

P.U. 13 (2004)

**IN THE MATTER OF THE
PUBLIC UTILITIES ACT,
R.S.N.1990, c. P-47, as amended
(the “Act”)**

AND

IN THE MATTER OF the application by Newfoundland and Labrador Hydro (“Hydro”) for approval of additional 2004 capital expenditures, pursuant to Section 41(3) of the *Act*.

WHEREAS Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act* and is also subject to the provisions of the *Electrical Power Control Act, 1994*; and

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

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

without the prior approval of the Board of Commissioners of Public Utilities (the “Board”); and

WHEREAS by Order No. P. U. 29(2003) the Board approved Hydro's 2004 capital expenditure program and, in subsequent Orders, approved additional capital projects for 2004; and

WHEREAS on March 22, 2004 Hydro filed an application with the Board, pursuant to Section 41(3) of the *Act*, seeking approval of additional 2004 capital expenditures totaling \$302,600 to purchase and install a new larger diesel unit in Port Hope Simpson; and

WHEREAS Hydro states that one of the present diesel generating units has failed beyond economic repair and is proposing to replace it with a larger unit so that it can meet its firm planning criterion and provide for load growth to its customers in Port Hope Simpson; and

WHEREAS Hydro provided as Schedule A to the application a capital budget explanation for this diesel generator replacement prepared in accordance with the guidelines in Schedule 3 of Order No. P. U. 7(2002-2003); and

WHEREAS Hydro provided additional information in respect of the application in response to information requests from the Board; and

WHEREAS the Board has considered the application, including the explanations contained in Schedule A and additional information provided, and is satisfied that the proposed expenditure is prudent and necessary in order to provide reasonably safe and adequate and just and reasonable service as required by the *Act* and given that the existing unit cannot be economically repaired and is not of sufficient capacity to permit Hydro to meet its approved planning criterion.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 41 (3) of the *Act*, the Board approves the additional 2004 expenditure of \$302,600 to replace a 300 kW diesel unit (#564) with a new 450 kW diesel unit in Port Hope Simpson.

Dated at St. John's, Newfoundland and Labrador, this 7th day of May 2004.

Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen,
Vice-Chair.

G. Cheryl Blundon,
Board Secretary.