

P.U. 31 (2001-2002)

IN THE MATTER OF the Public Utilities Act, R.S.N. 1990, Chapter P-47, (“the Act”);

AND

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (the “Applicant”) for approvals of: (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its retail customer, Newfoundland Power, its Rural Customers and its Industrial Customers; (2) Under Section 71 of the Act, its rules and regulations applicable to the supply of electricity to its Rural Customers; (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its industrial customers; and (4) Under Section 41 of the Act, its 2002 Capital Budget

AND

IN THE MATTER OF an application by the Applicant for approval of certain projects in its 2002 proposed capital budget filed as part of the May 31, 2001 application.

WHEREAS Section 41(1) of the Act requires that a public utility submit an annual capital budget of proposed improvements or additions to its property to the Board of Commissioners of Public Utilities (the “Board”) for approval not later than the 15th day of December in each year for the next calendar year; and

WHEREAS Section 41(2) of the Act requires that the budget shall contain an estimate of future required expenditures on improvements or additions to the property of the public utility that will not be completed in the next calendar year; and

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

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

without the prior approval of the Board; and

WHEREAS on May 31, 2001 the Applicant filed an application requesting an Order of the Board to, *inter alia*, (1) set the rates to be charged Newfoundland Power, Rural Customers and Industrial Customers, to be effective January 1, 2002 and (2) approve the Applicant's 2002 Capital Budget; and

WHEREAS the Applicant provided details of its proposed 2002 Capital Budget in Section A of the May 31, 2001 application; and

WHEREAS the Applicant provided explanations of its proposed 2002 construction projects and capital purchases in excess of \$50,000 in Sections B and C of the May 31, 2001 application; and

WHEREAS the public hearing with respect to the May 31, 2001 application commenced on September 24, 2001 and is continuing as of this date and a final order from the Board is not expected until after January 2002; and

WHEREAS the intervenors in this hearing are Newfoundland Power, Industrial Customers, Consumer Advocate, Town of Labrador City, and the Town of Happy Valley - Goose Bay; and

WHEREAS on November 20, 2001 the Applicant filed with the Board an application requesting (i) approval of certain projects in the proposed 2002 Capital Budget filed as part of the general rate application and (ii) an order extending the interim rates charged Industrial Customers pursuant to Order Nos. P.U. 23 (1999-2000) and P.U. 25 (2000-2001) until such time as the Board issues a final Order in the proceeding currently underway; and

WHEREAS after hearing from the parties the Board issued Order No. P.U. 30 (2001-2002) approving certain projects over \$50,000 as set out in Appendix "A" of that order as requested by the Applicant and not objected to by the intervenors; and

WHEREAS on December 28, 2001 the Applicant filed a subsequent application requesting

- i) approval of those capital expenditures under \$50,000 as outlined in Section A of the May 31, 2001 application and not objected to by the intervenors, and
- ii) approval of leases in excess of \$5,000 and not objected to; and

WHEREAS the Board heard from the parties on January 10, 2002; and

WHEREAS the Applicant filed a revised application on January 11, 2002 confirming the corrected total of capital expenditure on projects under \$50,000 as \$1,090,000 and requested approval of \$731,000 of this amount as being the total of those projects to which no party has objected to.

IT IS HEREBY ORDERED THAT:

1. The Applicant's proposed capital expenditures of \$731,000 for those projects under \$50,000 as outlined in Appendix "A" attached are hereby approved. As in Order No. P.U. 30 (2001-2002), this approval is also granted without prejudice to the parties' right to address argument on (i) the sufficiency of the documentation supplied to support a capital project generally or the principles and procedures applied in the Capital Budget process and (ii) an adjustment to the 2002 Capital Budget to reflect the Applicant's past capital spending practice.
2. The Applicant's 2002 leases in excess of \$5,000 per calendar year as set out in Appendix "B" are hereby approved.

DATED at St. John's, Newfoundland and Labrador, this 14th day of January, 2002.

Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen, P.Eng.,
Vice-Chairperson.

G. Fred Saunders,
Commissioner.

Don R. Powell, C.A.,
Commissioner.

G. Cheryl Blundon,
Director of Corporate Services and
Board Secretary.

NEWFOUNDLAND AND LABRADOR HYDRO

2002 Capital Budget

Capital Expenditures Under \$50,000 Approved as per Order No. 31 (2001-2002)

Dated: January 14, 2002

	<u>Description</u>	<u>Amount(\$)</u>
Generation	Trash Rack Differential System-Bay D'Espoir Intake	15,000
	Frazil Ice Detection System, Intake No. 4, Bay D'Espoir	9,000
	Replace Tools & Equipment - Construction	146,000
	Replace Tools & Equipment - Thermal Plant (50% of \$77,000)	38,500
Transmission	Replace Tools & Equipment – Central (50% of \$207,000)	103,500
	230 kV Recloser PLC Refit (L05L35) Stony Brook TS	42,000
Rural System	Replace Battery Charger & Batteries System, Lab City	9,000
	Approved PCB Storage Container, Happy Valley	20,000
	Storage Shed, Rigolet	18,000
	Tools & Equipment, Central	61,000
	Tools & Equipment, Northern	85,000
	Tools & Equipment, Labrador	40,000
	Tools & Equipment, Metering	13,000
	Metering Tanks – TRO System	34,000
General Properties	Site Grounding at Telecontrol Site – Phase 3	46,000
	Replace Admin Office Equipment (50% of \$102,000)	51,000
	<u>Total Approved</u>	<u>731,000</u>

NEWFOUNDLAND AND LABRADOR HYDRO

2002 Capital Budget

2002 Leasing Costs Approved as per Order No. 31 (2001-2002)

Dated: January 14, 2002

Company	Item	2002 Cost	Expiry Date
OTHER GENERAL PROPERTIES:			
Doble Engineering Company	High Voltage Electrical Test Equipment	\$52,687	May, 2002
Crown Lands	Upper Salmon Hydro Site	\$5,759	July, 2041
Fortis Properties	Office Space – St. Anthony	\$47,136	September, 2005
Goose Real Estate Ltd.	Office Space – Happy Valley/Goose Bay	\$63,581	October, 2005
IBM	ASA400 – Computers	\$169,054	April, 2002
IBM	IncreaseAS400 DASD System	\$17,332	April, 2002
IBM	Computer equipment to upgrade office Technology	\$443,101	June, 2004
XEROX Canada Ltd.	Mainframe-Docuprint 65 Prod. Printing Sys.	\$41,920	November, 2004
John & Shirley Augot	Living Accommodations – Recontre East	\$7,200	September, 2003
Menihek Shopping Centre Ltd.	Office Space – Wabush	\$15,630	October, 2009
Roylease Limited	Computerized Energy Management System	\$932,164	October, 2005