
Newfoundland & Labrador

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**IN THE MATTER OF THE
2015 CAPITAL BUDGET APPLICATION**

**FILED BY
NEWFOUNDLAND AND LABRADOR HYDRO**

**DECISION AND ORDER
OF THE BOARD**

ORDER NO. P.U. 50(2014)

BEFORE:

**Andy Wells
Chair and Chief Executive Officer**

**Darlene Whalen, P.Eng.
Vice-Chair**

**James Oxford
Commissioner**

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

AN ORDER OF THE BOARD

NO. P.U. 50(2014)

IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (the "*EPCA*") and the *Public Utilities Act, RSNL 1990*, Chapter P-47 (the "*Act*"), as amended, and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for an Order pursuant to Section 41 of the *Act* approving:

- (a) its capital purchases and construction projects in excess of \$50,000 beginning in 2015;
- (b) its 2015 Capital Budget; and
- (c) its estimated contributions in aid of construction for 2015 in the amount of \$300,000.

BEFORE:

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P. Eng
Vice-Chair

James Oxford
Commissioner

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1 **I BACKGROUND**

2
3 **1. The Application**

4
5 Newfoundland and Labrador Hydro (“Hydro”) filed its 2015 Capital Budget Application (the
6 “Application”) with the Board of Commissioners of Public Utilities (the “Board”) on August 1,
7 2014, requesting the Board make an Order approving:

- 8
9 (i) its 2015 capital purchases and construction projects in excess of \$50,000;
10 (ii) its 2015 Capital Budget of \$79,931,000;
11 (iii) its 2015 leases in excess of \$5,000; and
12 (iv) its estimated contributions in aid of construction for 2015.

13
14 Notice of the Application, including an invitation to participate, was published on August 16,
15 2014. The Application and related documentation was made available on the Board’s website.

16
17 Intervenor submissions were received from: i) the Consumer Advocate Mr. Thomas Johnson; ii)
18 Newfoundland Power Inc. (“Newfoundland Power”); iii) Corner Brook Pulp and Paper Inc.,
19 North Atlantic Refining Ltd, and Teck Resources Limited (the “Industrial Customer Group”);
20 and, iv) Vale Newfoundland and Labrador Inc. (“Vale”).

21
22 A total of 232 Requests for Information (“RFIs”) were initially issued to Hydro by the Consumer
23 Advocate, Newfoundland Power, the Industrial Customer Group and the Board. On September
24 12, 2014 Hydro filed an additional report *Upgrade Circuit Breakers* along with revisions to the
25 Application. On September 19, 2014 Newfoundland Power issued an additional seven RFIs to
26 Hydro. Hydro responded to all RFIs by October 1, 2014.

27
28 On October 7, 2014 Hydro filed an amendment to its proposed 2015 Capital Budget, along with
29 associated revisions to the Application, to reflect the withdrawal of the project C-25, Purchase
30 Spare Transformer Paradise River, which proposed a \$160,000 capital expenditure for 2015.

31
32 The intervenors did not file additional evidence and did not request a technical conference or oral
33 hearing of the Application. Written submissions were filed by the Consumer Advocate,
34 Newfoundland Power and the Industrial Customer Group on October 8, 2014. Vale advised it
35 would not be filing a written submission. Hydro filed its reply submission on October 15, 2014.

36
37 On November 25, 2014 Hydro filed a letter advising that it was withdrawing the project D-313,
38 Install Additional Washrooms, which proposed a \$259,300 capital expenditure for 2015.

39
40 The revised proposed 2015 Capital Budget is \$76,832,900.

41
42 **2. Board Authority**

43
44 Section 41 of the *Act* requires a public utility to submit an annual capital budget of proposed
45 improvements or additions to its property for approval of the Board no later than December 15th
46 in each year for the next calendar year. In addition, the utility is also required to include an
47 estimate of contributions toward the cost of improvements or additions to its property which the
48 utility intends to demand from its customers. Subsection 41(3) prohibits a utility from proceeding

1 with the construction, purchase or lease of improvements or additions to its property without the
 2 prior approval of the Board where (a) the cost of the construction or purchase is in excess of
 3 \$50,000, or (b) the cost of the lease is in excess of \$5,000 in a year of the lease.

6 II PROPOSED 2015 CAPITAL BUDGET

8 In accordance with the legislation, regulations and Board guidelines Hydro provided detailed
 9 information supporting the overall capital budget for 2015 as well as the proposed individual
 10 project expenditures, including a project description, justification, costing methodology and
 11 future commitments, if applicable. In compliance with previous Board Orders the Application
 12 also includes specific information required to be filed, including a report on 2014 capital
 13 expenditures, a schedule of capital expenditures for the period 2010-2019, and a five-year capital
 14 plan for the period 2015-2019. The Application also includes a status report *Holyrood Overview:
 15 Future Operation and Capital Expenditure Requirements* (the "Holyrood Overview Report") as
 16 directed by the Board in Order Nos. P.U. 5(2012), P.U. 4(2013) and P.U. 42(2013).

18 1. Overview

20 The proposed 2015 capital expenditures are as follows:

2015 Proposed Capital Expenditures*	
(\$000s)	
2015 Single Year Projects	
Generation	\$10,508.4
Transmission and Rural Operations	22,377.1
General Properties	3,746.8
Allowance for Unforeseen Events	1,000.0
Total projects under \$50,000	953.6
Multi-year (2015 Expenditures)	
Multi-year projects commencing in 2015	22,556.6
Multi-year projects commencing in 2014	14,095.8
Multi-year projects commencing prior to 2014	1,594.6
Total 2015 Capital Expenditures*	\$76,832.9

21 *Does not include 7 additional projects with proposed 2015 capital expenditures totalling \$194 million, filed
 22 separately for Board approval.

24 The Application requests approval of 107 capital projects which, according to Hydro, address
 25 both the need to sustain the existing asset base and to grow the asset base in response to
 26 increasing customer demand. Hydro advises that it proposes no new leases for 2015 in excess of
 27 \$5,000 per year.

29 The proposed 2015 capital expenditures of \$76,832,900 includes \$22,556,600 in capital
 30 expenditures for multi-year projects that will start in 2015, \$14,095,800 for capital projects that
 31 started in 2014 and will carry over into 2015, and \$1,594,600 for projects that started prior to
 32 2014. The Application states that 65.6% of the proposed 2015 capital expenditures relates to

1 transmissions and rural operations, 22.6% relates to generation replacement of plant, and 10.5%
2 is for general properties.

3 4 **2. Level of Capital Expenditure**

5
6 The Application (page H-1) sets out the actual capital expenditures from 2010-2013 and the
7 forecast capital expenditures for 2014-2019, as below:

8 9 **Actual Capital Expenditures (2010-2013)**

10 (**\$000s**)

11 <u>2010</u>	12 <u>2011</u>	13 <u>2012</u>	14 <u>2013</u>
15 55,553	16 63,116	17 77,252	18 84,755

19 **Forecast Capital Expenditures (2014-2019)¹**

20 (**\$000s**)

21 <u>2014²</u>	22 <u>2015</u>	23 <u>2016</u>	24 <u>2017</u>	25 <u>2018</u>	26 <u>2019</u>
27 279,020	28 274,249	29 313,640	30 223,371	31 169,708	32 66,704

33 Over the period 2010-2013 the average annual capital expenditure was approximately \$70.2
34 million while for the period 2014-2019 the average annual capital expenditure is expected to be
35 in the range of \$220 million. Hydro states that the increase in overall capital expenditure reflects
36 inflation, the requirement for specific projects related to replacement and upgrade of
37 deteriorating facilities, ensuring compliance with legislation, and additions required to meet load
38 growth. These estimates include significant expenditures for new generation and transmission
39 assets, specifically for the upgrade of the transmission line corridor between Bay d'Espoir and
40 Western Avalon, the construction of a third transmission line in from Churchill Falls to the
41 Wabush Terminal Station, and the remaining costs for addition of a new combustion turbine at
42 Holyrood.³ In total, over the next five years, Hydro plans to spend close to \$1.1 billion on plant
and equipment.

31 Newfoundland Power submits that the principal question for the Board is whether Hydro's
32 proposed capital expenditures in 2015 and 2016 are reasonably required for Hydro to meet its
33 statutory obligation to provide reasonably safe and adequate, least cost service to its customers,
34 including Newfoundland Power.

36 The Consumer Advocate submits that a utility bears the onus of establishing to the Board that the
37 expenditures proposed are necessary for the year in which they are proposed, and that the
38 expenditures represent the least cost alternative for providing electricity in the province.

40 The Industrial Customer Group submits that in the context of the 2015 Capital Budget
41 Application, the lowest possible cost principle can only be given meaningful effect if Hydro's
42 justifications for its proposed capital expenditures are subjected to a full and rigorous review.

¹ Forecasts for 2014 and 2015 have not been adjusted to reflect withdrawal of projects by Hydro.

² Includes proposed projects already filed but not yet approved in 2014 as well as projects to be filed (as of August 2014).

³ These projects are or will be the subject of separate filings before the Board. The total capital expenditure for these projects over the 2014-2019 period is estimated at approximately \$740 million (2015 Capital Plan, page A2).

1 This will ensure that Hydro's customers are being provided power in accordance with the power
 2 policy of the Province as set out in section 3 of the *EPCA*. The Industrial Customer Group also
 3 submits that the increased level of capital expenditure on hydraulic plant should be subject to an
 4 assessment of whether their relative cost-to-benefit relationship is consistent with the power
 5 policy of the Province. They note that Hydro acknowledges that the power policy of the Province
 6 places a responsibility on Hydro to continue the study of the existing system and alternatives,
 7 and that such study could result in decisions in the future to retire existing facilities. The
 8 Industrial Customer Group point out that the impact of the Labrador Infeed and the Maritime
 9 Link on what was an isolated system will be unprecedented, stating:

10
 11 *In the interim, the Board should consider whether capital expenditures on Island*
 12 *hydraulic generation assets can be at least reasonably deferred, until the impact of the*
 13 *Labrador Infeed and the Maritime Link can be assessed, in the context of the Island*
 14 *consumer demand for power that will need to be served at that time.*
 15

16 The Board notes that the proposed capital budget for 2015 of \$76,832,900 is only for projects for
 17 which approval is requested in this Application. This proposed 2015 capital budget is not
 18 reflective of the actual level of capital spending forecast for 2015, which Hydro states to be
 19 approximately \$275 million. This is also the case for the forecast capital spending for 2014,
 20 which is estimated at approximately \$279 million compared to the 2014 capital budget of \$97.8
 21 million approved in Order No. P.U. 42(2013). The primary reason for this difference is the
 22 number of supplementary capital expenditure approvals requested outside the capital budget
 23 application. The level of capital expenditure underway and forecast for the next few years is
 24 unprecedented but the Board notes that necessary new generation and transmission assets
 25 comprise a significant portion of these increased expenditures. Once these projects are completed
 26 the levels of capital spending should drop, as is shown in the forecast capital spending of \$67
 27 million for 2019. The Board will continue to rigorously review and monitor Hydro's capital
 28 expenditures, including requiring Hydro to provide full and detailed justification for proposed
 29 expenditures, with a view to ensuring that only those expenditures that are necessary and
 30 required for the provision of safe, adequate and reliable service are undertaken.
 31

32 **3. Holyrood Capital Spending**

33
 34 In Order Nos. P.U. 5(2012) and P.U. 4(2013) the Board directed Hydro to file, in conjunction
 35 with the 2014 Capital Budget application, an overview in relation to the proposed capital
 36 expenditures for the Holyrood Thermal Generating Station. In that application the Industrial
 37 Customer Group and Vale both raised concerns about the increasing level of capital expenditure
 38 at Holyrood in the context of its planned substantial shutdown in 2017 with the interconnection
 39 of the Muskrat Falls Generating Station. In Order No. P.U. 42(2013) related to Hydro's 2014
 40 Capital Budget the Board found:

41
 42 *The Board agrees that the planned capital expenditures for Holyrood over the period*
 43 *2014-2018 are significant, especially given the fundamental change in the role of the*
 44 *facility over the next 4-8 years. In considering the proposed capital projects for*
 45 *Holyrood the Board must be satisfied that each project and associated expenditure is*
 46 *necessary to ensure the safe and reliable operation of the plant and that all available*
 47 *alternatives have been examined. There may be capital projects that, in the normal*
 48 *course of operations, would be justified but may not be so in the context of a definite*
 49 *end-of-life date for the existing configuration and use of the plant. The burden of proof*

1 *rests with Hydro to ensure that, over the next 4-8 years, all capital projects proposed*
 2 *for Holyrood have been subject to an enhanced level of scrutiny and review prior to*
 3 *inclusion in the capital program and to demonstrate that all alternatives, including the*
 4 *status quo, have been considered. The Board will also require Hydro to update and file*
 5 *the Holyrood Overview report with future capital budgets.*
 6

7 In the updated *Holyrood Overview Report* filed with this Application Hydro confirms that
 8 Holyrood is still intended to be used for primary generation until the interconnection with
 9 Muskrat Falls in 2017, and then be fully available for generation in stand-by mode until the
 10 2020-2021 time frame. The specific phases of operation are as follows:

- 11
- 12 - Phase 1 (2014 through mid-2018): All three units are available for generation with Unit 3
 13 also available for synchronous condenser operation.
- 14
- 15 - Phase 2 (mid 2018 to the 2020-2021 time frame): Units 1 and 2 are in standby generation
 16 mode and Unit 3 is operated in synchronous condenser mode but available for conversion
 17 to generation mode as required.
- 18
- 19 - Phase 3 (Post 2020-2021 time frame): Unit 3 continues to operate as a synchronous
 20 condenser only to the end of its useful life.
- 21

22 Hydro states that it has been concentrating on condition assessments and the formulation of
 23 requirements to get Holyrood to the end of its life as a generating facility, and for Unit 3 to
 24 operate in synchronous condenser mode beyond that time. The 2015 capital plan for Holyrood
 25 includes seven projects requiring approximately \$3,684,000 in capital expenditures, which
 26 Hydro states are required to ensure that the Holyrood facility is available to operate at full
 27 production through the construction and commissioning of the Muskrat Falls development and
 28 the Labrador-Island Link. These projects include upgrading the powerhouse roofing, upgrading
 29 Quarry Brook Dam equipment, replacing DC distribution panels and breakers (stage 2),
 30 upgrading fire protection at the main warehouse, overhaul of the boiler feed pump east Unit 1,
 31 overhaul of extraction pumps, and overall of Unit 1 turbine valves. Of these projects only the
 32 work involving the overhauls of the boiler feed pumps, extraction pumps and turbine valves is
 33 not needed for Phase 3 operations. In terms of the total Holyrood expenditures for the 2015-2019
 34 period Hydro advises that it forecasts a five-year capital expenditure of \$41 million. The highest
 35 level of annual expenditure of approximately \$21 million is forecast for 2016 during which
 36 significant work on Unit 3 is planned.

37

38 As stated previously in this Decision and in Order No. P.U. 42(2013), the level of Hydro's
 39 forecast capital expenditures for the next few years is unprecedented. The Board's findings in
 40 Order No. P.U. 42(2013) as shown above are still relevant and important, especially in the
 41 context of the significant changes in the way electricity will be supplied on the Island
 42 Interconnected system. The additional information provided in the *Holyrood Overview Report*
 43 is critical in assisting both the Board and intervenors to understand the need for and scope of
 44 proposed Holyrood projects and in ensuring that only those projects that are fully justified as
 45 required and necessary are approved. The Board will continue to require Hydro to update and file
 46 the *Holyrood Overview Report* with future capital budgets, at least until the Holyrood Thermal
 47 Generating Station enters the Phase 3 operational stage.

4. Capital Projects Over \$50,000

The Board's Capital Budget Guidelines set out the detailed requirements with respect to projects over \$50,000. Each of these projects must be classified and segmented by materiality. They must also be defined as clustered, pooled or other, and classified as mandatory, normal or justifiable. A project classified as mandatory is one which the utility is obliged to carry out as the result of legislation, Board Order, safety issues or environmental risk. A normal capital expenditure is one that is required based on identified need or historical patterns of repair and replacement. Justifiable expenditures are proposed based on the positive impact the project will have on the utility's operations. As set out in Section F of the Application approximately 89% of the projects in Hydro's 2015 Capital Budget are classified as normal.

Newfoundland Power, the Consumer Advocate and the Industrial Customers all raised concern with Hydro's proposed 2015 and 2016 capital expenditure of \$1,550,800 to replace the accommodations facility and septic system at its Ebbegunbaeg structure. The Consumer Advocate and the Industrial Customer Group also raised specific concerns and objections in relation to the proposed 2015 project to refurbish the generation unit at Snook's Arm. The Industrial Customer Group also questioned Hydro's proposed 2015 project to refurbish the Cat Arm Access Road.

Hydro advised by letter on November 25, 2014 that it was cancelling the multiyear project "Install Additional Washrooms" in Transmission and Rural Operations. This project was first approved in Order No. P.U. 4(2013) and was proposed to install additional washrooms at various Hydro terminal stations over a 15-year period. The purpose of the additional washrooms was to accommodate employees of both genders who are required to work at these sites. Hydro applied for and obtained a variance from section 61.2(c) of the Newfoundland and Labrador Occupational Health and Safety Regulations. This means that Hydro is able to utilize a single washroom facility to satisfy washroom requirements of workers at existing remote sites and that male and female washroom facilities would be incorporated into new facilities or as part of major renovations. The impact of this project cancellation is a reduction of \$251,000 in the 2014 capital budget and \$259,300 in the 2015 capital budget, as well as future expenditures planned for this 15-year project. The Board has incorporated this project cancellation into the 2015 capital budget totals.

The Application also includes Phase 1 engineering costs incurred in 2014 specific to 2015 capital projects put forth in this Application. Hydro states that only Phase 1 costs exceeding \$1,000 have been included and that Phase 1 costs related to any specific project not receiving Board approval will not be capitalized. The total Phase 1 engineering costs included in the 2015 capital budget is \$270,800.

The following sections set out the Board's considerations and findings for Hydro's proposed capital projects to be completed in 2015 and Hydro's proposed multi-year projects to commence in 2015, as well the concerns and objections raised by the intervenors for specific projects.

i. Projects to be completed in 2015

The Board has reviewed the proposed 2015 capital projects in excess of \$50,000 to commence and be completed in 2015, the reports filed in support, the additional information filed by Hydro

1 in response to RFIs, and the final submissions. The Board has completed its own independent
2 examination and analysis of the Application and is satisfied that all the projects, as well as the
3 Phase 1 engineering costs included in the 2015 capital budget, with the exception of those
4 projects addressed specifically below, are adequately justified and are appropriate and necessary
5 in the circumstances.

6
7 The projects identified and discussed below are those on which the intervenors or the Board
8 raised questions and/or made submissions.

9
10 Refurbish Access Road – Cat Arm (C-15: \$990,000)

11
12 Hydro proposes to refurbish the 24 km long access road to the Cat Arm Hydroelectric
13 Generating Station, situated on the east side of the Great Northern Peninsula. The project
14 consists of replacing culverts at various locations and processing, supplying, placing and
15 compacting 100 mm of Class ‘A’ road topping over the entire surface of the road. According to
16 Hydro, after 30 years of continuous use and regular maintenance, the road now requires
17 upgrading to extend its service life and to provide safe and reliable access to the station. This
18 project is justified by Hydro on the basis that it is essential for operation and maintenance of the
19 plant and that it must be kept in safe and passable condition to ensure both employee and public
20 safety.

21
22 The Industrial Customer Group questions whether this capital improvement should be paid for
23 by Hydro’s customers since Hydro’s legal interest in the road is in the form of a crown easement
24 only and that the road is open for public use. According to the Industrial Customer Group the
25 proposed capital expenditure *“would result in improvements to an asset which Hydro will not*
26 *own or even hold as a long term leaseholder, but merely have a right of access over.”* The
27 Industrial Customer Group also submits that *“public use of the access road, and any consequent*
28 *risk to the public, is not a valid justification for a capital expenditure by Hydro to be borne by its*
29 *rate payers.”* The Industrial Customer Group submits that the evidence demonstrates that the
30 road continues to be useable and is used on a daily basis by plant personnel, and that no evidence
31 has been presented to show that the condition of the road has affected, or will affect, the
32 reliability or efficiency of power generation at the plant. There is also no evidence that calls into
33 question whether the road can be used safely. The Industrial Customer Group submits that this
34 project does not meet any reasonable test of necessity for reliable service, at the lowest possible
35 cost, to Hydro’s customers and that approval of this project should be denied.

36
37 Newfoundland Power and the Consumer Advocate did not make submissions on this project.

38
39 In its reply submission Hydro notes that this project is similar to others the Board has approved
40 in recent years. With respect to the issue of Hydro’s customers paying for the upgrade of a road
41 used by the public Hydro states that this might be a valid perspective if there was evidence that
42 such use is extensive or was the cause of much deterioration of the road. Hydro states that the
43 evidence is that the road is used daily by plant personnel and regularly by its maintenance staff,
44 and that it is the combination of this use and public use that has resulted in vehicle wear and
45 decreased safety. According to Hydro the road must be maintained as passable and safe to allow
46 access to the Cat Arm Plant by Hydro’s employees and contractors. Hydro also suggests:

1 *The Board may take notice that the incidental use by the public of roads that provide*
2 *access to remote areas for recreational uses is not uncommon regardless of whether the*
3 *roads were built by either of the electrical utilities or by other industries such as forest*
4 *industry companies.*
5

6 Hydro also disagrees with the Industrial Customer Group that its easement for the road is
7 insufficient or inadequate for its purposes or should disentitle Hydro from including the costs of
8 this project in its rate base. Hydro states:

9
10 *While it is true that exclusive title to the road would enable Hydro to prevent others*
11 *from using the road, Hydro has neither need nor present intention to exclude the public*
12 *from using the road so obtaining such a form of title is unnecessary and should not be a*
13 *prerequisite to its inclusion in rate base.*
14

15 The Board is satisfied that this project should be approved. The evidence demonstrates that this
16 road is utilized daily by plant personnel and regularly by Hydro's maintenance staff and
17 contractors. The Board agrees that the road is essential for the operation and maintenance of the
18 127 MW Cat Arm Generating Station and must be kept in a safe and passable condition.
19

20 The issue raised by the Industrial Customer Group with respect to the nature of Hydro's legal
21 interest in the road in the form of a Crown easement has already been addressed by the Board. In
22 Order No. P.U. 24(2012) the Board approved a capital expenditure in the amount of \$492,100 for
23 slope stabilization work on the Cat Arm Road. In response to concerns raised around Hydro's
24 legal interest in the public road, the Board also ordered that Hydro could not include the
25 expenditure in its rate base until the Board confirmed in writing that to do so would be consistent
26 with generally accepted sound public utility practice. On December 17, 2013 Hydro filed a copy
27 of a 50-year Crown Easement for the Cat Arm Road issued to Hydro under the Lands Act. The
28 Board confirmed on March 4, 2014 that Hydro could now include the capital expenditure for the
29 refurbishment of the Cat Arm Road in its calculation of rate base. The Board has accepted that
30 Hydro's legal interest in the Cat Arm Road in the form of a Crown easement is in accordance
31 with sound public utility practice. The matter of public access to the road does not, in the
32 Board's view, affect the fact that the road must be maintained in the condition necessary to
33 continue to provide reliable service from the Cat Arm Generating Station. This project will be
34 approved.
35

36 Refurbish Generation Unit – Snook's Arm (D-49: \$352,900) 37

38 Hydro proposes to undertake an assessment of the Snook's Arm generating station to fully
39 identify the required scope of the refurbishment of this facility. The single unit at this station has
40 a nameplate rating of 560 kW and was constructed in 1956 to provide electricity for a mining
41 operation. Equipment issues resulted in the unit at Snook's Arm being de-rated in 2008 to 500
42 kW. The unit is operated continuously, except for maintenance. There have been no
43 replacements of major components of the generating unit in the 57 years of operation. The
44 wooden stave penstock was replaced with a steel penstock in 2006 at a total cost of \$2.2 million.
45 The assessment will include both electrical and mechanical evaluation of the unit, and a civil
46 evaluation of the powerhouse. Hydro justifies this project on the basis of the requirement to
47 refurbish the generating facility at Snook's Arm in order for Hydro to provide safe, least-cost,
48 reliable electrical service to the Island Interconnected system.

1 In his submission the Consumer Advocate states that it is unclear what the actual scope or aim of
2 this project is. While the Application references the 2015 expenditure of \$350,900 as necessary
3 to assess the required scope of work to refurbish this generating facility, the Consumer Advocate
4 notes that, in its reply to CA-NLH-023, Hydro states that it is seeking approval for a study to
5 compare and consider the options of status quo, refurbishment, replacement or decommissioning
6 so it can evaluate the economic feasibility of Snook's Arm. The Consumer Advocate submits
7 that *"this project must be carefully considered and therefore deferred until further information is
8 provided by Hydro as to its long-term plans for Snook's Arm, which appears to be
9 refurbishment."*

10
11 The Industrial Customer Group submits that *"this proposed capital project is an example of
12 Hydro's seeking to impose on its customers the costs of a planning exercise with dubious
13 potential for benefit to those customers."* They note that Hydro could not provide an estimate of
14 the system marginal cost of energy on a ¢ per kWh basis following the Labrador infeed for
15 comparison with the levelized cost of energy sought in NP-NLH-019. They further question the
16 economic analysis completed for the project, noting that Hydro states in CA-NLH-023 that the
17 economic justification for the project is to *"compare and consider the options of status quo,
18 refurbishment, replacement or decommissioning so it can evaluate the economic feasibility of
19 Snook's Arm."* The Industrial Customer Group submits:

20
21 *The facility, as rated, is not an essential component of Hydro's generation capacity on
22 the Island. Hydro may choose to commission this assessment, but it is submitted that the
23 cost of such an assessment should not be approved as a capital expenditure to be
24 included in Hydro's rate base unless (a) the assessment recommends that such a
25 refurbishment is economically justified and (b) the Board, after due process, accepts
26 such a recommendation.*

27
28 Newfoundland Power did not make submissions on this project.

29
30 In its reply submission Hydro clarifies that the proposed project is to determine specifically the
31 works and costs associated with the refurbishment of the facility. Hydro states that this approach
32 is being taken to ensure a cost effective and well planned project and further states that *"once the
33 additional amount of information is available and before a proposal is made to proceed with this
34 refurbishment, a cost/benefit analysis will be carried out to verify that it is economic."*

35
36 The Board is satisfied that this project should proceed as proposed. The assessment to be
37 undertaken by Hydro is intended to provide information on the extent of the work required to
38 refurbish the facility. This information will inform the decision by Hydro on whether
39 refurbishment is a least-cost option or whether other options should be considered. This project
40 will be approved.

41 42 **ii. Multi-year projects to commence in 2015**

43
44 Multi-year project approval allows a utility to proceed with large expenditures that span a
45 number of years with the certainty that the whole project, including future year expenditures, has
46 been reviewed and approved by the Board. This approval is important where the project and
47 associated expenditure is so large that it cannot be completed in one year, and can also be

1 important for planning and efficiency purposes where discrete projects are proposed together
2 because of similar justification and need or because doing the work together is more efficient.

3
4 In the Application Hydro proposes 29 multi-year projects to commence in 2015. With the
5 exception of one project all are scheduled to be completed in 2016. The capital expenditures
6 associated with these multi-year projects totals \$22,556,600 in 2015, \$28,546,900 in 2016 and
7 \$245,100 in 2017 for a total expenditure of \$51,348,600 over a three-year period.

8
9 The Board has reviewed the documentation and evidence on the record and is satisfied that the
10 proposed multi-year purchase and construction projects in excess of \$50,000 commencing in
11 2015, except the project discussed below, are adequately justified and are appropriate and
12 necessary in the circumstances.

13
14 Replace Accommodations and Septic System, Ebbegunbaeg (C-48: \$489,400 in 2015;
15 \$1,061,400 in 2016)

16
17 This project is proposed by Hydro to replace the existing site accommodations and septic system
18 at Hydro's remote Ebbegunbaeg control structure. The existing accommodations facility was
19 constructed in 1966 and consists of two permanently installed mobile units – a four person trailer
20 and a two person trailer. This arrangement provides six bedrooms, three washrooms, a kitchen
21 area, a dining area and a living room. Hydro states that the existing facility was deemed
22 unsatisfactory in 2013 due to deteriorating building structure and mould growth. Hydro
23 employees working at the remote Ebbegunbaeg site are now transported to and from the site by
24 helicopter daily, instead of driving and staying on-site. Weather conditions can impact the ability
25 to get in and out of the site via helicopter, which affects Hydro's ability to plan and schedule
26 maintenance work. Hydro states that the transport of personnel by helicopter poses numerous
27 logistical issues and cannot be accepted as a long term solution. The planned work includes
28 completion of required road upgrades and a temporary bridge for construction access, site
29 preparation and cribbing installation, supply and installation of a new double module
30 accommodations complex for six persons, and installation of a new septic system.

31
32 Hydro justifies this project on the basis of the condition of the existing facility, and the fact that
33 it does not meet current industry standards for camp facilities. Hydro states that modern day
34 standards for such facilities provide adequate levels of comfort and privacy through single room
35 occupancy, individual washroom facilities, separate female and male accommodations, and
36 modern communications systems. Hydro proposes to construct a complex which will contain a
37 kitchen/dining and a common area, a common washroom, laundry facilities, and six bedrooms
38 each with its own washroom. In addition the existing septic system does not have registered
39 provincial approval and will be replaced with a system that complies with all provincial
40 requirements and has the required registered approval. The new facility will have an estimated
41 service life of 35 years. (NP-NLH-043)

42
43 Newfoundland Power submits that Hydro has not shown that it has considered all reasonable
44 alternatives for providing worker accommodations at the Ebbegunbaeg site and therefore has not
45 established that the proposed expenditures are reasonable in the circumstances. Newfoundland
46 Power points out that Hydro is unable to provide details regarding the number of staff and the
47 times of overnight visits to the site for the five years prior to 2013. In addition Hydro is unable to
48 provide details regarding the number of days employees have been transported to or from the

1 Ebbegunbaeg site via helicopter in 2013 and 2014. Newfoundland Power states that the evidence
2 provided in the Application outlines typical standards for worker accommodations which tend to
3 be occupied on a continuous basis, and that Hydro has not addressed the issue of whether
4 generally accepted standards exist for intermittently used worker accommodations such as
5 appear to be required at the Ebbegunbaeg site. According to Newfoundland Power "*At most, the*
6 *evidence provided in support of the project establishes only that the existing accommodations*
7 *have reached the end of their useful service life.*" Newfoundland Power submits that Hydro's
8 proposal is not consistent with the least cost provision of service to Hydro's customers.

9
10 The Consumer Advocate notes that Hydro is unable to provide information on either the
11 frequency of use or the number of employees who made use of the current facilities overnight for
12 the past five years. Hydro has also not provided any information as to the practices of other
13 utilities which own and maintain such remote and infrequently used accommodations. The
14 Consumer Advocate states that "*Hydro has not considered all options that are available for this*
15 *site, particularly given that it may be used, at most, for 8 days a few times a year for*
16 *maintenance*". He submits that a complete evaluation of what is actually required at the site,
17 including the need for double occupancy accommodations, should be considered. The Consumer
18 Advocate submits that this project should be rejected at this time.

19
20 The Industrial Customer Group acknowledges that some expenditures may be required at the site
21 to provide accommodations with a reasonable level of comfort, privacy and safety. However
22 they note that, even though Hydro's position is that single room occupancy is the norm in a
23 modern day workforce, there are no established national industry standards for onsite
24 accommodation facilities. The Industrial Customer Group also notes that Hydro was unable to
25 provide information as to the times and number of staff who stayed overnight at the site for the
26 five years prior to 2013 or on the gender of staff staying at the site. The Industrial Customer
27 Group submits:

28
29 *"...that Hydro has failed to provide adequate justification for the expenditure of in*
30 *excess of \$1,500,000.00, when smaller accommodations (with partial double occupancy*
31 *and/or containing less amenities (i.e. without seven (7) bathrooms to service a six (6)*
32 *bedroom facility or a common/recreational area) would likely suffice.*

33
34 In its reply submission Hydro notes that the Intervenors have not questioned the need for
35 accommodations at the site but take issue with the standard to which the accommodations are
36 built. Hydro suggests that the information provided in NP-NLH-042 show that the challenged
37 standard of the accommodations does not significantly affect the overall project costs. Hydro
38 states:

39
40 *It can be reasonably assumed that if accommodations are required for six employees*
41 *that the overall size of the building, the footprint, would be broadly similar whether*
42 *accommodations are provided in single or double occupancy accommodations. The*
43 *savings that would be attributable to providing employee accommodations that are*
44 *below the standard proposed would, therefore, likely be very modest indeed.*

45
46 With respect to the standard to which to build the facility Hydro looked to existing written
47 standards in Alberta and British Columbia, as provided in NP-NLH-044. According to Hydro
48 there is no evidence of a different standard applied for intermittent accommodations than for

1 continuous accommodations. Hydro notes that this project is similar to another project
2 undertaken by Hydro to provide reasonable intermittent accommodations at its Cat Arm site.

3
4 Based on the evidence the Board is satisfied that this project should be approved as proposed.
5 The Board notes that there appears to be no objection to the need for the project but rather the
6 concerns relate to the standards of the proposed accommodations. Hydro's evidence is that there
7 is no established industry standard for onsite accommodations (NP-NLH-044). Hydro did
8 reference written standards from Alberta and British Columbia which support its proposed single
9 room configuration. Hydro states that the "*provision of a clean, well-kept accommodations*
10 *facility which provides for gender segregation and the option of privacy for all workers help to*
11 *mitigate the stresses associated with working away from home.*" In the absence of evidence as to
12 what other specific standard should be used, the Board accepts Hydro's proposed
13 accommodation plan. The alternatives to replacing the existing accommodations facility are
14 refurbishment or abandonment in favour of using helicopters to transport workers on a daily
15 basis, both of which were shown to result in higher costs and, in the case of helicopter use,
16 higher reliability and worker risk. The Board notes as well that the proposed accommodation
17 facility is very similar to the project approved for accommodations facilities at the Cat Arm
18 Generating Station in Order No. P.U. 36(2008). Hydro has justified this project on the basis of
19 least-cost and the Board is satisfied that this project is in the best interest of Hydro's employees
20 and customers. This project will be approved as proposed.

21 22 **5. Conclusion**

23
24 The Board finds that the proposed purchases and construction projects in excess of \$50,000,
25 including the multi-year projects proposed to start in 2015, are prudent, reasonable and necessary
26 for Hydro to continue to provide safe and reliable service and should be approved. The Board
27 also finds that the capital budget proposed in this Application for 2015 is prudent and reasonable
28 and will, therefore, approve Hydro's 2015 Capital Budget in the amount of \$76,832,900.

29 30 31 **III CLAIM FOR COSTS**

32
33 The Industrial Customer Group requests that the Board make an order for its costs of
34 participation in the Application.

35
36 Hydro, the Consumer Advocate and Newfoundland Power did not comment on the request for
37 cost award.

38
39 The Board has jurisdiction to award costs to a party under section 90 of the *Act*. Hydro did not
40 make any argument with respect to the request for costs. The Board finds that the participation of
41 the Industrial Customer Group contributed to its understanding of the issues in this Application
42 and is satisfied that an award of costs, to be fixed by the Board, is appropriate. The Industrial
43 Customer group will be required to submit a bill of costs to the Board within 30 days of the date
44 of this Order.

1 **IV ORDER**2
3 **IT IS THEREFORE ORDERED THAT:**

- 4
-
- 5 1. Hydro's proposed construction and purchase of improvements or additions to its
-
- 6 property in excess of \$50,000 to be completed in 2015, as set out in Schedule A to this
-
- 7 Order, are approved.
-
- 8
-
- 9 2. Hydro's proposed multi-year construction and purchase of improvements or additions
-
- 10 to its property in excess of \$50,000 to begin in 2015, as set out in Schedule B to this
-
- 11 Order, are approved.
-
- 12
-
- 13 3. Hydro's proposed contributions in aid of construction for 2015 are approved.
-
- 14
-
- 15 4. Hydro's proposed 2015 Capital Budget for improvements or additions to its property in
-
- 16 an amount of \$76,832,900, as set out in Schedule C to this Order, is approved.
-
- 17
-
- 18 5. Unless otherwise directed by the Board Hydro shall file, in conjunction with the 2016
-
- 19 Capital Budget Application, an updated overview in relation to the proposed capital
-
- 20 expenditures for the Holyrood Thermal Generating Station.
-
- 21
-
- 22 6. Unless otherwise directed Hydro shall file, in conjunction with the 2016 Capital Budget
-
- 23 Application, a status report on the 2015 capital expenditures.
-
- 24
-
- 25 7. Unless otherwise directed by the Board Hydro shall file an annual report with the
-
- 26 Board in relation to its 2015 capital expenditures by March 1, 2016.
-
- 27
-
- 28 8. The Industrial Customer Group is entitled to an award of costs in an amount to be
-
- 29 fixed by the Board, with a cost submission to be filed by the Industrial Customer Group
-
- 30 within 30 days of this Order.
-
- 31
-
- 32 9. Hydro shall pay all costs and expenses of the Board incurred in connection with the
-
- 33 Application.

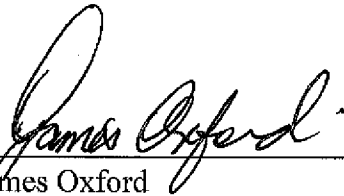
DATED at St. John's, Newfoundland and Labrador this 2nd day of December 2014.



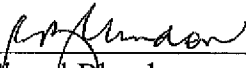
Andy Wells
Chair & Chief Executive Officer



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary

Schedule A
Order No. P.U. 50(2014)
Single Year Projects over \$50,000
Issued: December 2, 2014

NEWFOUNDLAND AND LABRADOR HYDRO
2015 CAPITAL BUDGET
SINGLE YEAR PROJECTS OVER \$50,000
(\$000)

PROJECT DESCRIPTION		2015
<u>GENERATION</u>		
<u>HYDRAULIC PLANT</u>		
Refurbish Surge Tank - Bay d'Espoir	1,629.3	
Refurbish Access Road - Cat Arm	990.0	
Replace ABB Exciter Unit 2 - Cat Arm	845.9	
Automate Generator Deluge Systems Units 3,5 and 6 - Bay d'Espoir	645.2	
Upgrade Public Safety Around Dams and Waterways - Various Sites	483.9	
Install Hydrometeorological Stations - Various Sites	377.9	
Refurbish Generation Unit - Snook's Arm	352.9	
Upgrade Equipment Doors - Various Sites	348.5	
Replace Autogreasing Systems Units 2 and 4 - Bay d'Espoir	254.4	
Overhaul Turbine/Generator - Various Sites	304.4	
Replace Generator Bearing Coolers - Bay d'Espoir	153.8	
TOTAL HYDRAULIC PLANT		6,386.2
<u>THERMAL PLANT</u>		
Overhaul Turbine Valves Unit 1 - Holyrood	1,577.5	
Upgrade Powerhouse Roofing - Holyrood	1,047.8	
Upgrade Quarry Brook Dam Equipment - Holyrood	498.7	
Overhaul Boiler Feed Pump East Unit 1 - Holyrood	196.3	
Replace DC Distribution Panels and Breakers - Holyrood	127.9	
Overhaul Extraction Pumps - Holyrood	189.6	
TOTAL THERMAL PLANT		3,637.8
<u>GAS TURBINES</u>		
Replace Alternator Shaft - Happy Valley	484.4	
TOTAL GAS TURBINES		484.4
TOTAL GENERATION		<u>10,508.4</u>

TRANSMISSION AND RURAL OPERATIONS
--

TERMINAL STATIONS

Perform Site Work for Mobile Substation - Barachois	489.3	
Upgrade Terminal Station Foundations - Various Sites	302.3	
Upgrade Control Wiring Phase 1 to Terminal Station 1 - Bay d'Espoir	301.0	
Install Support Structures C2 Capacitor Bank - Hardwoods	199.3	
Replace Surge Arrestors - Various Sites	198.1	
Upgrade Transformer Differential Protection - Grandy Brook	154.0	
TOTAL TERMINAL STATIONS		1,644.0

TRANSMISSION

Perform Wood Pole Line Management Program - Various Sites	2,830.6	
TOTAL TRANSMISSION		2,830.6

DISTRIBUTION

Provide Service Extensions - All Service Areas	6,080.0	
Upgrade Distribution Systems - All Service Areas	3,340.0	
Construct Second Distribution Feeder - Nain	1,050.3	
Relocate Voltage Regulator - Hawkes Bay	166.4	
TOTAL DISTRIBUTION		10,636.7

GENERATION

Inspect Fuel Storage Tanks - Various Sites	1,761.1	
Increase Fuel Storage - Rigolet	1,666.8	
Overhaul Diesel Units - Various Sites	1,199.2	
Upgrade Building Exterior - Makkovik	309.5	
Increase Generation Capacity - Makkovik	272.6	
TOTAL GENERATION		5,209.2

PROPERTIES

Upgrade Line Depots - Various Sites	953.3	
Install Fall Protection Equipment - Various Sites	198.9	
Upgrade HVAC System - Port Saunders	137.0	
Reshingle Roof - Stephenville	76.8	
TOTAL PROPERTIES		1,366.0

METERING

Purchase Meters, Equipment and Metering Tanks - Various Sites	196.2	
TOTAL METERING		196.2

TOOLS AND EQUIPMENT

Replace Light Duty Mobile Equipment - Various Sites	494.4	
TOTAL TOOLS AND EQUIPMENT		494.4

TOTAL TRANSMISSION AND RURAL OPERATIONS		<u>22,377.1</u>
--	--	-----------------

<u>GENERAL PROPERTIES</u>	
<u>INFORMATION SYSTEMS</u>	
<u>SOFTWARE APPLICATIONS</u>	
<u>New infrastructure</u>	
Perform Minor Application Enhancements - Hydro Place	329.5
Cost Recoveries	(141.6)
<u>Upgrade of Technology</u>	
Upgrade Lotus Notes - Hydro Place	635.4
Cost Recoveries	(273.1)
Upgrade Energy Management System - Hydro Place	194.9
Replace Customer Care System - Hydro Place	134.9
TOTAL SOFTWARE APPLICATIONS	880.0
<u>COMPUTER OPERATIONS</u>	
<u>Infrastructure Replacement</u>	
Replace Personal Computers - Hydro Place	573.3
Upgrade Enterprise Storage Capacity - Hydro Place	621.3
Cost Recoveries	(267.0)
Replace Peripheral Infrastructure - Hydro Place	200.5
<u>Upgrade of Technology</u>	
Upgrade Server Technology Program - Hydro Place	601.3
Cost Recoveries	(227.1)
TOTAL COMPUTER OPERATIONS	1,502.3
TOTAL INFORMATION SYSTEMS	2,382.3
<u>TELECONTROL</u>	
<u>NETWORK SERVICES</u>	
<u>Infrastructure Replacement</u>	
<u>Network Infrastructure</u>	
Replace Network Communications Equipment - Hydro Place	169.5
<u>Upgrade of Technology</u>	
Replace Telephone System - Springdale	132.7
Replace WIFI Access Points - Various Sites	126.3
Replace GDC Metroplex - Various Sites	69.2
TOTAL TELECONTROL	497.7
<u>ADMINISTRATION</u>	
Replace Roof - Hydro Place	671.9
Remove Safety Hazards - Various Sites	194.9
TOTAL ADMINISTRATION	866.8
TOTAL GENERAL PROPERTIES	3,746.8
TOTAL SINGLE YEAR PROJECTS OVER \$50,000	36,632.3

Schedule B
Order No. P.U. 50(2014)
Multi-Year Projects over \$50,000
Issued: December 2, 2014

NEWFOUNDLAND AND LABRADOR HYDRO
2015 CAPITAL BUDGET
MULTI-YEAR YEAR PROJECTS OVER \$50,000
(\$000)

Multi-year Projects Commencing in 2015

PROJECT DESCRIPTION	2015	2016	2017	2018	2019	Total
Refurbish Salmon River Spillway - Bay d'Espoir	745.6	556.8				1,302.4
Replace Station Service Breakers - Cat Arm	644.9	363.4				1,008.3
Upgrade Generator Bearings Units 1 and 3 - Bay d'Espoir	14.7	633.3				648.0
Replace Pump House and Associated Equipment - Bay d'Espoir	22.7	522.5				545.2
Refurbish Intakes - Bay d'Espoir	72.6	262.3				334.9
Install Infrared View Ports - Various Sites	83.7	113.1				196.8
Refurbish Unit Relay Protection - Paradise River	8.7	79.7				88.4
Upgrade Fire Protection (Main Warehouse) - Holyrood	46.2	197.6				243.8
Upgrade Gas Turbine Plant Life Extension - Stephenville	2,655.2	2,525.4				5,180.6
Upgrade Circuit Breakers - Various Sites (2015-2016)	6,189.1	6,873.8				13,062.9
Upgrade Power Transformers - Various Sites	4,440.4	7,002.3				11,442.7
Replace Disconnect Switches - Various Sites (2015-2016)	963.7	642.9				1,606.6
Install Transformer On line Gas Monitoring - Various Sites	700.5	975.7				1,676.2
Design and install Fire Protection in 230 kV Station - Various Sites	67.6	424.3				491.9
Upgrade Terminal Station Protection and Control - Various Sites	172.7	307.2				479.9
Replace Station Lighting - Bay d'Espoir	16.7	160.3				177.0
Upgrade Distribution System - Various Sites (2015-2016)	1,136.1	818.8				1,954.9
Install Fire Protection System - Lanse Au Loup	220.6	1,126.2				1,346.8
Replace Unit 2038 - Mary's Harbour	103.5	1,241.5				1,345.0
Replace Programmable Logic Controllers - Various Sites	366.9	346.0	245.1			958.0
Replace Diesel Unit 254 - Paradise River	66.8	429.3				496.1
Upgrade Ventilation Systems - Various Sites	175.9	317.3				493.2
Install Disconnect Switches for Mobile Generators - Various Sites	10.0	189.3				199.3
Replace Accommodations/Septic System - Ebbegunbaeg	489.4	1,061.4				1,550.8
Legal Survey of Primary Distribution Line Right of Ways - Various Sites (2015-2016)	158.6	40.3				198.9
Install Automated Meter Reading - Various Sites (2015-2016)	559.9	401.8				961.7
Replace Off Road Track Vehicle Unit 7861 - Stephenville	1.1	397.8				398.9
Replace Vehicles and Aerial Devices - Various Sites (2015-2016)	2,377.1	225.3				2,602.4
Replace Cooling Tower and Auxiliaries - Hydro Place	45.7	311.3				357.0
TOTAL MULTI-YEAR PROJECTS OVER \$50,000 COMMENCING 2015	22,556.6	28,546.9	245.1	0.0	0.0	51,348.6

NEWFOUNDLAND AND LABRADOR HYDRO
 2015 CAPITAL BUDGET
 MULTI-YEAR YEAR PROJECTS OVER \$50,000
 (\$000)

Multi-year Projects Commencing in 2014 (Previously Approved)

PROJECT DESCRIPTION	2014	2015	2016	2017	2018	Total
Upgrade Burnt Dam Spillway - Bay d'Espoir	110.2	1,201.9				1,312.1
Upgrade Generator Bearings Unit 2 - Bay d'Espoir	18.9	396.0				414.9
Replace Spherical By Pass Valve Assemblies Units 1 and 2 - Bay d'Espoir	57.5	96.3				153.8
Replace Economizer Inlet Valves Units 1 and 2 - Holyrood	192.0	329.1				521.1
Install Cold-Reheat Condensate Drains and High Pressure Heater Trip Level Unit 3 - Holyrood	49.8	467.4				517.2
Install Fire Protection Upgrades - Holyrood	56.6	312.5				369.1
Install Handheld Pendant to Overhead Crane - Bay d'Espoir	49.9	170.8				220.7
Upgrade Circuit Breakers - Various Sites (2014-2015)	3,695.4	1,642.5				5,337.9
Replace Disconnect Switches - Various Sites (2014-2015)	815.9	189.5				1,005.4
Replace Optimho Relays on East Coast - Various Sites	89.1	96.9				186.0
Refurbish Anchors and Footings TL202 and TL206 - Bay d'Espoir to Sunnyside	1,191.7	988.2				2,179.9
Upgrade Distribution Systems - Various Sites (2014-2015)	370.2	4,850.1				5,220.3
Replace Recloser Control Panels - Various Sites	111.3	84.4				195.7
Install Fire Protection System - Nain	107.1	892.2				999.3
Upgrade Diesel Plant Production Data Collection Equipment - Various Sites	268.9	269.8	280.7			819.4
Legal Survey of Primary Distribution Line Right of Ways - Various Sites (2014-2015)	156.8	40.3				197.1
Install Automated Meter Reading - Various Sites (2014-2015)	356.9	340.2				697.1
Replace Battery Banks and Chargers - Various Sites	267.0	398.0				665.0
Upgrade IP SCADA Network - Various Sites	254.2	238.7				492.9
Replace Vehicles and Aerial Devices - Various Sites (2014-2015)	1,809.1	1,091.0				2,900.1
TOTAL MULTI-YEAR PROJECTS OVER \$50,000 COMMENCING 2014	10,028.5	14,095.8	280.7	0.0	0.0	24,405.0

NEWFOUNDLAND AND LABRADOR HYDRO
 2015 CAPITAL BUDGET
 MULTI-YEAR YEAR PROJECTS OVER \$50,000
 (\$000)

Multi-year Projects Commencing Prior to 2014 (Previously Approved)

PROJECT DESCRIPTION	2015
Replace Instrument Transformers - Various Sites	538.4
Perform Grounding Upgrades - Various Sites	345.4
Perform Arc Flash Remediation - Various Sites	413.1
Upgrade Microsoft Office Products - Hydro Place	297.7
TOTAL MULTI-YEAR PROJECTS OVER \$50,000 COMMENCING PRIOR TO 2014	1,594.6

Schedule C
Order No. P.U. 50(2014)
2015 Capital Budget
Issued: December 2, 2014

NEWFOUNDLAND AND LABRADOR HYDRO
2015 CAPITAL BUDGET
(\$000)

Projects Over \$50,000 to be completed in 2015	\$36,632,300.00
Multi-Year Projects over \$50,000 commencing in 2015	22,556,600.00
Multi-Year Project over \$50,000 commencing prior to 2015 (previously approved)	15,690,400.00
Projects under \$50,000 ¹	953,600.00
Allowance for Unforeseen Items	<u>1,000,000.00</u>
Approved 2015 Capital Budget	<u><u>\$76,832,900.00</u></u>

¹ Approval of projects under \$50,000 is not required but these expenditures are part of the total 2015 Capital Budget

Newfoundland & Labrador

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