

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

**AN ORDER OF THE BOARD**

**NO. P.U. 21(2010)**

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

5  
6 **AND**  
7

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

16  
17  
18 **WHEREAS** Hydro is a corporation duly organized and existing under the laws of the  
19 Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*,  
20 and is also subject to the provisions of the *EPCA*; and

21  
22 **WHEREAS** on June 22, 2010 Hydro applied to the Board requesting approval of an  
23 additional amount of \$693,800 to be added to the Allowance for Unforeseen Items account;  
24 and

25  
26 **WHEREAS** Section 41(3) of the *Act* requires that a public utility not proceed with the  
27 construction, purchase or lease of improvements or additions to its property where:

28 a) the cost of construction or purchase is in excess of \$50,000; or  
29 b) the cost of the lease is in excess of \$5,000 in a year of the lease,  
30 without prior approval of the Board; and

31  
32 **WHEREAS** Transmission Line TL-208 is a 230 kV transmission line on Hydro’s Island  
33 Interconnected System which connects the capacitor bank, a critical element for voltage  
34 regulation on the Avalon peninsula to the system grid; and

35  
36 **WHEREAS** the Eastern Microwave Systems, which includes the Four Mile Hill (FMH)  
37 microwave radio site, is an integral part of Hydro’s telecommunications system used in the  
38 remote control and protection of the provincial grid; and  
39

1 **WHEREAS** on March 6, 2010 a severe ice storm collapsed two steel transmission line  
2 towers and damaged a third tower on TL-208; and

3 **WHEREAS** the same ice storm resulted in extreme icing conditions causing the microwave  
4 radio tower and associated equipment located at FMH near Holyrood to be severely  
5 damaged; and

6  
7 **WHEREAS** Hydro proceeded with the emergency replacement of the structures on TL-208  
8 and the repairs to the East Coast Microwave System under the Allowance for Unforeseen  
9 Items account of \$1,000,000 approved by the Board in Order No. P.U. 1 (2010) as part of  
10 Hydro's 2010 Capital Budget; and

11  
12 **WHEREAS** the estimated capital expenditure of \$693,800 associated with the emergency  
13 replacement and repairs effectively depletes the balance in the Allowance for Unforeseen  
14 Items account; and

15  
16 **WHEREAS** the Capital Budget Guidelines (the "Guidelines") issued by the Board permit a  
17 utility to apply for approval of an additional amount in the Allowance for Unforeseen Items  
18 account provided the utility shows that usage of the account has been consistent with  
19 Guidelines; and

20  
21 **WHEREAS** the Board is satisfied that the use of the Allowance for Unforeseen Items by  
22 Hydro was in accordance with the Guidelines and that the proposed additional amount for  
23 this account should be approved.

24  
25 **IT IS THEREFORE ORDERED THAT:**

- 26  
27 1. Pursuant to Section 41(3) of the *Act*, the Board approves an additional amount of  
28 \$693,800 to be added to the Allowance for Unforeseen Items account approved in Order  
29 No. P.U. 1 (2010).  
30  
31 2. Hydro shall pay all expenses of the Board arising from this Application.

**Dated** at St. John's, Newfoundland and Labrador, this 7<sup>th</sup> day of July, 2010.

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Darlene Whalen, P.Eng.  
Vice-Chair

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Dwanda Newman, LL.B.  
Commissioner

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Cheryl Blundon  
Board Secretary