

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

AN ORDER OF THE BOARD

NO. P.U. 28(2012)

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 by
9 Newfoundland Power Inc. for approval to
10 proceed with the construction and purchase
11 of certain improvements and additions to
12 its property pursuant to Section 41 of the *Act*.

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14
15 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly
16 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
17 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and

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

- 21
22 (a) the cost of construction or purchase is in excess of \$50,000; or
23 (b) the cost of the lease is in excess of \$5,000 in a year of the lease

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25 without the prior approval of the Board; and

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27 **WHEREAS** in Order No. P. U. 26(2011) the Board approved, *inter alia*, Newfoundland Power’s
28 2012 Capital Budget of \$77,293,000; and

29
30 **WHEREAS** on July 26, 2012 the Board received an application (the “Application”) from
31 Newfoundland Power for approval of:

- 32
33 (i) an increase in Newfoundland Power’s 2012 Capital Budget associated with the
34 completion of building renovations in 2012 which included Newfoundland
35 Power’s Electrical Maintenance Centre in St. John’s (the “EMC Building
36 Renovations”); and

- 1 (ii) a supplementary capital expenditure of \$170,000 associated with the replacement
2 of unit 083E, a 2012 International Terra Star with a light day Versalift aerial
3 device (the "Service Vehicle"); and
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5 **WHEREAS** the approved 2012 Capital Budget included an expenditure of \$685,000 for
6 Newfoundland Power building renovations, which included the EMC Building Renovations; and
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8 **WHEREAS** the projected expenditure for the EMC Building Renovations was \$250,000 and,
9 following a competitive tendering process, the lowest contract price bid received was \$500,000;
10 and
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12 **WHEREAS** the revised estimated capital expenditure associated with the EMC Building
13 Renovations is \$500,000, which is a 100% increase in project cost; and
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15 **WHEREAS** Newfoundland Power operates a fleet of vehicles to carry out its obligation to
16 provide service to customers throughout its service territory, including the Service Vehicle; and
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18 **WHEREAS** on May 17, 2012 the Service Vehicle experienced a catastrophic failure of the
19 driver side front tire while travelling at highway speed, caught fire, and was destroyed; and
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21 **WHEREAS** the estimated capital expenditure to replace the Service Vehicle is \$170,000; and
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23 **WHEREAS** the Consumer Advocate issued Requests for Information on August 9, 2012 and
24 August 14, 2012 and responses were filed by Newfoundland Power on August 13, 2012 and
25 August 23, 2012; and
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27 **WHEREAS** the Board requested comments from interested parties in relation to the Application
28 by August 29, 2012; and
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30 **WHEREAS** Newfoundland Hydro did not submit any comments; and
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32 **WHEREAS** the Consumer Advocate advised that he did not oppose the Application but
33 suggested a review of procedures and truck equipment to prevent future similar events; and
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35 **WHEREAS** the Board is satisfied that the proposed increase in Newfoundland Power's 2012
36 capital budget for the EMC Building Renovations and the supplementary capital expenditure for
37 the replacement of the Service Vehicle are necessary to allow Newfoundland Power to provide
38 service and facilities which are reasonably safe and adequate and just and reasonable and should
39 be approved.

1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The increase of \$250,000 in Newfoundland Power's 2012 Capital Budget is approved.
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5 2. The capital expenditure of \$170,000 associated with the improvements and additions to
6 Newfoundland Power's property is approved.
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8 3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 4th day of September, 2012.

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary