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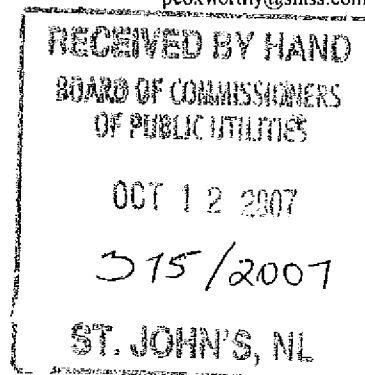
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File Reference: NF12731-5

October 12, 2007

## Via Courier & Electronic Mail

Ms. G. Cheryl Blundon  
Director of Corporate Services and Board Secretary  
Public Utilities Board  
120 Torbay Road  
P.O. Box 21040  
St. John's NL A1A 5B2



Dear Ms. Blundon:

## Re: NLH 2008 Capital Budget Application

Further to our correspondence of earlier today, enclosing the Submission of the Industrial Customers, we have since noted that we had failed to include copies of the Industrial Customers' Submissions in the 2007 Hydro Additional Capital Expenditures Application, in relation to Project B-93 Construct Transmission Line Equipment Off-Loading Areas, as referred to at Line 5, Page 17, of the Industrial Customers' main Submission.

We now enclose those earlier submissions in relation to Project B-93, being correspondence from Pool Althouse, dated July 9, 2007, addressed to the Board, and Stewart McKelvey correspondence, dated July 30, 2007, addressed to the Board.

We regret any inconvenience caused by the earlier omission.

Yours truly,

Stewart McKelvey Stirling Scales

Paul L. Coxworthy

PLC/ldn

Enclosure

Ms. G. Cheryl Blundon

October 12, 2007

Page 2

cc. Mr. Geoffrey P. Young  
Newfoundland and Labrador Hydro

Mr. Peter Alteen  
Newfoundland Power Inc.

Mr. Thomas Johnson  
Consumer Advocate

# ***POOLE ALTHOUSE***

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July 9, 2007

Board of Commissioners of Public Utilities  
P.O. Box 21040  
St. John's, NL  
A1A 5B2

Attention: Ms. G. Cheryl Blundon  
Director of Corporate Services and Board Secretary

Re: Application of Newfoundland and Labrador Hydro for approval of additional 2007 Capital Budget Items

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Dear Ms. Blundon,

We write to provide the comments of the Industrial Customers of Newfoundland and Labrador Hydro to this application which was filed by correspondence from Geoffrey P. Young of Hydro under cover of a letter dated June 29, 2007.

While the Industrial Customers do not request a hearing in respect of this application, they do wish to go on record in opposition to the granting of any part of it. Our specific submissions in this regard on the two projects in question follow.

## Transmission Line Equipment Off-Loading

This is essentially the same project which was included in the 2007 Capital Budget Application and described at p. B-32 to B-34 of that Application. The Board, at p. 13-14 of P.U. 35 (2006), denied approval for the project. The Board expressed concern about the lack of consultation with the Department of Transportation and Works, and the ability of Hydro to ensure access to the ramps when required, as well as the lack of information about the sites where the ramps would be constructed.

While the current application identifies sites, in a general way by map reference, the reference to consultations with the Department of Transportation and Works is hardly satisfactory. It appears that Hydro would be required to engage any number of different local offices of the Department, review each individual site with that office and obtain individual approvals for each site. There is no guarantee that any of the sites will be approved, nor apparently have any criteria been established in advance by which to judge the acceptability of a particular proposal. The time and manpower involved in each individual approval would likely drive the costs of this proposal far beyond the considerable amounts that have been requested.

At a policy level, provision for off-loading vehicles on highways should be the responsibility of the provincial government. Presumably other utilities, telephone companies, cable companies and anyone with remote sites to service are facing the same challenges as Hydro in this regard. It is an issue for the people of the province as a whole and the solution is not properly funded through electricity rates.

If, as appears to be the case, the intent is for a "back-in ramp", traffic control will still be required while the vehicle is backed in from the driving lane into the ramp. While perhaps not as extensive as the current requirement, there will be a cost associated with this procedure. Nor is it clear that stopping and backing up such a vehicle in the driving lane is any more safe than the current procedures. It is also doubtful that the mere installation of a "No Parking" sign will guarantee access, nor is it clear that this cost is included in the project or whether it will be borne by government.

The proper approach for Hydro here is to join together with other users of the highway system and present a case to government for provision of proper shoulders on the highways, such as apparently exist in Manitoba, which will solve this problem without exacerbating the cost of electricity consumed in the province.

#### Replace Atomic Absorption with ICP Spectrometer

The information provided in connection with this project fails to satisfy the requirements for approval. The initial thrust of the proposal seems to be replacement of current equipment with more sophisticated equipment having greater capabilities, but the assertion is made, almost as an afterthought in the second paragraph under Justification, that the current unit is at the end of its useful life, so presumably must be replaced in any event.

The information provided is sketchy at best. We are not told:

- (a) the expected life of the new unit,
- (b) the cost of the outside testing,
- (c) the lengths of delays associated with outside testing,
- (d) the assumptions as to cost increases made for the present worth analysis,

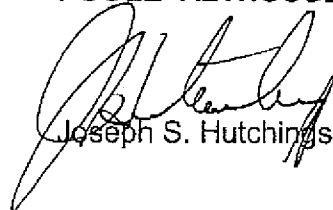
- (e) why the option to contract out all the testing was not considered,
- (f) the nature of the expanded range of testing available with the new equipment,
- (g) whether that expanded range of testing is done now, how and at what cost;
- (h) the availability and cost of maintenance of the new equipment and on-going staff training, if required,
- (i) whether this project is driven by a change in CAEAL standards or a failure on the part of the equipment to perform as it should.

If in fact the operating cost savings are \$40,000 per year (and there is little detail to rely on there), with financing costs it will take well over 6 years to get any payback on this project. We do not see the expenditure justified as cost saving measure on this basis.

In summary, the Industrial Customers are not satisfied that either of the projects contained in this application have been shown to be prudent and necessary expenditures bearing in mind the Board's legislative mandate to ensure provision of electricity at the lowest possible cost consistent with reliable service. Accordingly, we submit that neither of these projects should be approved.

Yours very truly,

**POOLE ALTHOUSE**



Joseph S. Hutchings

JSH/sh  
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cc Newfoundland and Labrador Hydro  
Attn: Mr. Geoffrey P. Young

Newfoundland Power  
Attn: Mr. Gerard Hayes

O'Dea Earle  
Attn: Mr. Thomas Johnston

Stewart McKelvey  
Attn: Mr. Paul Coxworthy

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July 30, 2007

## Via Electronic Mail and Courier

Public Utilities Board  
120 Torbay Road  
P.O. Box 21040  
St. John's NL A1A 5B2

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

Dear Ms. Blundon:

**Re: Application of Newfoundland and Labrador Hydro for Approval of Additional 2007  
Capital Budget Items**

We write further to Hydro's responses to information requests PUB 1 NLH to PUB 28 NLH with regards to the above-noted Application, and to the Board's correspondence of July 26, 2007 indicating that further comments should be submitted by noon, Tuesday, July 31, 2007.

With reference to the Industrial Customers' submission of July 9, 2007, the Industrial Customers reiterate that they are not requesting a hearing in respect of this Application. However, the Industrial Customers remain of the view that Hydro has not demonstrated, either by its initial Application or by its responses to PUB 1 NLH to PUB 28 NLH, that either of the projects put forward by this Application have been shown to be prudent and necessary expenditures to ensure provision of electricity at the lowest possible costs consistent with reliable service.

By this letter, the Industrial Customers wish to make supplementary submissions on the proposed Transmission Line Equipment Off-Loading Project.

With reference to Hydro's responses to PUB 13 - 18 NLH, it appears that Hydro has focused on the safety and liability issues which may exist when their work crews are on site at the proposed ramp locations. However, it appears to the Industrial Customers that the proposed ramps, if built, could themselves pose a potential safety and liability concern.

The lack of detail in Hydro's responses to the Board's requests for information on this Project suggests that only preliminary consultations have been undertaken with the provincial Department of Transportation and Works.

Ms. G. Cheryl Blundon  
July 30, 2007  
Page 2

In Hydro's response to PUB 8 NLH, Hydro does state that the Department will not be willing to approve sites that the Department believes, for reasons of sight lines or other traffic related reasons, are hazardous. By the same response, Hydro acknowledges that it is the Department which has the expertise, and must exercise its judgment, with respect to highway safety concerns.

It is reasonably foreseeable (human nature being what it is) that these ramps would be used by members of the public to facilitate ATV, snowmobile and perhaps other off-road vehicle traffic, onto and off of the highway, at higher speeds and at greater frequency than would otherwise have been possible or likely. The location of these ramps will, in effect, be at risk of becoming *de facto*, unmarked intersections on the highway, which will likely pose a greater year round hazard to motorists than the transient risks associated with Hydro's occasional off-road works. The well publicized difficulties of the authorities in enforcing current ATV regulations, for example, does not inspire confidence that all members of the public will be deterred from using these ramps by Hydro's proposed warning signs (response to PUB 15 NLH).

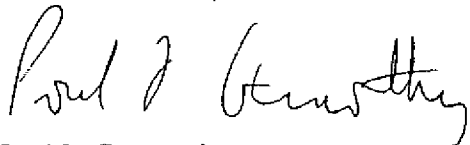
It is not evident from the above-referenced statement of Hydro regarding the Department's already voiced concerns (response to PUB 8 NLH) as to whether the Department has had the opportunity to fully turn its mind to the potential hazards posed by permanent off-road ramps. The Industrial Customers submit that it would be appropriate that all potential safety and liability concerns should be thoroughly canvassed by Hydro with the Department, to determine whether permanent off-road ramps, at any location on the highway, can be deemed to be the safest alternative for Hydro off-road access.

While the Industrial Customers' interests in the Hydro budget process are primarily rate-driven, this is not to say that issues of safety are not of interest to the Industrial Customers. This is particularly the case when expenditures are being proposed which do not demonstrably create a safer work environment or, to the extent that they do have some work safety benefit, may also have potential (albeit unintended) safety impacts on the general public which outweigh any benefit gained. In the view of the Industrial Customers, such expenditures should be avoided, as a matter of prudent and responsible budgeting and of prudent and responsible operations, in part as such projects may create liabilities which would impact on rates for all of Hydro's customers.

In conclusion, the Industrial Customers continue to submit that neither of the projects should be approved.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/kmcd

Ms. G. Cheryl Blundon

July 30, 2007

Page 3

cc. Mr. Geoffrey P. Young  
Newfoundland and Labrador Hydro

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Newfoundland Power Inc.

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O'Dea, Earle

Mr. Joseph S. Hutchings Q.C.  
Poole, Althouse