

NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD  
NO. P.U. 35(2010)

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  
5 thereunder;

6  
7 **AND**  
8

9 **IN THE MATTER OF** an application by  
10 Newfoundland Power Inc. (“*Newfoundland Power*”)  
11 for approval of a capital expenditure allowance for  
12 unforeseen requirements for the construction and  
13 purchase of certain improvements and additions to  
14 its property pursuant to Section 41(3) of the *Act* (the  
15 “*Application*”).  
16

17 **WHEREAS** Newfoundland Power is a corporation duly organized and existing under the laws  
18 of the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*,  
19 and is also subject to the provisions of the *EPCA*; and  
20

21 **WHEREAS** Section 41(3) of the *Act* states that a public utility shall not proceed with the  
22 construction, purchase or lease of improvements or additions to its property where:  
23

- 24 (a) the cost of the construction or purchase is in excess of \$50,000; or  
25 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,  
26

27 without the prior approval of the Board; and  
28

29 **WHEREAS** in Order No. P.U. 41(2009) the Board approved, *inter alia*, Newfoundland Power’s  
30 2010 Capital Budget of \$64,679,000; and  
31

32 **WHEREAS** in Order P.U. 17(2010) the Board approved the addition of a supplementary amount  
33 of \$4,200,000 to the Allowance for Unforeseen Items approved in Order No. P.U. 41(2009); and  
34

35 **WHEREAS** on November 30, 2010 Newfoundland Power filed an application with the Board  
36 for approval of the addition of a supplementary allowance of \$1,900,000 to the \$750,000  
37 Allowance for Unforeseen Items (the “*Application*”); and  
38

39 **WHEREAS** Newfoundland Power operates generation facilities, transmission lines and  
40 distribution lines to deliver electricity to, among others, customers on the Avalon, Bonavista and  
41 Burin Peninsulas; and

1 **WHEREAS** on September 20<sup>th</sup> and 21<sup>st</sup>, 2010 extreme weather associated with Hurricane Igor  
2 caused severe flooding and wind damage on the Avalon, Bonavista and Burin Peninsulas,  
3 resulting in extensive damage to a number of Newfoundland Power's generation facilities,  
4 transmission lines and distribution lines (the "Facilities"), resulting in an interruption of  
5 electrical service to a large number of customers and compromising the safety and integrity of  
6 civil works; and

7  
8 **WHEREAS** as soon as the storm abated Newfoundland Power undertook to rebuild damaged  
9 portions of the Facilities in accordance with the Allowance of Unforeseen Items approved by the  
10 Board in Orders Nos. P.U. 41(2009) and P.U. 17(2010); and

11  
12 **WHEREAS** the estimated capital expenditure associated with rebuilding the Facilities and  
13 returning them to service is \$1,900,000; and

14  
15 **WHEREAS** the expenditure of \$1,900,000 associated with the rebuilding of the Facilities  
16 exceeds the balance in the Allowance for Unforeseen Items approved in Order Nos. P.U.  
17 41(2009) and P.U. 17(2010); and

18  
19 **WHEREAS** Newfoundland Power submits that it is prudent to maintain an Allowance for  
20 Unforeseen Items of \$750,000 to permit Newfoundland Power to address unforeseen events that  
21 may arise during the remainder of 2010 and requests that the Board approve a supplementary  
22 allowance of \$1,900,000 for that purpose; and

23  
24 **WHEREAS** the supplementary allowance, including the expenditures associated with returning  
25 the Facilities to service, is necessary for Newfoundland Power to provide service and facilities  
26 which are reasonably safe and adequate and just and reasonable as required pursuant to s. 37 of  
27 the *Act*; and

28  
29 **WHEREAS** the Board has reviewed the supporting documentation filed with the Application in  
30 the context of the *Act* and the Capital Budget Application Guidelines issued by the Board; and

31  
32 **WHEREAS** the Board is satisfied that the use of the Allowance for Unforeseen Items by  
33 Newfoundland Power was in accordance with the Guidelines and that the proposed additional  
34 amount for this account should be approved.

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36 **IT IS THEREFORE ORDERED THAT:**

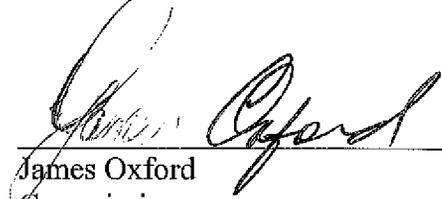
- 37  
38 1. The addition of a supplementary amount of \$1,900,000 to the Allowance for Unforeseen  
39 Items approved in Order Nos. P.U. 41(2009) and P.U. 17(2010) is approved;  
40  
41 2. Newfoundland Power shall pay the expenses of the Board arising from this Application.

**Dated** at St. John's, Newfoundland and Labrador this 21<sup>st</sup> day of December, 2010.



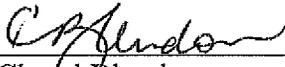
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Darlene Whalen, P.Eng.  
Vice-Chair.



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James Oxford  
Commissioner



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Cheryl Blundon  
Board Secretary