **Act** requires a public utility to submit an annual capital budget  
21 of proposed improvements or additions to its property for approval of the Board no later than  
22 December 15<sup>th</sup> in each year for the next calendar year; and  
23

24 **WHEREAS** subsection 41(3) of the **Act** and **Public Utilities Regulations**, NLR 40/23, prohibit a  
25 public utility from proceeding with the construction, purchase or lease of improvements or  
26 additions to its property where the cost of construction or purchase is in excess of \$750,000  
27 without prior approval of the Board; and  
28

29 **WHEREAS** section 78 of the **Act** gives the Board the authority to fix and determine the rate base  
30 for the service provided or supplied to the public by the utility and also gives the Board the power  
31 to revise the rate base; and  
32

33 **WHEREAS** Newfoundland Power filed its 2025 Capital Budget Application (the “Application”) on  
34 June 28, 2024 requesting that the Board make an order:

- 1 a) approving a 2025 Capital Budget of \$127,951,000 including:  
2 i. single-year project and program expenditures in excess of \$750,000 in the  
3 amount of \$79,468,000;  
4 ii. single-year project and program expenditures \$750,000 and under in the  
5 amount of \$10,850,000;  
6 iii. multi-year projects with 2025 expenditures of \$18,219,000; and  
7 iv. previously approved multi-year projects with 2025 expenditures of  
8 \$19,414,000;  
9 b) approving Newfoundland Power’s proposed multi-year construction and purchase  
10 of improvements or additions to its property in the amount of \$46,145,000 in 2026  
11 and \$9,816,000 in 2027; and  
12 c) fixing and determining Newfoundland Power’s average rate base for 2023 in the  
13 amount of \$1,290,079,000; and  
14

15 **WHEREAS** notice of the Application, including an invitation to participate, was published in  
16 papers in the province on July 10, 2024 and details of the Application and supporting  
17 documentation were posted on the Board’s website; and  
18

19 **WHEREAS** the intervenors are Newfoundland and Labrador Hydro (“Hydro”) and the Consumer  
20 Advocate, Dennis Browne, KC (the “Consumer Advocate”); and  
21

22 **WHEREAS** on August 1, 2024 Newfoundland Power provided an overview of the Application in a  
23 presentation to the Consumer Advocate, his counsel and consultants, and counsel and staff from  
24 Hydro and the Board, with participants given an opportunity to ask questions and raise areas of  
25 concern; and  
26

27 **WHEREAS** on September 10, 2024 Grant Thornton LLP, the Board’s financial consultant, filed a  
28 report, which was circulated to the parties, on its review of the calculations of Newfoundland  
29 Power’s 2023 average rate base; and  
30

31 **WHEREAS** on September 10, 2024 Newfoundland Power responded to 268 Requests for  
32 Information (“RFIs”) issued by the Board, Hydro, and the Consumer Advocate; and  
33

34 **WHEREAS** on October 22, 2024 Newfoundland Power responded to 68 additional RFIs issued by  
35 the Board, Hydro, and the Consumer Advocate; and  
36

37 **WHEREAS** on November 14, 2024 Hydro and the Consumer Advocate filed submissions and on  
38 November 21, 2024 Newfoundland Power filed a reply submission; and  
39

40 **WHEREAS** Hydro did not object to any of the capital expenditures proposed in the Application  
41 and submitted that for high value assets such as power transformers, Newfoundland Power  
42 should consider fulsome assessment of the technical viability of repair versus replacement, and  
43 economic assessment of repair alternatives which could facilitate repair options while providing  
44 a more favorable balance of reliability risk and cost; and

1 **WHEREAS** the Consumer Advocate commented on several issues and made the following  
2 recommendations:

- 3 i) the Board should confirm its authority to use an envelope approach in regard to  
4 all or a selected portion of Newfoundland Power's capital budget and finalize the  
5 Capital Budget Application Guidelines;
- 6 ii) the Board should employ the envelope approach based on the approved 2024  
7 capital budget amount of \$119,000,000 plus a modest 2% increase for inflation for  
8 a total of \$121,400,000 for new single and multi-year expenditures;
- 9 iii) the Board should order Newfoundland Power to purchase and install only smart  
10 meters as its current inventory of Automatic Meter Readers is drawn down;
- 11 iv) the proposed expenditures for the Extensions program should be set at  
12 \$12,840,000, a reduction of \$562,000;
- 13 v) the proposed expenditures for the Rebuild Distribution Lines program should be  
14 set at \$4,900,000, a reduction of \$215,000;
- 15 vi) the proposed expenditures for the Transmission Line Maintenance program  
16 should be set at \$2,700,000, a reduction of \$184,000;
- 17 vii) the Board should order Newfoundland Power to study and report on the  
18 appropriate level of inventories and the cost of holding inventories as well the use  
19 of historical average expenditures for budget estimation;
- 20 viii) the proposed expenditures for the New Transformers program and Replacement  
21 Transformers program should be reduced by \$200,000 each, setting the budget  
22 amount for New Transformers at \$5,432,000 and for Replacement Transformers  
23 at \$6,140,000; and
- 24 ix) the Board should reject the Port Union Building replacement project until  
25 evidence that the expenditure is justified is provided; and  
26

27 **WHEREAS** the Board has reviewed the record and is satisfied that to provide for timely approval  
28 an Order respecting the Application should be issued at this time with reasons to be issued  
29 separately; and  
30

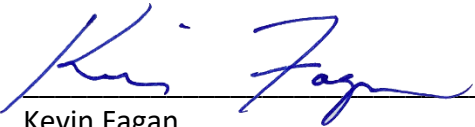
31 **WHEREAS** the Board is satisfied that an Order should be issued:

- 32 i) granting approval for Newfoundland Power to proceed with the proposed  
33 construction, purchase or lease of improvements or additions to its property,  
34 pursuant to subsection 41(3) of the **Act**;
- 35 ii) approving Newfoundland Power's 2025 Capital Budget, pursuant to subsection  
36 41(1) of the **Act**, in the amount of \$127,951,000; and
- 37 iii) fixing and determining Newfoundland Power's proposed average rate base for  
38 2023, pursuant to section 78 of the **Act**.

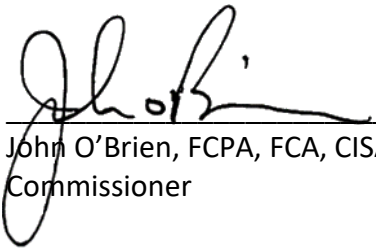
1 **IT IS THEREFORE ORDERED:**  
2

- 3 1. Newfoundland Power's proposed construction and purchase of improvements or  
4 additions to its property in excess of \$750,000 to be completed in 2025, as set out in  
5 Schedule A to this Order, are approved.  
6
- 7 2. Newfoundland Power's proposed multi-year construction and purchase of improvements  
8 or additions to its property in excess of \$750,000, as set out in Schedule B to this Order,  
9 are approved.  
10
- 11 3. Newfoundland Power's 2025 Capital Budget for improvements or additions to its  
12 property in an amount of \$127,951,000, as set out in Schedule C to this Order, is approved.  
13
- 14 4. Newfoundland Power's average rate base for the year ended December 31, 2023 is  
15 hereby fixed and determined at \$1,290,079,000.  
16
- 17 5. Unless otherwise directed by the Board, Newfoundland Power shall file an annual report  
18 to the Board on its 2025 capital expenditures by April 1, 2026.  
19
- 20 6. Unless otherwise directed by the Board Newfoundland Power shall provide, in  
21 conjunction with its 2026 Capital Budget Application, a status report on the 2025 capital  
22 expenditures showing for each project:  
23
- 24 i. the approved budget for 2025;
  - 25 ii. the expenditures prior to 2025;
  - 26 iii. the 2025 expenditures to the date of application;
  - 27 iv. the remaining projected expenditures for 2025;
  - 28 v. the variance between the projected total expenditures and the approved budget; and
  - 29 vi. an explanation of the variance.
- 30
- 31 7. Newfoundland Power shall pay all costs and expenses of the Board incurred in connection  
32 with the Application.

**DATED** at St. John's, Newfoundland and Labrador, this 13<sup>th</sup> day of December 2024.



Kevin Fagan  
Chair and CEO



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



Jo-Anne Galarneau  
Executive Director and Board Secretary

Newfoundland Power Inc.  
2025 Capital Budget  
Single-Year Projects/Programs Over \$750,000  
(\$000)

<u>Project Description</u>	<u>2025</u>
<b><u>Mandatory</u></b>	
General Expenses Capitalized	5,081
Allowance for Unforeseen Items	750
<b>Total Mandatory</b>	\$ 5,831
<b><u>Access</u></b>	
Extensions	13,402
New Transformers	5,623
Relocate/Replace Distribution Lines for Third Parties	3,528
New Services	3,208
New Street Lighting	2,460
<b>Total Access</b>	\$ 28,221
<b><u>System Growth</u></b>	
Feeder Additions for Load Growth	960
<b>Total System Growth</b>	\$ 960
<b><u>Renewal</u></b>	
Reconstruction	7,425
Replacement Transformers	6,340
Rebuild Distribution Lines	5,115
Substation Replacements Due to In-Service Failures	4,927
Northwest Brook Substation Refurbishment and Modernization	4,175
Transmission Line Maintenance	2,884
Replacement Street Lighting	884
Mobile Hydro Plant Penstock Refurbishment	825
<b>Total Renewal</b>	\$ 32,575
<b><u>Service Enhancement</u></b>	
LED Street Lighting Replacement	5,654
Distribution Feeder Automation	1,125
<b>Total System Enhancement</b>	\$ 6,779
<b><u>General Plant</u></b>	
System Upgrades	1,408
Shared Server Infrastructure	970
Cybersecurity Upgrades	940
Application Enhancements	914
VHF Radio System Replacement	870
<b>Total General Plant</b>	\$ 5,102
<b>Total Expenditures Single-Year Projects over \$750,000</b>	<b>\$ 79,468</b>

Newfoundland Power Inc.  
2025 Capital Budget  
Multi-Year Projects Over \$750,000  
(\$000)

**Multi-year Projects Commencing in 2025**

<b>Classification</b>	<b>Project Description</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
Renewal	Distribution Feeders SCT-01 and BLK-01 Relocation	649	1,140		1,789
	Summerville Substation Refurbishment and Modernization	511	4,510		5,021
	Lockston Substation Refurbishment and Modernization	305	4,521		4,826
	Gander Substation Power Transformer Replacement	17	3,905	263	4,185
	Pulpit Rock Substation Power Transformer Replacement	17	2,905		2,922
	New Transmission Line from Lewisporte to Boyd's Cove	1,886	9,283	9,553	20,722
	Transmission Line 94L Rebuild	3,485	9,075		12,560
	Mount Carmel Pond Dam Refurbishment	3,608	1,008		4,616
General Plant	Asset Management Technology Replacement	3,479	4,534		8,013
	Outage Management System Upgrade	1,811	1,459		3,270
	Port Union Building Replacement	278	1,003		1,281
	Replace Commercial Vehicles and Aerial Devices 2025-2026	2,173	2,802		4,975
<b>Total Multi-Year Projects over \$750,000 commencing in 2025</b>		<b>\$ 18,219</b>	<b>\$ 46,145</b>	<b>\$ 9,816</b>	<b>\$ 74,180</b>

**Newfoundland Power Inc.**  
**2025 Capital Budget**  
**(000s)**

Projects/Programs Over \$750,000 to be completed in 2025	79,468
Multi-Year Projects over \$750,000 commencing in 2025	18,219
Projects/Programs Under \$750,000 to be completed in 2025 <sup>1</sup>	10,850
Multi-Year Projects Approved in Previous Years <sup>2</sup>	19,414
<b>Total 2025 Capital Budget</b>	<b>\$ 127,951</b>

<sup>1</sup> See Schedule C: Appendix 1 for details.

<sup>2</sup> See Schedule C: Appendix 2 for details.



**Newfoundland Power Inc.**  
**2025 Capital Budget**  
**Single-Year Projects/Programs Under \$750,000**  
**(\$000)**

<u>Project Description</u>		<u>2025</u>
<b><u>Mandatory</u></b>		
Allowance for Funds Used During Construction	220	
<b>Total Mandatory</b>		\$ 220
<b><u>Access</u></b>		
New Meters	457	
<b>Total Access</b>		\$ 457
<b><u>Renewal</u></b>		
Hydro Plant Replacements Due to In-Service Failures	731	
Substation Protection and Control Replacements	685	
Distribution Feeder PEP-02 Refurbishment	667	
Distribution Feeder SMV-01 Refurbishment	654	
Replacement Meters	648	
Wood Pole Retreatment	600	
La Manche Canal Bridge Replacement	530	
Replacement Services	445	
Thermal Plant Replacements Due to In-Service Failures	318	
<b>Total Renewal</b>		\$ 5,278
<b><u>Service Enhancement</u></b>		
Substation Ground Grid Upgrades	609	
<b>Total System Enhancement</b>		\$ 609
<b><u>General Plant</u></b>		
Personal Computer Infrastructure	720	
Additions to Real Property	682	
Building Accessibility Improvements	650	
Specialized Tools and Equipment	595	
Tools and Equipment	589	
Network Infrastructure	470	
Physical Security Upgrades	456	
Communications Equipment Upgrades	124	
<b>Total General Plant</b>		\$ 4,286
<b>Total Expenditures Single-Year Projects Under \$750,000</b>		<b>\$ 10,850</b>

**Newfoundland Power Inc.**  
**2025 Capital Budget**  
**Multi-Year Projects Previously Approved by the Board**  
**(\$000)**

<b>Approved</b>	<b>Classification</b>	<b>Project Description</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
<b>P.U. 2(2024)</b>	Renewal	Islington Substation Refurbishment and Modernization	308	4,706		5,014
		Transmission Line 146L Rebuild	2,152	9,209		11,361
		Lookout Brook Hydro Plant Refurbishment	362	1,573		1,935
	General Plant	Microsoft Enterprise Agreement	297	297	297	891
		Gander Building Renovation	175	760		935
		Replace Vehicles and Aerial Devices 2024-2025	1,940	2,869		4,809
<b>Total Multi-Year Projects Commencing in 2024</b>			<b>\$ 5,234</b>	<b>\$ 19,414</b>	<b>\$ 297</b>	<b>\$ 24,945</b>