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*Newfoundland & Labrador*

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

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**IN THE MATTER OF THE**

**2020 CAPITAL BUDGET APPLICATION**

**FILED BY**

**NEWFOUNDLAND AND LABRADOR HYDRO**

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**DECISION AND ORDER  
OF THE BOARD**

**ORDER NO. P.U. 6(2020)**

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**BEFORE:**

**Dwanda Newman, LL.B.  
Vice-Chair**

**John O'Brien, FCPA, FCA, CISA  
Commissioner**

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

**AN ORDER OF THE BOARD**

**NO. P.U. 6(2020)**

**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 sections 41 and 78 of the *Act*:

- (a) approving its 2020 capital purchases and construction projects in excess of \$50,000;
- (b) approving its 2020 Capital Budget of \$108,487,300;
- (c) approving its estimated contributions in aid of construction for 2020; and
- (d) fixing and determining Hydro’s average rate base for 2015 and 2016 in the amounts of \$1,747,308,000 and \$1,885,849,000, respectively.

**BEFORE:**

Dwanda Newman, LL.B.

Vice-Chair

John O’Brien, FCPA, FCA, CISA

Commissioner

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1 **I BACKGROUND**

2  
3 **1. The Application**

4  
5 Newfoundland and Labrador Hydro (“Hydro”) filed its 2020 Capital Budget Application (the  
6 “Application”) with the Board of Commissioners of Public Utilities (the “Board”) on August 1,  
7 2019. In the Application Hydro requested that the Board make an order:

- 8  
9 (a) approving its 2020 capital purchases and construction projects in excess of \$50,000;  
10 (b) approving its 2020 Capital Budget of \$108,487,300;  
11 (c) approving its estimated contributions in aid of construction for 2020; and  
12 (d) fixing and determining its average rate base for 2015 and 2016 in the amounts of  
13 \$1,747,308,000 and \$1,885,849,000, respectively.  
14

15 On October 11, 2019, Hydro advised that as the result of a fire on October 7, 2019, the *Diesel*  
16 *Plant Fire Protection (2020-2021) - Charlottetown* project, with proposed expenditures of  
17 \$176,500 in 2020 and \$1,691,400 in 2021, was no longer required and the proposed 2020 Capital  
18 Budget would therefore be reduced from \$108,487,300 to \$108,310,800.  
19

20 Notice of the Application and an invitation to participate, was published on August 17, 2019.  
21 Details of the Application and supporting documentation were posted on the Board’s website.  
22

23 On September 3 and 4, 2019 respectively, intervenor submissions were received from  
24 Newfoundland Power Inc. (“Newfoundland Power”) and a group of Island Industrial customers:  
25 Corner Brook Pulp and Paper Limited, NARL Refining LP and Vale Newfoundland and Labrador  
26 Limited (the “Industrial Customer Group”). On September 4, 2019 an intervenor submission was  
27 received from the Consumer Advocate, Dennis Browne, Q.C. (the “Consumer Advocate”), which  
28 included a request that the Board convene a Technical Conference.  
29

30 On September 11, 2019, Requests for Information (“RFIs”) were issued by the Consumer  
31 Advocate, the Industrial Customer Group, Newfoundland Power, and the Board. On October 11,  
32 2019 Hydro responded to all RFIs.  
33

34 Grant Thornton LLP (“Grant Thornton”), the Board’s financial consultant, was retained to review  
35 the calculations of the 2015 and 2016 average rate base. Grant Thornton filed a report on October  
36 7, 2019 and copies were provided to Hydro, the Consumer Advocate, Newfoundland Power and  
37 the Industrial Customer Group.  
38

39 A Technical Conference was held on November 20, 2019. On November 25, 2019 RFIs were  
40 issued by Newfoundland Power, and on November 28, 2019, RFIs were issued by the Consumer  
41 Advocate and the Industrial Customer Group. On December 5, 2019 Hydro responded to these  
42 RFIs.  
43

44 On December 12, 2019 both the Consumer Advocate and Newfoundland Power filed a written  
45 submission, and on December 13, 2019 the Consumer Advocate filed a revised written submission.

1 The Industrial Customer Group advised that they would not file a written submission. Hydro filed  
2 its reply on December 16, 2019.

3  
4 **2. Board Authority**

5  
6 Section 41 of the *Act* requires a public utility to submit an annual capital budget of proposed  
7 improvements or additions to its property for approval of the Board no later than December 15<sup>th</sup>  
8 in each year for the next calendar year. In addition, the utility is also required to include an estimate  
9 of contributions toward the cost of improvements or additions to its property which the utility  
10 intends to demand from its customers.

11  
12 Subsection 41(3) of the *Act* prohibits a utility from proceeding with the construction, purchase or  
13 lease of improvements or additions to its property without the prior approval of the Board where  
14 (a) the cost of the construction or purchase is in excess of \$50,000, or (b) the cost of the lease is in  
15 excess of \$5,000 in a year of the lease.

16  
17 Section 78 of the *Act* gives the Board the authority to fix and determine the rate base for the service  
18 provided or supplied to the public by the utility and also gives the Board the power to revise the  
19 rate base. Section 78 also provides the Board with guidance on the elements that may be included  
20 in the rate base.

21  
22 **II PROPOSED 2020 CAPITAL BUDGET**

23  
24 In accordance with the legislation, regulations and Board guidelines Hydro provided detailed  
25 information to support the overall capital budget for 2020 as well as the proposed individual project  
26 expenditures, including a project description, justification, costing methodology and future  
27 commitments, if applicable. In compliance with previous Board Orders, the Application also  
28 included specific information required to be filed, including a report on 2019 capital expenditures,  
29 a schedule of capital expenditures for the period 2015-2024, and a five-year capital plan for the  
30 period 2020-2024.

1 **1. Overview**

2

3 The revised proposed 2020 Capital Budget is as follows:

<b>2020 Proposed Capital Budget (\$000s)</b>	
<b>2020 Single Year Projects</b>	
Generation	\$4,759.0
Transmission and Rural Operations	24,505.0
General Properties	2,541.9
<b>Allowance for Unforeseen Events</b>	1,000.0
<b>Projects under \$50,000</b>	94.5
<b>Multi-year (2020 Expenditures)<sup>1</sup></b>	
Multi-year projects commencing in 2020 <sup>2</sup>	15,425.0
Multi-year projects commencing in 2019 <sup>3</sup>	43,724.0
Multi-year projects commencing prior to 2019	16,261.4
<b>Total 2020 Capital Budget</b>	<b>\$108,310.8</b>

4 **2. Evidence**

5

6 The Application sets out information supporting the overall capital budget for 2020 as well as the  
7 proposed purchase and construction of improvements or additions to Hydro's property. The  
8 supporting information for each of the projects is comprehensive and consistent with the level of  
9 information filed in recent capital budget applications and is in accordance with the Board's  
10 Capital Budget Guidelines.

11

12 The Application explained that approximately 75% of the proposed expenditures relate to  
13 transmission and rural operations, 19% relates to generation, and 5% is for general properties.  
14 Multi-year projects account for \$75 million of the budget and \$60 million relates to multi-year  
15 projects which commenced in 2019 or prior years. The total new capital expenditures for 2020 is  
16 \$48.3 million.

17

18 In its 2020 Capital Projects Overview Hydro highlighted its aging asset base, noting that the  
19 majority of its installed assets, including the hydroelectric installation at Bay d'Espoir, the  
20 Holyrood Thermal Generating Station ("Holyrood TGS"), the Stephenville and Hardwoods gas  
21 turbines, and much of its transmission and distribution systems are at least 40 to 50 years old.  
22 Hydro stated that it recognizes the need to balance system investment to maintain reliability with  
23 the management of costs to minimize upward pressure on customer rates, and in an effort to reduce  
24 costs while maintaining reliable service, it realigned projects based on the condition of assets,

---

<sup>1</sup> This includes 15 multi-year projects proposed to start in 2020 filed for approval in the Application, eleven multi-year projects previously approved by the Board and commencing in 2019, and four multi-year projects previously approved by the Board and commencing prior to 2019.

<sup>2</sup> Does not include \$176,500 for the withdrawn Diesel Plant Fire Protection Charlottetown project (due to the October 7, 2019 fire at the diesel plant).

<sup>3</sup> Does not include \$3,460,000 for the planned 2019–2022 Additions For Load – Increase Capacity Labrador West project.

1 enabling adjustment to the timeframes associated with project execution. Hydro further stated that  
 2 the projects proposed for 2020 address the need to sustain the existing asset base, while  
 3 maintaining reliability and adhering to Hydro’s principles of safety and environmental  
 4 responsibility.

5  
 6 According to the 2020-2024 Capital Plan, Hydro plans to invest \$536.0 million in plant and  
 7 equipment over the next five years. Annual capital expenditures are forecast to average  
 8 approximately \$107.0 million, with a low of \$101.9 million in 2024 and a high of \$111.9 million  
 9 in 2020. The overall capital expenditure reflects the requirement for projects related to replacement  
 10 and upgrade of deteriorating facilities, ensuring compliance with legislation, and also to ensure a  
 11 balance between capital investment and customer expectations for cost management and  
 12 reliability.

### 14 **3. Holyrood Capital Spending**

15  
 16 In the updated Holyrood TGS Overview report Hydro stated that the Holyrood TGS is a critical  
 17 part of the Island Interconnected system and is necessary to reliably meet both winter peak demand  
 18 and annual energy requirements. The Holyrood TGS supplies customer load that cannot currently  
 19 be met by Hydro’s hydroelectric generating facilities, purchases from non-utility generators and  
 20 customer owned generation, and in the existing configuration also provides voltage support to the  
 21 major load centre on the Avalon Peninsula.

22  
 23 In 2019 Hydro was able to reduce required production from Holyrood through use of both the  
 24 Labrador Island Link (“LIL”) and the Maritime Link. Hydro expects to continue importing energy  
 25 from off-island supply to reduce production at the Holyrood TGS when technically and  
 26 economically feasible. Hydro will continue to use the Holyrood TGS to provide reliable service to  
 27 customers and as satisfactory operating experience is obtained over the LIL the Holyrood TGS  
 28 units will be placed in standby mode. In standby mode, the Holyrood TGS will still maintain full  
 29 generation capability until Hydro is satisfied with the reliability of the Muskrat Falls Project assets.  
 30 The specific phases of operation were set out as follows:

- 31
- 32 • Phase 1: Normal Production Phase (2016 through early 2020): All three units are available  
 33 for prime power generation with Unit 3 also available for synchronous condenser  
 34 operation, as required;<sup>4</sup>
  - 35  
 36 • Phase 2: Standby Production Phase (Early 2020 through to the end of the winter 2021): All  
 37 three units are available for prime power generation with Unit 3 also available for  
 38 synchronous condenser operation, as required. Units will be placed in Standby Mode as  
 39 reliable Muskrat Falls assets are proven, Unit 3 will be operated in synchronous condenser  
 40 mode, as required; and
  - 41  
 42 • Phase 3: Post Interconnection Phase (Post-winter 2021): All Muskrat Falls Units have been  
 43 placed in-service and both the plant and the LIL have operating experience. The Holyrood  
 44 TGS Units 1 and 2 have been placed in Standby Mode, until decommissioning is

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<sup>4</sup> On February 14, 2020 Hydro advised the Board of the extension of the Holyrood Thermal Generating Station as a generating facility to March 31, 2022.

1 appropriate. The Holyrood TGS Unit 3 continues to operate as a synchronous condenser.  
2 There will be no power production from the Holyrood TGS after remaining excess fuel has  
3 been consumed.  
4

5 Hydro explained that the maintenance strategy employed at the Holyrood TGS is a function of the  
6 operational phase. Scheduled overhauls of plant equipment have continued during Phase 1 to  
7 ensure plant reliability. The upgrade of equipment at or near the end of its useful service life and  
8 replacement of obsolete equipment that could no longer be maintained was also continued with  
9 consideration given to the short service life. Phase 2 starts the evolution of the plant maintenance  
10 strategy. While significant changes will not be made at this point as unit reliability will continue  
11 to be important during the standby period, equipment maintenance intervals may change. As some  
12 intervals are based on annual operating hours, extension beyond more typical timeframes during  
13 the standby period may be achieved in some instances, allowing Hydro to reduce cost while  
14 maintaining reliability. In Phase 3, assets with operational synchronous condenser requirements  
15 will continue to be optimally maintained with investment reflecting that continued requirement.  
16

17 The 2020 capital plan for the Holyrood TGS identified capital expenditures of approximately \$3.6  
18 million. Hydro stated that the proposed projects were reviewed in light of the future plant  
19 requirements and are considered essential to fulfil Hydro's mandate to serve its customers and  
20 meet safety and environmental requirements. The planned level of expenditures for the Holyrood  
21 TGS over the 2020 to 2024 period ranges from a high of \$11.1 million in 2021 to a low of \$3.4  
22 million in 2024, with an annual average expenditure of \$6.1 million.  
23

24 Given the significance of the Holyrood facility on the Island Interconnected system the Board will  
25 continue to require Hydro to file an updated Holyrood TGS Overview report with future capital  
26 budgets, at least until the Holyrood TGS enters the Phase 3 operational stage.  
27

#### 28 **4. Submissions**

29

30 Newfoundland Power submitted that the only proposed expenditure in the Application that is not  
31 justified is the *Purchase New Mobile Substation Bishop's Falls* project.  
32

33 The Consumer Advocate submitted that Island Interconnected customer rates are under severe  
34 pressure and that projects that do not relate to near-term safety and pose a threat to the environment  
35 or to major equipment damage should be deferred. The Consumer Advocate noted that Hydro's  
36 *Reliability and Resource Adequacy Study* has not yet been fully reviewed by the Board so its  
37 impact on capital budgets is unknown. The Consumer Advocate also stated that load will be  
38 impacted significantly by the results of the rate mitigation initiative. The Consumer Advocate  
39 stated that portions of the proposed capital work could be deferred by a couple of years, or at least  
40 spread out over a longer timeframe to reduce the near-term impact on rate base and consumer rates,  
41 and submitted that the Board require the utilities to prioritize projects over a two- or three-year  
42 period. The Consumer Advocate stated that for a utility to suggest that projects cannot be  
43 prioritized or deferred defies reason.  
44

45 The Consumer Advocate noted that Hydro has prioritized projects across all categories of projects  
46 and has deferred projects in response to the severe rate pressures that customers are now facing.

1 The Consumer Advocate highlighted that Hydro has indicated it has increased scrutiny of its 5-  
2 year capital spending plan which has resulted in a decrease of 34%, or about \$250 million, from  
3 the 5-year capital plan submitted two years ago, an undertaking for which the Consumer Advocate  
4 stated Hydro should be given credit.<sup>5</sup>

5  
6 Generally, the Consumer Advocate stated that he is satisfied that Hydro has developed a capital  
7 budget plan that maintains reliable service at a time when customer rates are under severe pressure,  
8 though he maintains that cost cutting opportunities are present. The Consumer Advocate stated  
9 support for a comprehensive review of the capitalization practices of both Newfoundland Power  
10 and Hydro. The Consumer Advocate also submitted that a review of the wood pole management  
11 practices of the utilities should be undertaken to determine best practices and if there can be  
12 economies gained.

13  
14 The Consumer Advocate stated that parts of the Application were incomplete and that the  
15 guidelines have not always been followed. The Consumer Advocate submitted that where there is  
16 no history of annual maintenance expenses, the Application is lacking relevant information, and  
17 where there is no evidence/information on the history of reliability and outages related to projects,  
18 relevant information is missing. The Consumer Advocate stated that with a declining and aging  
19 population and with the introduction of costs associated with Muskrat Falls, affordability is an  
20 issue. The Consumer Advocate noted that the Board's consultant, the Liberty Consulting Group,  
21 concluded in the rate mitigation review that moderate reductions in capital budget expenditures  
22 will produce reductions equal to or greater than savings resulting from combinations between the  
23 utilities. The Consumer Advocate submitted that it is not good enough for a utility to state that  
24 intervenors have not presented contrary evidence, and that for intervenors to do so would be  
25 prohibitively time consuming and expensive. The Consumer Advocate stated that a utility can  
26 justify nearly any expenditure on the basis that it is responsible for providing reliable power at  
27 least-cost, and that this is a subjective, if not self-serving mandate. The Consumer Advocate  
28 submitted that the difficult economic times in which ratepayers find themselves, owing to the  
29 Muskrat Falls Project, have not been considered.

### 30 31 **5. Capital Projects Over \$50,000**

32  
33 Pursuant to section 41(3) of the *Act* the Application seeks approval of the proposed individual  
34 projects with expenditures in excess of \$50,000. The issues which were raised with respect to a  
35 number of specific projected are discussed below.

#### 36 37 i) Purchase New Mobile Substation Bishop's Falls

38  
39 This project involves the acquisition of a mobile substation at an estimated cost of \$3,436,500.  
40 Hydro utilizes mobile substations to facilitate planned capital and maintenance work and as  
41 emergency spares. Hydro reviewed the availability of the five mobile substations owned by Hydro  
42 and Newfoundland Power and identified a risk of outage to Hydro customers during times when  
43 an emergency spare is not available.

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<sup>5</sup> PUB-NLH-001.

1 Newfoundland Power stated that Hydro owns one mobile substation and Newfoundland Power  
2 owns four, and that the two companies cooperate in optimizing the use of the units to facilitate  
3 capital and maintenance work and to provide prompt response using the units as emergency spares.  
4 Newfoundland Power noted that in recent years, Hydro has not experienced a single situation  
5 where a mobile substation was required in an emergency and one was not available. Newfoundland  
6 Power submitted that there is insufficient evidence to justify the proposed purchase of an additional  
7 mobile substation.

8  
9 The Consumer Advocate stated that he is not convinced that a new mobile substation is needed at  
10 this time, specifically as customer rates are under severe pressure.

11  
12 Hydro stated that it completed a review of the availability of the mobile substations over the past  
13 five years and that the review identified a risk of extended outages to Hydro customers during  
14 situations where an emergency spare transformer is required. Hydro added that despite the  
15 cooperation agreement between Newfoundland Power and Hydro, which has been very effective  
16 in managing these assets, there have been periods over the past five years when all five units were  
17 in use and were unavailable for immediate use as an emergency spare.<sup>6</sup> Hydro stated that it is also  
18 important to note that for some of its terminal stations and transformers only three of  
19 Newfoundland Power's four mobile substations are suitable as emergency spares, which increases  
20 the risk of unavailability. Hydro stated that the proposed new mobile substation would be suitable  
21 for all terminal stations and transformers, increasing the pool of emergency spares for those  
22 locations to five. Hydro submitted that there has not been an extended customer outage because  
23 there has not been a situation requiring a mobile substation during any of the 1,776 station-days of  
24 mobile substation unavailability between 2014 and 2018. Hydro submitted that the risk of extended  
25 customer outages supports the proposed expenditure.

26  
27 The Board notes that the utilities have been successful in optimizing the use of the mobile  
28 substations so that there has not been a situation where a mobile substation was not available when  
29 required. Hydro provided information to show that there were periods when there was not a spare  
30 unit available, however, Hydro did not address whether a different approach to capital and  
31 maintenance scheduling in the future could ensure availability of at least one unit. The Board notes  
32 that based on the information provided there was always at least one mobile substation available  
33 during the winter season over the study period. In the circumstances the Board finds that Hydro  
34 has not demonstrated that the purchase of a mobile substation is consistent with the provision of  
35 least-cost reliable service. This project will not be approved in 2020 but Hydro can make  
36 application in the future if Hydro can provide additional information which justifies this project.

37  
38 ii) Distribution System Upgrades

39  
40 This project involves work to be performed on four feeders; Bear Cove L6, St. Anthony L3, Fleur-  
41 de-Lys L1 and Fleur-de-Lys L2, at an estimated cost of \$3,257,100. A report certified by a  
42 professional engineer provided analysis of the operating experience of the feeders, the outage  
43 statistics and the maintenance history. The Bear Cove L6 feeder analysis shows that conductor  
44 failure and equipment failures have contributed to outages in recent years. The St. Anthony L3  
45 feeder reliability in 2018 was poor due to a number of issues and the pole line inspection has

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<sup>6</sup> Hydro calculated unavailability as equalling 4.1% over the past 5 years.

1 revealed several deteriorated line components including 51 poles and 4 transformers. The Fleur-  
2 de-Lys L1 and L2 feeders have been impacted by several broken primary conductor incidents and  
3 other defective hardware incidents from 2014 to 2018. Analysis was provided of two alternatives  
4 considered; a new distribution line or replacement of deteriorated line components. The  
5 recommended alternative was to replace deteriorated line components.<sup>7</sup>  
6

7 The Consumer Advocate stated that he is not convinced that the feeders proposed to be replaced  
8 in the *Distribution System Upgrades* project, which includes the replacement of four of Hydro's  
9 worst performing feeders in 2020, require replacement at this time. The Consumer Advocate  
10 submitted that ratepayers have already paid for the robust maintenance of these systems and  
11 advocates for maintenance over replacement.  
12

13 Hydro submitted that the *Distribution System Upgrades* project is proposed to ensure the provision  
14 of reliable service. Hydro stated that the specific feeders are identified through reliability  
15 performance analysis. Hydro agrees with the principle of maintenance submitted by the Consumer  
16 Advocate to avoid the necessity of large scale replacement, but noted that it has not proposed  
17 replacement of the full feeders. Hydro has proposed replacement of only the components and  
18 portions of the feeders necessary to improve reliable operation, as determined through in-depth  
19 engineering analysis. Hydro stated that it considered constructing an entirely new distribution line  
20 and retiring the existing line as one of the alternatives for improving reliability on each feeder, but  
21 as there are existing line components that are still operable, it concluded that the construction of  
22 an entirely new line would lose the benefit of the existing functional equipment. Hydro submitted  
23 that the project is justified and should be approved.  
24

25 The Board is satisfied that the evidence in relation to the *Distribution System Upgrades* project  
26 demonstrates it is consistent with the provision of least-cost reliable service. The engineering  
27 report documents that deteriorated components and equipment failure have affected these feeders.  
28 The Consumer Advocate raised concerns relating to the replacement of these feeders however  
29 Hydro has stated that it is not replacing the full feeder but rather only the portions that are in need  
30 of repair and necessary to improve reliability. The Board finds that this is a reasonable approach.  
31 The Board is satisfied that the expenditures associated with the feeder upgrades have been justified  
32 and the project should be approved.  
33

### 34 iii) Upgrade Line Depots 35

36 This project involves the refurbishment of the Fogo Island and Burgeo Line Depots. The estimated  
37 total project cost is \$648,300.<sup>8</sup> A detailed condition assessment of the Fogo Island and Burgeo  
38 Line depots was filed which set out in detail the components of each building that are in need of  
39 repair including roofing, windows, siding, electrical or other structural issues. Hydro provided  
40 evidence of the deteriorated areas of the buildings including photos of the items needing repair.  
41 The project was justified on the basis of the refurbishment of deteriorated infrastructure to maintain  
42 operational capability of the buildings, extending the lifespan of these facilities.

---

<sup>7</sup> Hydro's 2020 Capital Budget Application, Distribution System Upgrades (2020-2021) Tab 10.

<sup>8</sup> Hydro 2020 Capital Budget Application, Upgrade Line Depots, Tab 18.

1 The Consumer Advocate stated that if safety is the underlying consideration he takes no exception  
2 to any of the proposed expenditures.

3  
4 Hydro submitted that the *Upgrade Line Depots* project is justified and should be approved. Hydro  
5 stated that the infrastructure is deteriorated and that while intervention is necessary to maintain the  
6 depots in acceptable condition, Hydro proposes only to replace the specific components that are  
7 degraded to a point that replacement is the only option. Hydro submitted that the expenditures will  
8 maintain the operational capability and extend the lifespan of the facilities.

9  
10 The Board is satisfied that the evidence filed in relation to the *Upgrade Line Depots* project  
11 demonstrates it is consistent with the provision of least-cost reliable service. The engineering  
12 report shows that the proposed upgrades to the Fogo Island and Burgeo Line Depots are necessary  
13 to ensure continued reliable and safe operation of the depots. The evidence shows that these  
14 properties are in need of repair and that the components to be replaced or refurbished are  
15 deteriorated. The Board is satisfied that the expenditures in relation to the line depots have been  
16 justified and the project should be approved.

17  
18 iv) Replace Light and Heavy Duty Vehicles

19  
20 This project involves the replacement of 39 pieces of light and heavy duty equipment in 2020 that  
21 meet Hydro's replacement criteria based on age, mileage and condition assessment. The estimated  
22 total cost is \$3,209,000. Hydro evaluates all vehicles considered for replacement according to a  
23 number of criteria, including overall condition and maintenance history. Evaluation of heavy fleet  
24 vehicles is initiated at 6-9 years or 200,000 km, and for light duty vehicles at 5-7 years or 150,000  
25 km. Hydro has developed guidelines based upon the Canadian Utility Fleet Council and the  
26 replacement criteria considers the operating regime for each vehicle and the average replacement  
27 criteria used by three other Canadian utilities. Hydro provided in its evidence its replacement  
28 criteria and the replacement criteria used by other utilities.

29  
30 The Consumer Advocate recommended that the Board order a common set of criteria for vehicle  
31 replacements to be used by Hydro and Newfoundland Power. The Consumer Advocate submitted  
32 that the utilities would find ways to extend the life of vehicles if they were under a performance-  
33 based regulatory regime, and stated that the vehicles have been maintained by ratepayers and that  
34 there is no evidence that they should be retired. The Consumer Advocate submitted that  
35 independent verification is required for new purchases.

36  
37 Hydro stated that it has an established process with replacement criteria for each asset. Hydro  
38 stated that:

39  
40 Using established replacement criteria that consider the operating regime of each asset,  
41 Hydro replaces vehicles within the fleet to ensure availability as and when required.<sup>9</sup>

42  
43 The Board is satisfied that the evidence in relation to the *Replace Light and Heavy Duty Vehicles*  
44 project demonstrates that it is consistent with the provision of least-cost reliable service. The  
45 proposed project is based on Hydro's vehicle replacement criteria which are consistent with

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<sup>9</sup> Hydro 2020 Capital Budget, page 15.

1 Canadian utility practice, the previous findings of the Board and historical level of spending. The  
 2 Board finds that Hydro has a well-established policy and there is no information on the record that  
 3 the policy is not providing for least-cost and reliable operations. The Board does not find merit in  
 4 ordering a common set of criteria for the utilities' vehicle replacements at this time. The Board is  
 5 satisfied that the expenditures in relation to vehicle replacement have been justified and the project  
 6 should be approved.

7  
 8 **6. Other Issues Raised**  
 9

10 Issues were raised during the review of Hydro's 2020 Capital Budget Application with respect to  
 11 capitalization practices, wood pole management and the capital budget review process.

12  
 13 i) Capitalization Practices  
 14

15 As with previous capital budgets Hydro's 2020 Capital Budget includes both indirect and direct  
 16 capitalized internal costs associated with new capital assets. These costs include labour, overheads  
 17 and other general expenses capitalized.

18  
 19 The Consumer Advocate in his submission supported Hydro's proposal in Newfoundland Power's  
 20 2020 Capital Budget for the Board to review the capitalization practices of both Newfoundland  
 21 Power and Hydro. General Expenses Capitalized ("GEC") were reviewed last by the Board in  
 22 1999. Since that time both utilities have adopted new accounting standards, International Financial  
 23 Reporting Standards (IFRS) for Hydro and US Generally Accepted Accounting Standards (US  
 24 GAAP) for Newfoundland Power. Both Hydro and the Consumer Advocate acknowledge that a  
 25 review of practices for capitalization in this jurisdiction is warranted. The Board agrees that it  
 26 would be timely to review the capitalization practices to ensure consistency with sound utility  
 27 practice and the provision of least-cost service to customers. The Board will establish a process  
 28 for this review.

29  
 30 ii) Wood Pole Management  
 31

32 The Consumer Advocate provided comments on wood pole management and agreed with Hydro  
 33 that a test and treatment program is sound utility practice. The Consumer Advocate submitted that  
 34 a review of the wood pole management practices of the two utilities should be undertaken.

35  
 36 Hydro's program is a condition based program that uses inspection data to determine the  
 37 refurbishment or replacement of deteriorated line components in the subsequent year. Hydro's  
 38 program was approved by the Board in Order No. P.U. 53(2004). The program is aimed at early  
 39 detection and treatment of deteriorating wood poles and line components.

40  
 41 The engineering report which was filed in this Application indicated that to provide the  
 42 quantitative benefits on the improvement of transmission line reliability sufficient long-term data  
 43 from two full inspection cycles would be required and the second cycle is scheduled for completion  
 44 by 2023. The Board believes that a review of wood pole management would be premature at this  
 45 time.

1   iii) Capital Budget Guidelines and Process

2  
3   The Consumer Advocate raised a number of concerns about the Capital Budget guidelines and the  
4   process for reviewing and approving capital budget applications, including reliance upon staff to  
5   review the capital budget applications and RFIs, which are not sworn or subject to scrutiny by  
6   counsel during a hearing. The Consumer Advocate submitted that the utilities should be required  
7   to convene a technical conference to explain each and every expenditure, and that the technical  
8   conference should be held as early as possible to allow intervenors the time to retain experts to  
9   review expenditures and offer expert opinion. According to the Consumer Advocate the capital  
10   budget procedure is inadequate and a stringent process must be put in place prior to awarding  
11   utilities ratepayer money. The Consumer Advocate provided comments on the overall Application  
12   and stated that parts of the Application were not complete and lacked information. The Consumer  
13   Advocate stated that procedures to review capital budget applications must change to recognize  
14   cost efficiencies between the two utilities in the Muskrat Falls era.

15  
16   Hydro stated that it will consider the recommended avenues for review and analysis made by the  
17   Consumer Advocate on the projects to which he did not take exception in preparing future Capital  
18   Budget Applications. In relation to the Consumer Advocate's submission that the Application was  
19   not complete, Hydro stated that it used its experience, knowledge and judgement when determining  
20   what information was appropriate and necessary based on the purpose and scope of the proposed  
21   project. Hydro also notes that some of the "incomplete" information raised by Consumer Advocate  
22   was not required by Capital Budget Guidelines. Hydro submitted that it has provided all required  
23   and appropriate data to justify the proposed projects.

24  
25   The Board believes that appropriate oversight of capital expenditures is an important aspect of the  
26   regulation of public utilities given the potential impact of capital spending decisions on rates and  
27   the provision of reliable service. To ensure the appropriate balance between the provision of least-  
28   cost and reliable service it is critical that determinations with respect to capital spending are made  
29   in consideration of all of the facts after a full examination of all of the circumstances.

30  
31   The *Act* requires that a utility must apply to the Board for approval of both its annual capital budget  
32   as well as projects over \$50,000. The Board's Capital Budget Guidelines set out the requirements  
33   with respect to these applications. These guidelines were developed and implemented in 2005 with  
34   the assistance and agreement of the utilities, the Industrial customers and the Consumer Advocate.  
35   The information which is required includes, the age of the equipment and useful life, maintenance  
36   history and condition analysis, environmental and safety issues, alternatives considered and a cost  
37   benefit analysis. During the review of the application additional information can be requested and,  
38   while the responses are not required to be sworn, the information may be reviewed in a technical  
39   conference or hearing. Normally the capital budget applications are addressed through a paper  
40   hearing, however, where warranted in the circumstances a technical conference or a public hearing  
41   may be held.

42  
43   The Board is satisfied that the Capital Budget Guidelines have provided the opportunity to fully  
44   examine the capital budget applications and that the necessary and appropriate information has  
45   been provided by the utilities in accordance with the guidelines. To ensure continued appropriate  
46   oversight of the utilities' capital spending in the future a review of the capital budget approval

1 process is underway. This review is being conducted with the participation of the utilities, the  
2 Consumer Advocate and the Industrial Customer Group and with the assistance of the Board's  
3 consultant. This review is ongoing and it is expected that some changes will be implemented for  
4 the capital budget applications to be filed in 2020. Long-term changes will be addressed as the  
5 review progresses through 2020.

6  
7 In this case a technical conference was held followed by the opportunity to issue further requests  
8 for information. Board staff was fully involved throughout the capital budget process and all of  
9 the evidence and information on the record is fully reviewed and considered by the Board in its  
10 evaluation of the application proposals. The Board notes that Hydro's 2020 Capital Budget  
11 consists of two volumes of information supporting the Application. Each project is detailed with a  
12 project description, project budget details, project schedule, historical information and analysis,  
13 operating experience, evaluation of alternates where applicable, rationale and justification for the  
14 project and other relevant information required by the Board's guidelines. Further, the 2020  
15 Capital Budget contains 20 supporting reports including 19 certified by a professional engineer  
16 detailing various project and engineering information supporting the project. The Board is satisfied  
17 that the process in this case provided a full, fair and transparent review of Hydro's 2020 Capital  
18 Budget Application.

## 19 20 **7. Conclusion**

21  
22 The Board has reviewed Hydro's 2020 Capital Budget Application and the proposed capital  
23 projects, the reports filed in support and the additional information filed by Hydro in response to  
24 RFIs. After consideration of the evidence and the submissions filed the Board finds the remaining  
25 projects to be adequately justified and that they are prudent, reasonable and necessary for  
26 Newfoundland and Labrador Hydro to continue to provide safe and reliable service. These projects  
27 are approved as part of Hydro's 2020 Capital Budget.

1 **III 2015/2016 AVERAGE RATE BASE**

2

3 The following table shows the calculation of the average rate base as of December 31 for 2015  
4 and 2016:

<b>Newfoundland and Labrador Hydro Computation of Average Rate Base for the Years Ended December 31, 2015 and 2016 (\$000s)</b>	<b>2015</b>	<b>2016</b>
Total Capital Assets	1,671,550	1,788,401
<b>Deduct Items Excluded from Rate Base</b>		
Work in Process	(29,171)	(89,698)
Asset Retirement Obligations (net of amortization)	(14,381)	465
Net Capital Assets (A)	1,627,998	1,699,168
Net Capital Assets, Previous Year (B)	1,468,388	1,627,998
Unadjusted Average Capital Assets (C) <sup>10</sup>	1,548,193	1,663,583
<b>Deduct</b>		
Average Net Capital Assets Excluded from Rate Base	(10,730)	(16,676)
Average Capital Assets	1,537,463	1,646,907
Cash Working Capital Allowance - Return 8	6,995	5,304
Fuel Inventory - Return 10	44,052	35,473
Supplies Inventory - Return 10	29,279	32,146
Average Deferred Charges - Return 11 <sup>11</sup>	129,456	166,019
<b>Average Rate Base at Year-End - Return 12</b>	<b>1,747,245</b>	<b>1,885,849</b>

5 Grant Thornton reviewed Hydro's average rate base for 2015 and did note a \$63,000 formula error  
6 in Hydro's average rate base and Hydro provided Grant Thornton with a Revised Average Rate  
7 Base calculation as shown above. Grant Thornton concluded the average rate base for 2015 and  
8 2016 included in the Application is in accordance with established practice and Board Orders. The  
9 Board finds that the components of Hydro's average rate base for 2015 in the amount of  
10 \$1,747,245,000 and for 2016 in the amount of \$1,886,849,000 should be approved.

<sup>10</sup>  $C = (A+B)/2$ .

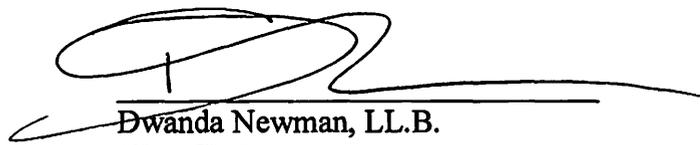
<sup>11</sup> Updated to reflect the Board of Commissioners of Public Utilities approval of the Amended 2013 Prudence Compliance Application in Board Order No. P.U. 49(2016) and the 2017 General Rate Application in Board Order No. P.U. 16(2019) resulting in an increase in average deferred charges of \$98.3 million in 2019 and \$61.1 million in 2018. The increase relating to the Amended 2013 Prudence Compliance Application in Board Order No. P.U. 49(2016) is primarily due to the final approval of the 2014–2016 Cost Deferrals. The increase relating to the 2017 General Rate Application in Board Order No. P.U. 16(2019) is due to the approval of the 2015–2017 Supply Deferrals.

1 **IV ORDER**

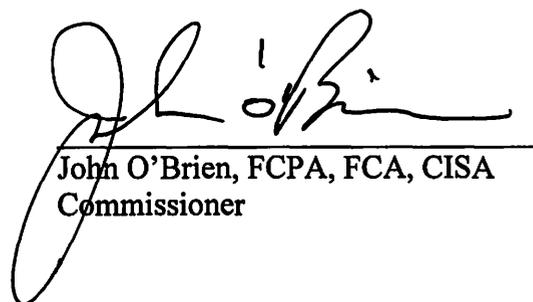
2  
3 **IT IS THEREFORE ORDERED THAT:**

- 4
- 5 **1. Hydro's proposed construction and purchase of improvement or additions to its**  
6 **property in excess of \$50,000 to be completed in 2020, as set out in Schedule A to this**  
7 **Order, are approved.**
- 8
- 9 **2. Hydro's proposed multi-year proposed construction and purchase of improvement or**  
10 **additions to its property in excess of \$50,000 to begin in 2020, as set out in Schedule B**  
11 **to this Order, are approved.**
- 12
- 13 **3. Hydro's proposed contribution in aid of construction for 2020 are approved.**
- 14
- 15 **4. Hydro's 2020 Capital Budget for improvements or additions to its property in an**  
16 **amount of \$107,576,100, as set out in Schedule C to this order, is approved.**
- 17
- 18 **5. Hydro's average rate base for the year ending December 31, 2015 is hereby fixed and**  
19 **determined to be \$1,747,245,000.**
- 20
- 21 **6. Hydro's average rate base for the year ending December 31, 2016 is hereby fixed and**  
22 **determined to be \$1,885,849,000.**
- 23
- 24 **7. Unless otherwise directed by the Board Hydro shall file, with the 2021 Capital Budget**  
25 **Application, an updated overview in relation to the proposed capital expenditures for**  
26 **the Holyrood Thermal Generating Station.**
- 27
- 28 **8. Unless otherwise directed by the Board Hydro shall file an annual report to the Board**  
29 **on its 2020 capital expenditures by March 1, 2020.**
- 30
- 31 **9. Unless otherwise directed by the Board Hydro shall provide, in conjunction with the**  
32 **2021 Capital Budget Application, a status report on the 2020 capital budget**  
33 **expenditures showing for each project:**
- 34 **i) the approved budget for 2020;**  
35 **ii) the expenditures prior to 2020;**  
36 **iii) the 2020 expenditures to the date of application;**  
37 **iv) the remaining projected expenditures for 2020;**  
38 **v) the variance between the projected total expenditures and the approved budget;**  
39 **and**  
40 **vi) an explanation of the variance.**
- 41
- 42 **10. Hydro shall pay all costs and expenses of the Board incurred in connection with the**  
43 **Application.**

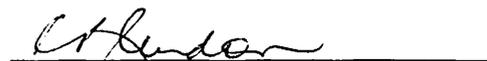
**DATED** at St. John's, Newfoundland and Labrador, this 21<sup>st</sup> day of February, 2020.



Dwanda Newman, LL.B.  
Vice-Chair



John O'Brien, FCPA, FCA, CISA  
Commissioner



Cheryl Blundon  
Board Secretary

**Schedule A**  
**Order No. P.U. 6(2020)**  
**Single-Year Projects over \$50,000**  
**Issued: February 21, 2020**

NEWFOUNDLAND AND LABRADOR HYDRO  
 2020 CAPITAL BUDGET  
 SINGLE YEAR PROJECTS OVER \$50,000  
 (\$000)

PROJECT DESCRIPTION	2020
<b><u>GENERATION</u></b>	
<b><u>HYDRAULIC PLANT</u></b>	
Hydraulic In-Service Failures	1,250.0
<b>TOTAL HYDRAULIC PLANT</b>	<b>1,250.0</b>
<b><u>THERMAL PLANT</u></b>	
Thermal In-Service Failures	2,000.0
Upgrade Uninterruptible Power Supply 3 & 4 - Holyrood	348.7
<b>TOTAL THERMAL PLANT</b>	<b>2,348.7</b>
<b><u>GAS TURBINES</u></b>	
Generator Assessment - Happy Valley Gas Turbine	1,097.6
<b>TOTAL GAS TURBINES</b>	<b>1,097.6</b>
<b><u>TOOLS AND EQUIPMENT</u></b>	
Purchase Tools and Equipment less than \$50,000	62.7
<b>TOTAL TOOLS AND EQUIPMENT</b>	<b>62.7</b>
<b>TOTAL GENERATION</b>	<b>4,759.0</b>

**PROJECT DESCRIPTION** 2020

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**TRANSMISSION & RURAL OPERATIONS**

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**TERMINAL STATIONS**

Replace Transformer T7 - Holyrood Terminal Station	2,678.1	
Terminal Station In-Service Failures	1,500.0	
Purchase SF6 Multi Analyzer - Various	207.1	
<b>TOTAL TERMINAL STATIONS</b>		4,385.2

**TRANSMISSION**

Wood Pole Line Management Program - Various	2,792.7	
<b>TOTAL TRANSMISSION</b>		2,792.7

**DISTRIBUTION**

Provide Service Extensions - Various	4,284.0	
Upgrade Distribution Systems - Various	3,195.0	
Additions for Load - Distribution System - Makkovik and Hopedale	846.1	
<b>TOTAL DISTRIBUTION</b>		8,325.1

**GENERATION**

Diesel Genset Replacements - Mary's Harbour	3,900.7	
Overhaul Diesel Units - Various	2,310.9	
Upgrade Fuel Storage Tanks - Charlottetown	467.2	
Replace Automation Equipment - Rigolet	363.8	
Replace Sewage Lift System - Rigolet	127.9	
<b>TOTAL GENERATION</b>		7,170.5

**PROPERTIES**

Upgrade Line Depots - Various	648.3	
<b>TOTAL PROPERTIES</b>		648.3

**METERING**

Purchase Meters and Metering Equipment - Various	244.2	
<b>TOTAL METERING</b>		244.2

**TOOLS AND EQUIPMENT**

Replace Light Duty Mobile Equipment - Various	499.6	
Purchase Tools & Equipment Less than \$50,000 - Central	242.1	
Purchase Tools & Equipment Less than \$50,000 - Labrador	102.4	
Purchase Tools & Equipment Less than \$50,000 - Northern	94.9	
<b>TOTAL TOOLS AND EQUIPMENT</b>		939.0
<b>TOTAL TRANSMISSION AND RURAL OPERATIONS</b>		24,505.0

**PROJECT DESCRIPTION** 2020

---

**GENERAL PROPERTIES**

---

**INFORMATION SYSTEMS**

**SOFTWARE APPLICATIONS**

Refresh Security Software - Hydro Place	110.2	
Upgrade Software Applications - Hydro Place	65.4	
<b>TOTAL SOFTWARE APPLICATIONS</b>		<b>175.6</b>

**COMPUTER OPERATIONS**

Replace Personal Computers - Hydro Place	673.3	
Replace Peripheral Infrastructure - Hydro Place	222.1	
Upgrade Core IT Infrastructure - Hydro Place	193.7	
<b>TOTAL COMPUTER OPERATIONS</b>		<b>1,089.1</b>
<b>TOTAL INFORMATION SYSTEMS</b>		<b>1,264.7</b>

**TELECONTROL**

**NETWORK SERVICES**

Replace Radomes - Various	384.5	
Replace Battery Banks and Chargers - Various	195.9	
Replace Network Communications Equipment - Various	186.8	
Replace Remote Terminal Units - Various	157.1	
Purchase Tools and Equipment Less than \$50,000 Telecontrol	93.4	
<b>TOTAL NETWORK SERVICES</b>		<b>1,017.7</b>
<b>TOTAL TELECONTROL</b>		<b>1,017.7</b>

**ADMINISTRATION**

Remove Safety Hazards - Various	198.6	
Purchase Office Equipment Less than \$50,000	60.9	
<b>TOTAL ADMINISTRATION</b>		<b>259.5</b>
<b>TOTAL GENERAL PROPERTIES</b>		<b>2,541.9</b>

<b>TOTAL SINGLE YEAR PROJECTS OVER \$50,000</b>		<b>31,805.9</b>
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**Schedule B**  
**Order No. P.U. 6(2020)**  
**Multi-Year Projects over \$50,000**  
**Issued: February 21, 2020**

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**2020 CAPITAL BUDGET**  
**PROJECTS OVER \$50,000**  
**MULTI-YEAR PROJECTS**  
**(\$000)**

**Multi-year Projects Commencing in 2020**

<b>PROJECT DESCRIPTION</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Hydraulic Generation Refurbishment and Modernization (2020–2021)	6,580.2	10,250.0	-	-	-	16,830.2
Terminal Station Refurbishment and Modernization (2020–2021)	3,712.0	5,698.5	-	-	-	9,410.5
Rewind Unit 3 Stator - Holyrood	1,281.4	5,664.2	-	-	-	6,945.6
Perform Combustor Inspection - Holyrood Gas Turbine	546.1	4,927.4	-	-	-	5,473.5
Distribution System Upgrades (2020–2021) - Various	102.7	3,154.4	-	-	-	3,257.1
Replace Light and Heavy Duty Vehicles (2020–2021) - Various	1,625.5	1,583.5	-	-	-	3,209.0
Replace Fire Suppression System - Happy Valley Gas Turbine	264.6	2,377.9	-	-	-	2,642.5
Replace Powerhouse Roofing System - L'Anse Au Loup and St. Anthony	125.3	1,195.8	-	-	-	1,321.1
Diesel Plant Ventilation Upgrade - Nain	162.7	690.4	-	-	-	853.1
Replace Elevator Motors and Control Equipment - Hydro Place	89.1	647.6	-	-	-	736.7
Install Partial Discharge Monitoring - Holyrood Gas Turbine	37.8	575.0	-	-	-	612.8
Upgrade Fire Suppression System - Bishop's Falls	91.6	292.6	-	-	-	384.2
Install Recloser Remote Control (2020–2021) - Hampden and Upper Salmon	71.3	185.3	-	-	-	256.6
<b>Total Multi-Year Projects over \$50,000 commencing in 2020</b>	<b>14,690.3</b>	<b>37,242.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>51,932.9</b>

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**2020 CAPITAL BUDGET**  
**PROJECTS OVER \$50,000**  
**MULTI-YEAR PROJECTS**  
**(\$000)**

**Multi-year Projects Commencing in 2019**

<b>PROJECT DESCRIPTION</b>	<b>Expended to</b>						<b>Total</b>
	<b>2019</b>	<b>2020</b>	<b>2012</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	
Additions for Load - Increase Capacity Labrador West *	26,475.3	-	-	-	-	-	26,475.3
Terminal Station Refurbishment and Modernization (2019-2020)	10,891.1	19,061.8	-	-	-	-	29,952.9
Muskrat Falls To Happy Valley Interconnection	12,586.4	7,392.1	-	-	-	-	19,978.5
Hydraulic Generation Refurbishment and Modernization (2019-2020)	10,313.6	5,486.5	-	-	-	-	15,800.1
Distribution System Upgrades (2019-2020) - Various	390.8	5,490.1	-	-	-	-	5,880.9
Diesel Genset Replacements (2019-2020) - Cartwright	525.6	3,421.8	-	-	-	-	3,947.4
Additions for Load - Isolated Generation Systems (2019-2020) - Makkovik	1,523.6	658.9	-	-	-	-	2,182.5
Replace Vehicles and Aerial Devices (2019-2020) - Various	1,248.1	594.9	-	-	-	-	1,843.0
Upgrade Telecontrol Facilities (2019-2020) - Gull Pond Hill and Bay d'Espoir Hill	96.3	577.6	-	-	-	-	673.9
Upgrade Terminal Station for Mobile Substation (2019-2020) - St. Anthony	89.3	402.7	-	-	-	-	492.0
Upgrade Compressed Air System - Holyrood Gas Turbine	70.7	317.7	-	-	-	-	388.4
Install Recloser Remote Control (2019-2020) - Rocky Harbour	66.1	319.9	-	-	-	-	386.0
<b>Total Multi-Year Projects over \$50,000 commencing in 2019</b>	<b>64,276.9</b>	<b>43,724.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>108,000.9</b>

**Multi-year Projects Commencing before 2019**

<b>PROJECT DESCRIPTION</b>	<b>2019</b>	<b>2020</b>	<b>2012</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Upgrade Circuit Breakers (2016-2020) - Various	39,783.7	11,116.8	-	-	-	-	50,900.5
Diesel Genset Replacements (2018-2020) - Makkovik	5,307.4	3,592.8	-	-	-	-	8,900.2
Replace Exciter Controls Units 1 to 6 - Bay d'Espoir	1,917.4	1,429.6	-	-	-	-	3,347.0
Install Energy Efficiency Lighting in Diesel Plants - Various	223.0	122.2	-	-	-	-	345.2
<b>Total Multi-Year Projects over \$50,000 commencing before 2018</b>	<b>47,231.5</b>	<b>16,261.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>63,492.9</b>

\* Hydro stated in coverletter to application it was developing a 2019 supplemental application for this project therefore no 2020 expenditure requested.

**Schedule C**  
**Order No. P.U. 6(2020)**  
**2020 Capital Budget**  
**Issued: February 21, 2020**

**NEWFOUNDLAND AND LABRADOR HYDRO  
2020 CAPITAL BUDGET**

Projects Over \$50,000 to be completed in 2020	\$	31,805,900
Multi-Year Projects over \$50,000 commencing in 2020		14,690,300
Multi-Year Project over \$50,000 commencing prior to 2020 (previously approved)		59,985,400
Projects under \$50,000 <sup>1</sup>		94,500
Allowance for Unforeseen Items		<u>1,000,000</u>
<b>Approved 2020 Capital Budget</b>	<b>\$</b>	<b><u>107,576,100</u></b>

<sup>1</sup> Approval of projects under \$50,000 is not required but these expenditures are part of the total 2020 Capital Budget

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*Newfoundland & Labrador*

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
**120 TORBAY ROAD, ST. JOHN'S, NL**

Website: [www.pub.nl.ca](http://www.pub.nl.ca)  
E-mail: [ito@pub.nl.ca](mailto:ito@pub.nl.ca)

Telephone: 1-709-726-8600  
Toll free: 1-866-782-0006

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