

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

AN ORDER OF THE BOARD

NO. P.U. 27(2017)

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
4 1990, Chapter P-47 (the “*Act*”), as amended,
5 and regulations thereunder; and
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7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of a capital expenditure to supplement the 2017
10 Allowance for Unforeseen Items for the construction
11 and purchase of certain improvements and additions
12 to its property pursuant to section 41 of the *Act*.
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14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
16 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
17 and is also subject to the provisions of the *EPCA*; and
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19 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
20 purchase or lease of improvements or additions to its property where:
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- 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
- 24

25 without prior approval of the Board; and
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27 **WHEREAS** in Order No. P.U. 45(2016) the Board approved Hydro's 2017 Capital Budget in the
28 amount of \$271,265,600; and
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30 **WHEREAS** the Board approved supplementary 2017 capital expenditures:
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- 32 (i) in Order No. P.U. 5(2017) in the amount of \$3,045,000 to construct a distribution
33 feeder at the Bottom Waters Terminal Station;
- 34 (ii) in Order No. P.U. 7(2017) in the amount of \$3,168,944 to lease, sublease and
35 purchase transmission lines and electrical equipment to serve Labrador West;
- 36 (iii) in Order No. P.U. 10(2017) in the amount of \$1,349,200 to replace the exciter
37 controls for Units 1 and 2 at the Holyrood Thermal Generating Station;

- 1 (iv) in Order No. P.U. 11(2017) in the amount of \$2,585,200 to replace equipment and
2 complete a level 2 condition assessment of the synchronous condensers at Wabush
3 Terminal Station; and
4 (v) in Order No. P.U. 13(2017) in the amounts of \$9,063,700 and \$2,361,500 to
5 inspect and refurbish Bay d'Espoir Penstock 2 and to complete a major overhaul on
6 Bay d'Espoir Unit 3 Turbine;
7 (vi) in Order No. P.U. 15(2017) in the amount of \$500,000 to be added to the 2017
8 Allowance for Unforeseen Items;
9 (vii) in Order No. P.U. 20(2017) in the amount of \$2,610,000 to refurbish and replace
10 critical systems and equipment at the Holyrood Thermal Generating Station; and
11 (viii) in Order No. P.U. 21(2017) in the amount of \$3,714,800 for the repair and
12 advanced overhaul of the Happy Valley gas turbine; and
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14 **WHEREAS** on June 30, 2017 Hydro filed an application with the Board requesting approval of
15 a supplementary amount of \$540,000 to be added to the 2017 Allowance for Unforeseen Items
16 (the "Application"); and
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18 **WHEREAS** the Application stated that Hydro has executed an unforeseen capital project in the
19 amount of \$540,000 for emergency repairs and replacement of equipment required as a result of a
20 fire in the northeast corner of the Unit 2 boiler at the Holyrood Thermal Generating Station that
21 occurred on May 1, 2017; and
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23 **WHEREAS** Hydro submitted that it is prudent to maintain a sufficient amount in the Allowance
24 for Unforeseen Items to permit Hydro to address unforeseen events that may arise during the
25 remainder of 2017 and requested that the Board approve a supplementary amount of \$540,000 for
26 that purpose; and
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28 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
29 Dennis Browne, Q.C.; a group of Island Industrial customers: Corner Brook Pulp and Paper
30 Limited and NARL Refining Limited Partnership; Vale Newfoundland and Labrador Limited;
31 Praxair Canada Inc.; and Teck Resources Limited; and
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33 **WHEREAS** the Board did not receive any comments on the Application; and
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35 **WHEREAS** Hydro filed a reply requesting the Board approve the Application; and
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37 **WHEREAS** the Capital Budget Guidelines (the "Guidelines") issued by the Board in October
38 2007 permit a utility to apply for approval of a supplementary amount provided the utility shows
39 that usage of the Allowance for Unforeseen Items has been consistent with the Guidelines; and
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41 **WHEREAS** the Board is satisfied that the 2017 Allowance for Unforeseen Items should be
42 replenished by \$540,000 effective immediately to allow Hydro to proceed expeditiously with
43 emergency capital expenditures where the nature of these expenditures is such that an application
44 under section 41 of the *Act* for prior approval is not practical or possible.

1 **IT IS THEREFORE ORDERED THAT:**

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1. The addition of a supplementary amount of \$540,000 to the 2017 Allowance for Unforeseen Items is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 19th day of July, 2017.



Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary