

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

**AN ORDER OF THE BOARD**

**NO. P.U. 19(2018)**

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*”), as amended, and regulations  
5 thereunder; and  
6

7 **IN THE MATTER OF** an application by Newfoundland  
8 and Labrador Hydro for approval of a capital expenditure  
9 to supplement the 2018 Allowance for Unforeseen Items for  
10 the construction and purchase of certain improvements and  
11 additions to its property pursuant to section 41 of the *Act*.  
12  
13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
16 and is also subject to the provisions of the *EPCA*; and  
17

18 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,  
19 purchase or lease of improvements or additions to its property where:  
20

- 21 a) the cost of construction or purchase is in excess of \$50,000; or
  - 22 b) the cost of the lease is in excess of \$5,000 in a year of the lease
- 23

24 without prior approval of the Board; and  
25

26 **WHEREAS** in Order No. P.U. 43(2017) the Board approved Hydro's 2018 Capital Budget in the  
27 amount of \$170,868,300; and  
28

29 **WHEREAS** the Board approved a supplementary 2018 capital expenditure in the amount of  
30 \$719,400 in Order No. P.U. 6(2018) to complete voltage conversion of the Labrador City Feeder  
31 VA26; and  
32

33 **WHEREAS** on May 28, 2018 Hydro filed an application with the Board requesting approval of a  
34 capital expenditure to supplement the Allowance for Unforeseen Items in the amount of  
35 \$1,000,000 (the “Application”); and

1 **WHEREAS** the Application stated that Hydro has an unforeseen, urgent capital project underway  
2 to refurbish the Bay d’Espoir Penstock 3 with an estimated expenditure of \$6,000,000, which has  
3 depleted the approved 2018 allowance of \$1,000,000; and  
4

5 **WHEREAS** on May 18, 2018 Hydro notified the Board of its usage of the approved Allowance  
6 for Unforeseen Items for the Bay d’Espoir Penstock 3 refurbishment, and enclosed further details  
7 of the project with the Application; and  
8

9 **WHEREAS** Hydro submitted that it is prudent to maintain a sufficient amount in the Allowance  
10 for Unforeseen Items to permit Hydro to address unforeseen events that may arise during the  
11 remainder of 2018 and requested that the Board approve a supplementary amount of \$1,000,000  
12 for that purpose; and  
13

14 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,  
15 Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited, NARL Refining Limited  
16 Partnership, and Vale Newfoundland & Labrador Limited (the “Industrial Customer Group”);  
17 Teck Resources Limited and Praxair Canada Inc.; and  
18

19 **WHEREAS** on June 7, 2018 Newfoundland Power and the Industrial Customer Group advised  
20 they had no comments on the Application; and  
21

22 **WHEREAS** on June 11, 2018 Hydro filed a reply requesting the Board approve the Application  
23 as submitted; and  
24

25 **WHEREAS** no other comments were received by the Board; and  
26

27 **WHEREAS** the Capital Budget Guidelines (the “Guidelines”) issued by the Board in October  
28 2007 permit a utility to apply for approval of a supplementary amount provided the utility shows  
29 that usage of the Allowance for Unforeseen Items has been consistent with the Guidelines; and  
30

31 **WHEREAS** the Board is satisfied that the 2018 Allowance for Unforeseen Items should be  
32 replenished to \$1,000,000 effective immediately to allow Hydro to proceed expeditiously with  
33 emergency capital expenditures where the nature of these expenditures is such that an application  
34 under section 41 of the *Act* for prior approval is not practical or possible.  
35  
36

37 **IT IS THEREFORE ORDERED THAT:**  
38

- 39 1. The addition of a supplementary amount of \$1,000,000 to the 2018 Allowance for Unforeseen  
40 Items is approved.  
41  
42 2. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 20<sup>th</sup> day of June 2018.



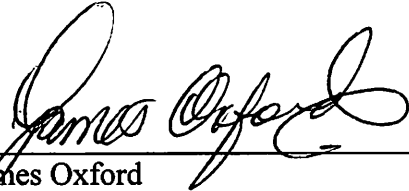
---

Darlene Whalen, P. Eng., FEC  
Chair and CEO



---

Dwanda Newman, LL.B.  
Vice Chair



---

James Oxford  
Commissioner



---

Cheryl Blundon  
Board Secretary