

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

**AN ORDER OF THE BOARD**

**NO. P.U. 22(2012) AMENDED**

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 of a  
10 capital expenditure to supplement the  
11 Allowance for Unforeseen Items for the  
12 construction and purchase of certain  
13 improvements and additions to its property  
14 pursuant to Section 41 of the *Act*.

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

20  
21 **WHEREAS** in Order No. P. U. 26(2011) the Board approved, *inter alia*, Newfoundland Power’s  
22 2012 Capital Budget of \$77,293,000; and

23  
24 **WHEREAS** on July 13, 2012, the Board received an application (the “Application”) from  
25 Newfoundland Power for approval of a supplementary allowance of \$315,000 to be added to the  
26 Unforeseen Allowance approved in Order No. P. U. 26(2011); and

27  
28 **WHEREAS** s.41 of the *Act* states that a public utility shall not proceed with the construction,  
29 purchase or lease of improvements or additions to its property where:

- 30  
31 (a) the cost of construction or purchase is in excess of \$50,000; or  
32 (b) the cost of the lease is in excess of \$5000 in a year of the lease,

33  
34 without the prior approval of the Board; and

35  
36 **WHEREAS** Newfoundland Power provides the electricity supply to the community of Bell  
37 Island via a three-phase submarine cable system originating at Broad Cove, Conception Bay; and

1 **WHEREAS** on January 9, 2012 one of the submarine cables failed, causing an outage to the  
2 customers on BCV-02 feeder and, within two hours, the load on the failed cable had been  
3 transferred to a spare cable and service restored to Newfoundland Power's Bell Island customers;  
4 and

5  
6 **WHEREAS** in Order No. P. U. 8(2012) the Board approved an expenditure of \$510,000 to  
7 complete necessary repairs to the failed cable to restore the Bell Island electricity supply to  
8 normal operating condition, which repairs Newfoundland Power initially proposed to carry out in  
9 May 2012; and

10  
11 **WHEREAS** on April 6, 2012, before the repair work had commenced on the first failed cable, a  
12 second submarine cable failed, causing an outage to all customers on the BCV-02 feeder and,  
13 with three-phase power no longer available, the restoration of electrical service to all of  
14 Newfoundland Power's Bell Island customers took two days; and

15  
16 **WHEREAS** as soon as practical, Newfoundland Power undertook to repair the second damaged  
17 submarine cable in accordance with the Unforeseen Allowance; and

18  
19 **WHEREAS** the capital expenditure associated with repairing the second damaged submarine  
20 cable and returning it to service is \$315,000; and

21  
22 **WHEREAS** the expenditure of \$315,000 associated with repairing the second damaged  
23 submarine cable has reduced the balance in the Unforeseen Allowance approved in Order No.  
24 P.U. 26(2011) by a corresponding amount; and

25  
26 **WHEREAS** Newfoundland Power submits that it is prudent to maintain an Unforeseen  
27 Allowance of \$750,000 to permit Newfoundland Power to address unforeseen events that may  
28 arise during the remainder of 2012, and requests that the Board approve a supplementary  
29 allowance of \$315,000 for that purpose; and

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31 **WHEREAS** the Capital Budget Guidelines issued by the Board in October 2007 permit a utility  
32 to apply for approval of a supplementary allowance provided the utility shows that usage of the  
33 account has been consistent with the Guidelines; and

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35 **WHEREAS** the Board is satisfied that the use of the Unforeseen Allowance by Newfoundland  
36 Power was in accordance with the Guidelines and that the proposed additional amount for this  
37 account should be approved.

1 **IT IS THEREFORE ORDERED THAT:**  
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- 3 1. The addition of a supplementary amount of \$315,000 to the Unforeseen Allowance  
4 approved in Order No. P. U. 26(2011) is approved.  
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6 2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

**Dated** at St. John's, Newfoundland and Labrador, this 19<sup>th</sup> day of July, 2012.

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Andy Wells  
Chair & Chief Executive Officer

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Dwanda Newman, LL.B.  
Commissioner

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Cheryl Blundon  
Board Secretary