

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

AN ORDER OF THE BOARD

NO. P.U. 36(2021)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. for an Order pursuant
9 to sections 41 and 78 of the *Act*: (a) approving capital
10 expenditures for 2022 projects and multi-year projects
11 commencing in 2022; (b) approving its 2022 Capital
12 Budget; and (c) fixing and determining its average
13 rate base for 2020.
14
15

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

20 **WHEREAS** section 41 of the *Act* requires a public utility to submit an annual capital budget of
21 proposed improvements or additions to its property for approval of the Board no later than
22 December 15th in each year for the next calendar year, as well an estimate of contributions toward
23 the cost of improvements or additions to its property which the utility intends to demand from its
24 customers; and
25

26 **WHEREAS** subsection 41(3) of the *Act* prohibits a utility from proceeding with the construction,
27 purchase or lease of improvements or additions to its property without the prior approval of the
28 Board where (a) the cost of the construction or purchase is in excess of \$50,000, or (b) the cost of
29 the lease is in excess of \$5,000 in a year of the lease; and
30

31 **WHEREAS** section 78 of the *Act* gives the Board the authority to fix and determine the rate base
32 for the service provided or supplied to the public by the utility and also gives the Board the power
33 to revise the rate base; and
34

35 **WHEREAS** Newfoundland Power filed its 2022 Capital Budget Application (the “Application”) on May 18, 2021 requesting the Board make an order:
36

- 37 (a) approving certain capital expenditures related to multi-year projects commencing in
38 2022;
39 (b) approving a 2022 Capital Budget of \$109,651,000; and
40 (c) fixing and determining a 2020 rate base of \$1,181,897,000; and

1 **WHEREAS** notice of the Application, including an invitation to participate, was published in
2 papers in the province on June 5, 2021 and June 9, 2021 and details of the Application and
3 supporting documentation were posted on the Board’s website; and
4

5 **WHEREAS** on June 22, 2021 intervenor submissions were received from Newfoundland and
6 Labrador Hydro (“Hydro”) and the Consumer Advocate, Dennis Browne, Q.C. (the “Consumer
7 Advocate”); and
8

9 **WHEREAS** on July 7, 2021 the Board advised the parties that the proposed Electric Vehicle
10 Charging Network project would be considered separately from the rest of the Application and
11 that a process for this project would be scheduled at a later date upon the conclusion of
12 Newfoundland Power’s 2021 Electrification, Conservation and Demand Management Application
13 filed on June 16, 2021; and
14

15 **WHEREAS** on July 8, 2021 Newfoundland Power provided an overview of the Application in a
16 presentation to the Consumer Advocate, his counsel and consultants, and counsel and staff from
17 Hydro and the Board, with participants given an opportunity to ask questions and raise areas of
18 concern; and
19

20 **WHEREAS** on July 13, 2021 a total of 174 RFIs were issued to Newfoundland Power by the
21 Board, Hydro and the Consumer Advocate which were responded to by Newfoundland Power on
22 August 4, 2021; and
23

24 **WHEREAS** on August 12, 2021 Grant Thornton LLP (“Grant Thornton”), the Board’s financial
25 consultant, filed a report on its review of the calculations of Newfoundland Power’s 2020 average
26 rate base, which was circulated to the parties on August 13, 2021; and
27

28 **WHEREAS** on August 13, 2021 the Consumer Advocate filed a report entitled “Comments on
29 Newfoundland Power’s 2022 Capital Budget Application” authored by John Todd and Andrew
30 Blair of Elenchus Research Associates Inc.; and
31

32 **WHEREAS** on August 20, 2021 the Consumer Advocate filed correspondence with the Board
33 containing 59 additional RFIs and requesting that the schedule be amended so as to accommodate
34 responses to these additional RFIs, which amendment was granted by the Board; and
35

36 **WHEREAS** on August 23, 2021 the Board and Newfoundland Power issued 31 RFIs to the
37 Consumer Advocate with respect to the Elenchus Research report which were responded to by the
38 Consumer Advocate on September 3, 2021; and
39

40 **WHEREAS** on September 14, 2021 Newfoundland Power responded to the additional RFIs
41 submitted by the Consumer Advocate; and
42

43 **WHEREAS** on October 21, 2021 Hydro and the Consumer Advocate filed submissions and on
44 October 28, 2021 Newfoundland Power filed a reply submission; and
45


46 **WHEREAS** the Board has reviewed the record of the Application and, based on this review and
47 in consideration of the timing, is satisfied that it is appropriate that an Order respecting the
48 Application be issued now with the Board to issue its Reasons for Decision separately; and

1 **WHEREAS** the Board is satisfied that the proposed capital expenditures are reasonable and
2 necessary to ensure the continued provision of a safe and reliable electricity supply to
3 Newfoundland Power's customers and should be approved.
4

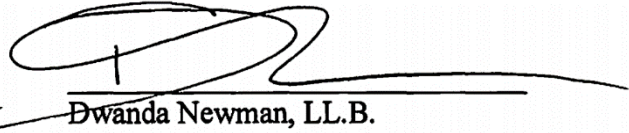
5
6 **IT IS THEREFORE ORDERED:**
7

- 8 **1. Newfoundland Power's proposed construction and purchase of improvements or**
9 **additions to its property to be completed in 2022, as set out in Schedule A to this Order,**
10 **are approved.**
11
- 12 **2. Newfoundland Power's proposed multi-year construction and purchase of**
13 **improvements or additions to its property, as set out in Schedule B to this Order, are**
14 **approved.**
15
- 16 **3. Newfoundland Power's 2022 Capital Budget for improvements or additions to its**
17 **property in an amount of \$108,121,000, as set out in Schedule C to this Order, is**
18 **approved.**
19
- 20 **4. Newfoundland Power's average rate base for the year ending December 31, 2020 is**
21 **hereby fixed and determined at \$1,181,897,000.**
22
- 23 **5. Unless otherwise directed by the Board, Newfoundland Power shall file an annual**
24 **report to the Board on its 2022 capital expenditures by March 1, 2023.**
25
- 26 **6. Unless otherwise directed by the Board, Newfoundland Power shall provide, in**
27 **conjunction with the 2023 capital budget application, a status report on the 2022 capital**
28 **budget expenditures showing for each project:**
29 **(i) the approved budget for 2022;**
30 **(ii) the expenditures prior to 2022;**
31 **(iii) the 2022 expenditures to the date of the application;**
32 **(iv) the remaining projected expenditures for 2022;**
33 **(v) the variance between the projected total expenditures and the approved budget;**
34 **and**
35 **(vi) an explanation of the variance.**
36
- 37 **7. Newfoundland Power shall pay all costs and expenses of the Board incurred in**
38 **connection with the Application.**

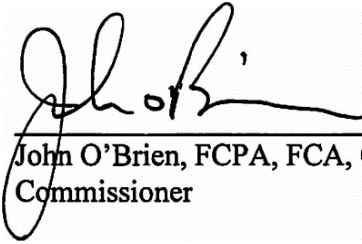
DATED at St. John's, Newfoundland and Labrador, this 20th day of December, 2021.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary

**Newfoundland Power Inc.
2022 Capital Budget
Single-Year Projects Over \$50,000
(000s)**

<u>Project Description</u>	<u>2022</u>
<u>Generation - Hydro</u>	
Hydro Facility Rehabilitation	\$2,062
Total Generation - Hydro	<u>\$2,062</u>
<u>Generation - Thermal</u>	
Thermal Plant Facility Rehabilitation	\$307
Total Generation - Thermal	<u>\$307</u>
<u>Substations</u>	
Substations Refurbishment and Modernization	\$7,049
Replacements Due to In-Service Failures	3,691
PCB Bushing Phase-out	899
Total Substations	<u>\$11,639</u>
<u>Transmission</u>	
Transmission Line Rebuild	\$6,021
Transmission Line Maintenance and 3 rd Party Relocations	2,398
Total Transmission	<u>\$8,419</u>
<u>Distribution</u>	
Extensions	\$10,333
Meters	818
Services	3,038
Street Lighting	2,507
Street Lighting – LED Replacement Program	5,428
Transformers	5,958
Reconstruction	5,902
Rebuild Distribution Lines	4,333
Relocate/Replace Distribution Lines for Third Parties	3,370
Distribution Reliability Initiative	350
Feeder Additions for Load Growth	1,690
Distribution Feeder Automation	893
Trunk Feeders – Humber 4.16 kV Conversion	1,355
Allowance for Funds Used During Construction	239
Total Distribution¹	<u>\$46,214</u>

¹ Reduced by \$1,530,000 to reflect the removal of the Electric Vehicle Charging Network project, which will be considered in a separate process.

General Property

Tools and Equipment	\$598
Additions to Real Property	716
Clarenville Area Office Building Refurbishment	854
Physical Security Upgrades	492
Total General Property	\$2,660

Telecommunications

Replace/Upgrade Communications Equipment	\$114
Total Telecommunications	\$114

Information Systems

Application Enhancements	\$1,007
System Upgrades	557
Personal Computer Infrastructure	615
Shared Server Infrastructure	613
Network Infrastructure	508
Cybersecurity Upgrades	865
Total Information Systems	\$4,165

Unforeseen Allowance

Allowance for Unforeseen Items	\$750
Total Unforeseen Allowance	\$750

General Expenses Capitalized

General Expenses Capitalized	\$6,500
Total General Expenses Capitalized	\$6,500

Total Expenditures Single-Year Projects over \$50,000

\$82,830

**Newfoundland Power Inc.
 2022 Capital Budget
 Multi-Year Projects Over \$50,000
 (000s)**

Multi-Year Projects Commencing in 2022

Class	Project Description	2022	2023	2024	Total
Generation - Hydro	Sandy Brook Plant Penstock Replacement	400	4,694	-	5,094
Transmission	Transmission Line 94L Rebuild	4,473	4,346	4,276	13,095
Transportation	Replace Vehicles and Aerial Devices 2022-2023	3,089	2,135	-	5,224
Telecommunications	St. John's Teleprotection System Replacement	450	1,150	-	1,600
Information Systems	Workforce Management System Replacement	808	1,201	-	2,009
Total		\$9,220	\$13,526	\$4,276	\$27,022

Multi-Year Projects Approved in Previous Years

Class	Project Description	2021	2022	2023	2024	Total
Information Systems	Microsoft Enterprise Agreement ¹	245	245	245	-	735
Information Systems	Customer Service System Replacement ²	9,903	15,826	5,917	-	31,646
Total		10,148	16,071	6,162	-	32,381

¹ Order No. P.U. 37(2020).

² Order No. P.U. 12(2021).

Newfoundland Power Inc.
2022 Capital Budget
(000s)

Projects over \$50,000 to be completed in 2022	82,830
Multi-Year Projects over \$50,000 commencing in 2022	9,220
Multi-Year Projects over \$50,000 Approved in Previous Years	<u>16,071</u>
Total 2022 Capital Budget	<u><u>\$108,121</u></u>