

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

**AN ORDER OF THE BOARD**

**NO. P.U. 31(2013)**

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*”), as amended, and regulations  
5 thereunder; and  
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7 **IN THE MATTER OF** an application by Newfoundland  
8 and Labrador Hydro for approval of capital expenditures  
9 to supplement the Allowance for Unforeseen Items for the  
10 construction and purchase of certain improvements and  
11 additions to its property pursuant to section 41 of the *Act*.  
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14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
15 existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act*, and  
16 is also subject to the provisions of the *EPCA*; and  
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18 **WHEREAS** in Order Nos. P.U. 2(2013) and P.U. 4(2013) the Board approved Hydro’s 2013  
19 Capital Budget; and  
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21 **WHEREAS** on September 9, 2013 Hydro filed an application with the Board requesting  
22 approval of a supplementary amount of \$404,000 to be added to the Allowance for Unforeseen  
23 Items approved in Order No. P.U. 2 (2013) (the “Application”); and  
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25 **WHEREAS** section 41 of the *Act* states that a public utility not proceed with the construction,  
26 purchase or lease of improvements or additions to its property where:  
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- 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

31 without prior approval of the Board; and  
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33 **WHEREAS** the Application states that capital expenditures of approximately \$404,000 were  
34 made in 2013 in relation to the restoration of the Black Tickle diesel plant following a fire on  
35 March 14, 2012 and the restoration of terminal station breakers following a storm on January 11,  
36 2013; and

1 **WHEREAS** Hydro submits that it is prudent to maintain an Allowance for Unforeseen Items of  
2 \$1,000,000 to permit Hydro to address unforeseen events that may arise during the remainder of  
3 2013, and requests that the Board approve a supplementary amount of \$404,000 for that purpose;  
4 and

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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

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10 **WHEREAS** on September 13, 2013 the Board requested comments from Newfoundland Power  
11 Inc. (“Newfoundland Power”), the Consumer Advocate and the Industrial Customers Group  
12 (Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources  
13 Limited); and

14  
15 **WHEREAS** on September 18, 2013 Newfoundland Power submitted that there was insufficient  
16 information contained within the Application to determine whether the usage of the Allowance  
17 for Unforeseen Items was in compliance with the guidelines; and

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19 **WHEREAS** on September 19, 2013 the Industrial Customers Group agreed with the position of  
20 Newfoundland Power; and

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22 **WHEREAS** on September 21, 2013 the Board directed Hydro to provide the requested  
23 information to the parties; and

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25 **WHEREAS** on October 10, 2013 Hydro submitted additional information and reduced the  
26 proposed supplementary amount to be added to the Allowance for Unforeseen Items from  
27 \$404,000 to \$353,955, explaining that the final amount for the Black Tickle diesel plant  
28 restoration in 2013 was \$146,955, not \$197,000 as set out in the Application; and

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30 **WHEREAS** on October 17 and 18, 2013 the Consumer Advocate and the Industrial Customers  
31 Group advised that they had no objection to or issue with the Application; and

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33 **WHEREAS** Newfoundland Power did not provide any additional comments following the  
34 receipt of the additional information; and

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36 **WHEREAS** the Board is satisfied that the use of the Allowance for Unforeseen Items for the  
37 restoration of terminal station breakers was in accordance with the Guidelines and that a  
38 supplementary amount of \$207,000 for the Allowance for Unforeseen Items should be approved;  
39 and

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41 **WHEREAS** the capital expenditures in relation to the Black Tickle diesel plant restoration are  
42 currently under review by the Board and a determination has not yet been made as to whether the  
43 use of the Allowance for Unforeseen Items for those expenditures was in accordance with the  
44 Guidelines and therefore the requested supplementary amount of \$146,955 will not be added to  
45 the Allowance for Unforeseen Items.

1 **IT IS THEREFORE ORDERED THAT:**  
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- 3 1. The addition of a supplementary amount of \$207,000 to the 2013 Allowance for  
4 Unforeseen Items is approved.  
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6 2. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 25<sup>th</sup> day of October, 2013.

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Andy Wells  
Chair & Chief Executive Officer

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Darlene Whalen, P.Eng.  
Vice-Chair

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Dwanda Newman, LL.B.  
Commissioner

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James Oxford  
Commissioner

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Cheryl Blundon  
Board Secretary