

September 9, 2013

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: 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.

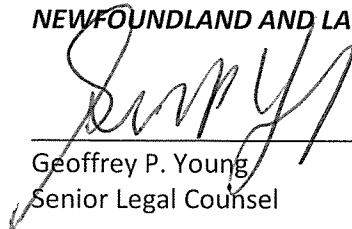
Please find enclosed the original and eight copies of the above-noted Application, plus supporting affidavit and draft order.

The Application seeks the Board's approval of the restoration of its \$1,000,000 Allowance for Unforeseen Items amount. The need for this supplementary allowance arises from the unforeseen requirement to complete emergency restoration of the Black Tickle diesel plant, and restoration of terminal station equipment after a storm disrupted electrical service on January 11, 2013. 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



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Coxworthy – Stewart McKelvey Stirling Scales

Thomas Johnson – Consumer Advocate Paul
Dean Porter – Poole Althouse

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 Section 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:

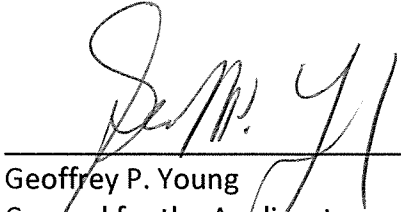
1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. Section 41 (3) of the Act states that a public utility shall not proceed with the 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. During January to July of 2013, Hydro expended approximately \$404,000 of its approved \$1,000,000 Allowance for Unforeseen Items. Approximately \$197,000 of this amount was related to completing the restoration of the Black Tickle diesel plant subsequent to a fire that occurred in 2012, while the remainder relates to the restoration of terminal station equipment after a storm disrupted electrical service on January 11, 2013.

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 Unforeseen Allowance of \$1,000,000 to permit Hydro to address unforeseen events that may arise during the remainder of 2013, and requests that the Board approve a supplementary allowance of \$404,000 for that purpose; and
6. Therefore, Hydro makes Application that the Board make an Order approving, pursuant to Section 41 (3) of the *Act*, the additional amount of \$404,000 to be added to the Allowance for Unforeseen Items account.

DATED AT St. John's in the Province of Newfoundland and Labrador this 9th day of September, 2013.



Geoffrey P. Young
Counsel for the Applicant
Newfoundland and Labrador Hydro,
500 Columbus Drive, P.O. Box 12400
St. John's, Newfoundland, A1B 4K7
Telephone: (709) 737-1277
Facsimile: (709) 737-1782

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 Section 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, Robert J. Henderson, Professional Engineer, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice-President, 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 9th day of)
September 2013, before me:)


Barrister – Newfoundland and Labrador


Robert J. Henderson

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

AN ORDER OF THE BOARD

NO. P.U. __ (2013)

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

6
7 **AND**

8
9 **IN THE MATTER OF** an Application by
10 Newfoundland and Labrador Hydro for the
11 approval of a capital expenditure to
12 supplement the Allowance for Unforeseen
13 Items for the construction and purchase of certain
14 improvements and additions to its property
15 pursuant to Section 41 of the Act.

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

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22 **WHEREAS** in Order Nos. P.U. 2(2013) and P.U. 4(2013) the Board approved Hydro’s
23 2013 Capital Budget; and

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25 **WHEREAS** on September 9, 2013, the Board received an application (the “Application”)
26 from Hydro for approval of a supplementary allowance of \$400,000 to be added to the
27 Unforeseen Allowance for 2013; and

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

- 31 (a) the cost of the construction or purchase is in excess of \$50,000; or
32 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,
33 without the prior approval of the Board; and

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35 **WHEREAS** Hydro has expended approximately \$195,000, completing restoration of the
36 Black Tickle diesel plant following a fire which occurred in 2012, and reducing the balance
37 in the Unforeseen Allowance; and

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39 **WHEREAS** Hydro has expended approximately \$205,000, completing restoration of its
40 terminal station breakers subsequent to damage to this equipment as a result of a storm on
41 January 11, 2013, and reducing the balance in the Unforeseen Allowance; and

1 **WHEREAS** Hydro submits that it is prudent to maintain an Unforeseen
2 Allowance of \$1,000,000 to permit Hydro to address unforeseen events that may arise
3 during the remainder of 2013, and requests that the Board approve a supplementary
4 allowance of \$400,000 for that purpose; and
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6 **WHEREAS** the Capital Budget Guidelines issued by the Board in October 2007 permit a
7 utility to apply for approval of a supplementary allowance provided the utility shows that
8 usage of the account has been consistent with the Guidelines; and
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10 **WHEREAS** the Board is satisfied that the use of the Unforeseen Allowance by Hydro was
11 in accordance with the Guidelines and that the proposed additional amount for this
12 account should be approved.
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15 **IT IS THEREFORE ORDERED THAT:**
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- 17 1. Pursuant to Subsection 41(3) (a) of the *Act*, the Board approves Hydro's
18 Application for the additional amount of \$400,000 to be added to the Allowance
19 for Unforeseen Items account.
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21 2. The Applicant shall pay all expenses of the Board arising from this Application.
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25 **DATED** at St. John's, Newfoundland and Labrador, this day of , .
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