

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

AN ORDER OF THE BOARD

NO. P.U. 34(2015)

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
6

7 **IN THE MATTER OF** an application by Newfoundland
8 and Labrador Hydro for approval of a capital expenditure
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*.
12
13

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 No. P.U. 50(2014) the Board approved Hydro’s 2015 Capital Budget, in
19 the amount of \$76,832,900; and
20

21 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the
22 construction, purchase or lease of improvements or additions to its property where:
23

- 24 a) the cost of construction or purchase is in excess of \$50,000; or
 - 25 b) the cost of the lease is in excess of \$5,000 in a year of the lease
- 26

27 without prior approval of the Board; and
28

29 **WHEREAS** on November 20, 2015 Hydro filed an application with the Board requesting
30 approval of a supplementary amount of \$250,000 to be added to the 2015 Allowance for
31 Unforeseen Items (the “Application”); and

1 **WHEREAS** the Application states that Hydro anticipates depleting the approved Allowance for
2 Unforeseen Items by approximately \$750,000 to \$900,000 as a result of unforeseen expenditures
3 for:

- 4 i) the Unit Service Transformer for generating Unit 3 (UST-3); and
5 ii) the Western Avalon Terminal Station (WAV) – T5 Tap Changer failure; and
6

7 **WHEREAS** Hydro submits that it is prudent to maintain a sufficient amount in the Allowance
8 for Unforeseen Items to permit Hydro to address unforeseen events that may arise during the
9 remainder of 2015, and requests that the Board approve a supplementary amount of \$250,000 for
10 that purpose; and
11

12 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
13 Mr. Tom Johnson; Corner Brook Pulp and Paper Limited, NARL Refining Limited Partnership
14 and Teck Resources Limited; Vale Newfoundland & Labrador Limited; and Praxair Canada Inc.;
15 and
16

17 **WHEREAS** the Board did not receive any comments on the Application; and
18

19 **WHEREAS** the Capital Budget Guidelines (the “Guidelines”) issued by the Board in October
20 2007 permit a utility to apply for approval of a supplementary amount provided the utility shows
21 that usage of the Allowance for Unforeseen Items has been consistent with the Guidelines; and
22

23 **WHEREAS** final reports of the use of the Allowance for Unforeseen Items will not be received
24 before year end; and
25

26 **WHEREAS** the Board is satisfied that the 2015 Allowance for Unforeseen Items should be
27 replenished by \$250,000 effective immediately to allow Hydro to proceed expeditiously with
28 emergency capital expenditures where the nature of these expenditures is such that an application
29 under section 41 of the *Act* for prior approval is not practical or possible.
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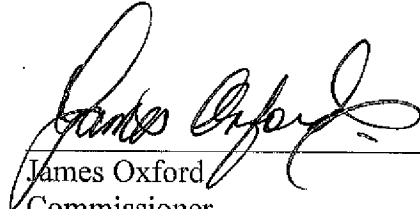
31
32 **IT IS THEREFORE ORDERED THAT:**
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- 34 1. The addition of a supplementary amount of \$250,000 to the 2015 Allowance for
35 Unforeseen Items is approved.
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37 2. Hydro shall pay all expenses of the Board arising from this Application.


DATED at St. John's, Newfoundland and Labrador, this 2nd day of December 2015.



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary