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5 **P. U. 24 (2005)**  
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8 **IN THE MATTER OF** the *Public*  
9 *Utilities Act*, R.S.N.L. 1990, c. P-47,  
10 as amended (the "*Act*")  
11

12 **AND**  
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14 **IN THE MATTER OF** an Application by  
15 Newfoundland & Labrador Hydro ("Hydro")  
16 for approval of a new proposed capital project  
17 for 2005, a Stage I Emergency Diesel at Holyrood,  
18 and the approval of two Leases: (i) a lease for the  
19 iSeries Server; and (ii) an automobile lease pursuant  
20 to Section 41(3) of the *Act*.  
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24 **WHEREAS** Hydro is a corporation continued and existing under the Hydro Corporation Act, is  
25 a public utility within the meaning of the *Act*, and is subject to the provisions of the *Electrical*  
26 *Power Control Act, 1994*; and  
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28 **WHEREAS** Section 41(3) of the *Act* requires that a public utility shall not proceed with the  
29 construction, purchase or lease of improvements or additions to its property where:  
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- 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 \$5,000 in a year of the lease  
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34 without the prior approval of the Board of Commissioners of Public Utilities (the "Board"); and  
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36 **WHEREAS** by Order No. P. U. 53 (2004) the Board approved Hydro's 2005 capital expenditure  
37 program with a total budgeted cost of \$42,431,000; and

1 **WHEREAS** by subsequent Board Orders P.U. 3 (2005), P.U. 11 (2005), P.U. 12 (2005) and  
2 P.U. 14 (2005) the Board approved additional budgeted capital expenditures totalling  
3 \$9,970,100; and

4  
5 **WHEREAS** on August 30, 2005 Hydro filed an Application with the Board seeking approval to  
6 acquire an emergency diesel generator for its Holyrood Thermal Generating Station, seeking  
7 approval of leases for its iSeries Server and related computer equipment, the purchase of which  
8 the Board approved as a capital project by Order No. P.U. 53 (2004), and seeking approval of an  
9 automobile lease; and

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11 **WHEREAS** in July of 2005 a 400 kW diesel emergency generator installed at Hydro's  
12 Holyrood Thermal Generating Station failed which, due to its age and the unavailability of parts,  
13 cannot be repaired; and

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15 **WHEREAS** the 400 kW emergency diesel is an essential component for a black start and for a  
16 safe emergency shutdown of the Holyrood Thermal Generating Station and its replacement by a  
17 diesel generating unit of the same capacity at a cost of \$192,600 is required to ensure safe,  
18 adequate and reliable service; and

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20 **WHEREAS** Hydro's approved 2005 capital budget included an amount of \$983,000 as the  
21 material supply component for its iSeries Replacement project to replace its AS400 Server and  
22 Hydro has determined that it can acquire that computer equipment for a reduced amount through  
23 a 5-year lease from its supplier at \$179,987 per annum; and

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25 **WHEREAS** the proposed purchase of the iSeries Server will no longer occur thereby allowing  
26 the previously budgeted amount of \$983,000 to be removed from the total budgeted expenditures  
27 for 2005; and

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29 **WHEREAS** Hydro provides automobiles to members of its executive management and has  
30 assumed a lease obligation, in the amount of \$830.13 per month (HST included) (\$9,961.56 per

1 annum) for a term of 40 months for a motor vehicle for its newly appointed Chief Executive  
2 Officer; and

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4 **WHEREAS** the Board has considered the application and the capital proposal explanation and  
5 lease vs. purchase analysis filed with the application, and is satisfied that the proposed  
6 expenditures are prudent and necessary in order to provide reasonably safe and adequate and just  
7 and reasonable service as required by the *Act*.

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10 **IT IS THEREFORE ORDERED THAT:**

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12 1. Pursuant to Section 41(3) of the *Act*, changes to the 2005 capital expenditures and leases  
13 are approved as follows:

14 (i) an amount of \$192,600 for the replacement of a failed emergency diesel  
15 generating unit for the Holyrood Thermal Generating Station;

16 (ii) a 60-month lease of \$179,987 per annum to lease the iSeries Server and  
17 related computer equipment as required for its approved iSeries Server  
18 Replacement Project;

19 (iii) a 40-month lease for an automobile in the annual amount of \$9,961.56; and

20 (iv) the removal of the amount of \$983,000 from the previously approved total  
21 budgeted capital expenditures.

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23 2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

**DATED** at St. John's, Newfoundland and Labrador, this 23<sup>rd</sup> day of September 2005.

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

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G. Fred Saunders,  
Commissioner.

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G. Cheryl Blundon,  
Director of Corporate Services  
and Board Secretary.