

March 30, 2017

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Ms. Cheryl Blundon**  
**Director Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: An Application by Newfoundland and Labrador Hydro pursuant to Subsection 41 (3) of the Act for approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain improvements and additions to its property.**

Please find enclosed the original and nine copies of the above-noted Application, plus supporting affidavit and draft order.

The enclosed Application seeks the Board's approval of the restoration of the Allowance for Unforeseen Items amount by adding an additional \$500,000 to the allowance, which is believed to be an appropriate and prudent amount to be added at this time. The need for this supplementary allowance arises from the unforeseen requirement for the emergency replacement and restoration of structures on transmissions lines TL 212 and TL 201 resulting from the March 11, 2017 Wind Storm which is more particularly described in the schedule to the enclosed Application. Hydro has executed this unforeseen and urgent capital project at an estimated cost of approximately \$500,000. The Application is filed in accordance with the Capital Budget Application Guidelines issued in October 2007.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Tracey L. Pennell  
Senior Counsel, Regulatory

TLP/bs

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales  
Sheryl Nisenbaum – Praxair Canada Inc.  
ecc: Larry Bartlett – Teck Resources Limited

Dennis Browne, Q.C. – Consumer Advocate  
Thomas J. O'Reilly, Q.C. – Cox & Palmer

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

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the *Act*, for the approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain Improvements and additions to its property.

**TO:** The Board of Commissioners of Public Utilities (the Board)

**THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro) STATES THAT:**

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act*, 2007, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *Electrical Power Control Act*, 1994.
2. Section 41 (3) of the *Act* states that a public utility shall not proceed with the construction, purchase or lease of improvements or additions to its property where:
  1. the cost of the construction or purchase is in excess of \$50,000; or
  2. the cost of the lease is in excess of \$5,000 in a year of the lease, without the prior approval of the Board.

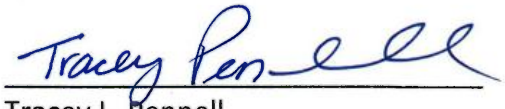
3. Hydro had one unforeseen, urgent capital project which will depleting the approved 2017 allowance of \$1,000,000 by approximately \$500,000. This is to cover the costs of the unforeseen capital project for the emergency replacement and restoration of structures on transmission lines TL 212 and TL 201 resulting from the March 11, 2017 Wind Storm. Hydro provided notice of this unforeseen project to the Board on March 14, 2017. Further details respecting this unforeseen project is attached as Schedule A to this Application.

### **The Application**

4. The Capital Budget Guidelines issued by the Board in October 2007 permit a utility to apply for approval of an additional amount in the Allowance for Unforeseen Items account provided the utility shows that usage of the account has been consistent with the Guidelines.
5. Hydro submits that it is prudent to maintain an appropriate Unforeseen Allowance of \$1,000,000 to permit Hydro to address unforeseen events that may arise during the remainder of 2017. Hydro recognizes that the presently remaining allowance will not provide for sufficient funds to address these unforeseen events, and requests that the Board approve a supplementary allowance of \$500,000 to for that purpose.

6. Therefore, Hydro makes Application that the Board make an Order approving pursuant to Section 41 (3) of the *Act*, the additional amount of \$500,000 to be added to the Allowance for Unforeseen Items account.

**DATED** at St. John's, in the Province of Newfoundland and Labrador, this 30<sup>th</sup> day of March 2017.



Tracey L. Pennell  
Counsel for the Applicant  
Newfoundland and Labrador Hydro  
500 Columbus Drive, P.O. Box 12400  
St. John's, NL A1B 4K7  
Telephone: (709) 778-6671  
Facsimile: (709) 737-1782

March 14, 2017

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Structure Replacements – TL 212 and TL 201**  
**Allowance for Unforeseen Items Notification**

On March 11, 2017, an intense low pressure system tracked over the province bringing snow and intense winds. In particular, wind gusts along the eastern side of the island of Newfoundland were recorded by Environment Canada (Appendix 1) at 180 kilometres per hour (kph) at Argentia, and 157 kph at the St. John's Airport, which are the strongest winds experienced on the island in 40 years. During this storm, intense winds caused the failure of three structures on two of Newfoundland and Labrador Hydro's (Hydro) transmission lines that supply power to the Burin and Avalon Peninsulas. Two of these structures were on TL 212, a 138 kilovolt (kV) transmission line between Sunnyside Terminal Station in the community of Sunnyside and Linton Lake Terminal Station, just north of Marystown. The third structure was on TL 201, a 230 kV transmission line between Western Avalon Terminal Station at Chapel Arm and Hardwoods Terminal Station near St. John's. Figure 1 highlights the eastern area of the island, as well as the two transmission lines affected by these structure failures.

TL 212 provides direct power to the communities of Southeast Bight, Monkstown, and Petite Forte. It also provides power for the remainder of the Burin Peninsula, along with TL 219. Because of the failure of the two structures on this line, 189 Hydro customers and 1628 Newfoundland Power customers were without power, and the Burin Peninsula was only serviced by one transmission line, TL 219. The two structures on TL 212 (Structure 67 and Structure 397) are guyed "Y" aluminum towers, constructed in 1966. Replacement of these two structures commenced immediately in order to restore services to these communities. Given the vintage of the towers, replacements structures are not available, so Hydro has replaced one of these structures with a standard wood pole H-Frame type structure, as has been completed for past failures, and will replace the second in the same manner. This method is both expedient and effective in restoring power to these communities.





Figure 1: Provincial Generation and Transmission Grid


TL 201 is a primary line on the 230 kV island grid, and is part of the system of parallel lines that bring power from the Bay d'Espoir Hydroelectric Generation Station to the Avalon Peninsula load centre. While TL 201 is out of service, the available transmission capacity to the Avalon load centre from Bay d'Espoir is significantly reduced, resulting in a risk of supply to the Avalon load centre if an event were to happen on TL 217, the line parallel with TL 201, isolating the St. John's area from the Bay d'Espoir generation. Structure 139 on TL 201, a three pole deadend, failed under the intense wind loads and had to be replaced. The conductor attached to this structure did not fail, and therefore the failure extent was limited to this structure. As part of the restoration of service, Hydro replaced this structure with a wood pole structure of similar configuration, restoring TL 201 for service.

The replacement of these three structures was of an urgent and unforeseen nature, and was required to enable Hydro to restore and maintain reliable service to customers in the winter. Hydro is therefore executing this work using its Allowance for Unforeseen Items capital project account. It is estimated that the total cost of the work will be approximately \$500,000.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

A handwritten signature in blue ink, reading "Tracey Pennell", written over a horizontal line.

Tracey L. Pennell  
Senior Counsel, Regulatory

TLP/bs

AWCN16 CWHX 122159  
WEATHER SUMMARY  
FOR NEWFOUNDLAND  
UPDATED BY ENVIRONMENT CANADA  
AT 7:29 P.M. NDT SUNDAY 12 MARCH 2017.

DISCUSSION.

A LOW PRESSURE SYSTEM FORMED OFF THE EAST COAST OF THE U.S. FRIDAY MORNING AND RAPIDLY INTENSIFIED AS IT APPROACHED THE ISLAND FRIDAY NIGHT. THE VERY INTENSE LOW PRESSURE SYSTEM CROSSED EASTERN NEWFOUNDLAND DURING THE DAY ON SATURDAY.

THIS LOW BROUGHT BLIZZARD CONDITIONS WITH NEAR ZERO VISIBILITIES TO AREAS WEST OF ITS TRACK AND EXTREME, DAMAGING WINDS. EASTERN NEWFOUNDLAND SAW A BRIEF PERIOD OF HEAVY SNOW AND BLOWING SNOW SATURDAY MORNING, BEFORE TRANSITIONING THROUGH FREEZING RAIN TO RAIN. THE RAIN TAPERED OFF BY NOON AND EXTREME WINDS, SNOW SQUALLS, AND BLOWING SNOW DEVELOPED AS THE LOW DEPARTED.

THE EXTREME WINDS ON THE BACK OF THIS LOW BROUGHT EXTENSIVE DAMAGE TO MUCH OF EASTERN NEWFOUNDLAND. REPORTS OF DAMAGE INCLUDE: POWER OUTAGES, TIPPED OVER TRUCKS AND TRAILERS, SIDING AND SHINGLES RIPPED FROM BUILDINGS. IN SOME EXTREME CASES, SHEDS, ROOFS, AND THE TOP FLOOR TO SOME HOUSES WERE BLOWN AWAY.

IN ADDITION TO THE WEATHER, POUNDING WAVES AND HIGH SURF WERE REPORTED ALONG THE SOUTH COAST ON SATURDAY.

THE FOLLOWING IS A SUMMARY OF WEATHER EVENT INFORMATION RECEIVED BY ENVIRONMENT AND CLIMATE CHANGE CANADA AS OF 6:30 PM NDT.

1. SUMMARY OF SNOWFALL IN CENTIMETRES:

FERROLLE POINT: 52.2  
TWILLINGATE: 46.5  
LA SCIE: 45.2  
GANDER INT'L AIRPORT: 38  
SOPS ARM: 35 (AS OF 4 PM MARCH 11TH, 2017)  
ST. ANTHONY: 34.6  
CORMACK: 29.1  
ENGLEE: 28.5  
DEER LAKE AIRPORT: 24  
BURGEO: 22.8  
STEPHENVILLE AIRPORT: 21  
MILLERTOWN: 20.6  
BADGER: 19.7  
TERRA NOVA NATIONAL PARK: 17.7  
WINTERLAND: 16.5  
CORNER BROOK: 16.0

2. SUMMARY OF PEAK WIND GUSTS IN KILOMETRES PER HOUR:

ARGENTIA: 180  
GRATES COVE: 170  
CAPE RACE: 159  
PARADISE: 159  
ST. JOHN'S INT'L AIRPORT: 157  
CAPE PINE: 148



GREEN ISLAND (TRINITY BAY): 148  
WINTERLAND: 148  
SAGONA ISLAND: 146  
PASS ISLAND: 145  
ENGLEE: 144  
EAST WHITE HILLS: 143  
ALLANS ISLAND: 140 (STOPPED REPORTING AT 12:54 PM)  
ROBIN HOOD BAY 135  
TWILLINGATE: 133  
ST. PIERRE: 130  
ST. JOHN'S WEST: 126  
GREEN ISLAND (FORTUNE BAY): 124  
RAMEA: 124  
CAPLIN COVE: 122  
LOGY BAY: 117  
OCHRE PIT COVE: 117  
ST. JOHN'S DOWNTOWN: 114  
QUIDI VIDI LAKE: 113 (STOPPED REPORTING AT 3:53 PM)  
BULL ARM: 111  
BELLEVUE: 103  
GANDER: 100  
PORT AUX BASQUES: 98  
BURGEO: 96  
GANDER INT'L AIRPORT: 93  
TERRA NOVA NATIONAL PARK: 93

PLEASE NOTE THAT THIS SUMMARY MAY CONTAIN PRELIMINARY OR UNOFFICIAL  
INFORMATION AND DOES NOT CONSTITUTE A COMPLETE OR FINAL REPORT.

END/ASPC

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

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the *Act*, for the approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain Improvements and additions to its property.

**AFFIDAVIT**

I, Kyle Tucker, Professional Engineer, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am the manager of Regulatory Engineering of Newfoundland and Labrador Hydro, the Applicant named in the attached Application.
2. I have read and understand the foregoing Application.
3. I have personal knowledge of the facts contained therein, except where otherwise indicated, and they are true to the best of my knowledge, information and belief.

**SWORN** at St. John's in the )  
Province of Newfoundland and )  
Labrador )  
this 30<sup>th</sup> day of March 2017, )  
before me: )

  
Barrister Newfoundland and Labrador

  
Kyle Tucker

**(DRAFT ORDER)**  
**NEWFOUNDLAND AND LABRADOR**  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. \_\_ (2017)**

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

**AND IN THE MATTER OF** an Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the *Act*, for the approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain Improvements and additions to its property.

**WHEREAS** the Applicant is a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act* and is subject to the provisions of the *Electrical Power Control Act, 1994*; and

**WHEREAS** in Order No. P.U. 45(2016) the Board approved Hydro's 2017 Capital Budget in the amount of \$271,265,600; and

**WHEREAS** on March 30, 2017 Hydro filed an application with the Board requesting approval of a supplementary amount of \$500,000 to be added to the Allowance for Unforeseen Items approved in Order No. P.U. 45(2016) (the "Application"); and

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

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

without prior approval of the Board; and

**WHEREAS** the Application states that it communicated to the Board on March 14, 2017 that unforeseen capital expenditures estimated at approximately \$500,000 is currently underway with regard to the replacement of structures on transmission lines TL 212 and TL 201; and

1 **WHEREAS** Hydro submits that it is prudent to maintain sufficient amounts in the Allowance  
2 for Unforeseen Items to permit Hydro to address unforeseen events that may arise during the  
3 remainder of 2017, and requests that the Board approve a supplementary amount of \$500,000 for  
4 that purpose; and

5  
6 **WHEREAS** the Capital Budget Guidelines (the “Guidelines”) issued by the Board in October  
7 2007 permit a utility to apply for approval of a supplementary amount provided the utility shows  
8 that usage of the account has been consistent with the Guidelines; and

9  
10 **WHEREAS** the Board is satisfied that the supplementary amount of \$500,000 for the Allowance  
11 for Unforeseen Items should be approved.

12  
13 **IT IS THEREFORE ORDERED THAT:**

- 14  
15 1. The addition of a supplementary amount of \$500,000 to the 2017 Allowance for  
16 Unforeseen Items is approved.  
17  
18 2. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John’s, Newfoundland and Labrador, this \_\_\_\_ day of \_\_\_\_\_, 2017.

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