

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

AN ORDER OF THE BOARD

NO. P. U. 29(2009)

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*”), as amended;

5
6 **AND**

7
8 **IN THE MATTER OF** an Application by
9 Newfoundland Power Inc. (“Newfoundland
10 Power”) for approval of a capital expenditure
11 allowance for unforeseen requirements for
12 the construction and purchase of certain
13 improvements and additions to its property
14 pursuant to Section 41(3) of the *Act*
15 (the “Application”).

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18 **WHEREAS** Newfoundland Power is a corporation duly organized and existing under the laws of
19 the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is
20 also subject to the provisions of the *EPCA*; and

21
22 **WHEREAS** on July 7, 2009 Newfoundland Power filed the Application with the Board for approval
23 of an additional amount of \$710,000 to be added to the Allowance for Unforeseen Items account;
24 and

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

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

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32 without the prior approval of the Board; and

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34 **WHEREAS** Newfoundland Power’s Kenmount Substation (the “Substation”) is a 25 kV distribution
35 substation located on Kenmount Road in the City of St. John’s; and

1 **WHEREAS** the Substation's three distribution feeders serve approximately 5,300 customers
2 throughout a wide area including the residential neighborhoods in Cowan Heights, as well as some
3 of the busiest commercial areas in the province, including O'Leary Industrial Park and the Kelsey
4 Drive shopping area; and

5 **WHEREAS** on March 26, 2009, a fault on a feeder lead to an internal fault on one of the
6 Substation's two 25 MVA transformers (the "Transformer"); and

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8 **WHEREAS** through subsequent inspections and engineering analysis, Newfoundland Power
9 determined that the Transformer needed to be remanufactured; and

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11 **WHEREAS** Newfoundland Power subsequently placed an order for the remanufacture of the
12 Transformer under the Allowance for Unforeseen Items account of \$750,000 approved by the Board
13 in Order No. P. U. 27(2008) as part of Newfoundland Power's 2009 capital budget; and

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15 **WHEREAS** the estimated capital expenditure of \$710,000 associated with remanufacture of the
16 Transformer effectively depletes the balance in the Allowance for Unforeseen Items account; and

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18 **WHEREAS** the Capital Budget Guidelines issued by the Board in October 2007 permit a utility to
19 apply for approval of an additional amount in the Allowance for Unforeseen Items account provided
20 the utility shows that usage of the account has been consistent with the Guidelines; and

21 **WHEREAS** the Board is satisfied that the use of the Allowance for Unforeseen Items by
22 Newfoundland Power was in accordance with the Guidelines and that the proposed additional
23 amount for this account should be approved.

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25 **IT IS THEREFORE ORDERED THAT:**

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27 1. Pursuant to Section 41(3) of the *Act* the Board approves an additional amount of \$710,000 to
28 the Allowance for Unforeseen Items account approved in Order No. P. U. 27(2008).
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30 2. Newfoundland Power shall pay all the expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 27th day of July 2009.

Andrew Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chairperson

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary