IN THE MATTER OF the *Public Utilities Act*, R.S.N.L., c.P-47 (the "Act"); and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro ("Hydro") for an Order approving: (1) its 2010 capital budget pursuant to s.41(1) of the Act; (2) its 2010 capital purchases, and construction projects in excess of $50,000 pursuant to s.41(3)(a) of the Act; (3) its leases in excess of $5,000 pursuant to s.41(3)(b) of the Act; and (4) its estimated contributions in aid of construction for 2010 pursuant to s.41(5) of the Act and for an Order pursuant to s.78 of the Act fixing and determining its average rate base for 2008.

TO: The Board of Commissioners of Public Utilities (the "Board")

SUBMISSION OF THE CONSUMER ADVOCATE

Project Title:	Replace Pump House Motor Control Centre
Location:	Holyrood
Category:	Generation Thermal
Definition:	Other
Classification:	Normal
Reference:	Vol I, p. B12; Vol 11, Tab 6

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1. Hydro justifies this project on the basis of safety and reliability.

2. In relation to the safety basis, one of the concerns expressed is asbestos. Asbestos is not presented as an environmental issue in this project. (Section 3.11 of Tab 6). These installations have contained asbestos for several decades. Hydro has other buildings and installations which contain asbestos (CA-NLH-10). In response, Hydro has Asbestos Management programs in place to manage and control all locations where asbestos exists.

3. There is no evidence that the asbestos contained in this installation is in a state that would require its removal for safety reasons. Further, there is no indication that the Asbestos Management Program has identified the motor control centre as low, medium or high risk requiring the safe removal and containment of asbestos.

4. The other safety basis put forward is deficiencies in the motor control centres with respect to the current codes relating to exposed live parts and are flash protection. Present code requirements exceed the codes and standards of the 1960s and 1970s. Replacement equipment must be designed and built to the current standard.

5. In reply to CA-NLH-08, Hydro outlines the detailed safety precautions that NLH staff take when individual cells of the motor control centre are removed for maintenance purposes. The reply also goes on to address Hydro's procedures under its Asbestos Management Program. It is clear that Hydro has well-documented and standardized work methods aimed at the protection of its staff. The fact that there has been no injury to Hydro personnel, as outlined in reply to IC-NLH-39, due to these issues is evidence of the fact that such precautions work. Nonetheless Hydro states in reply to CA-NLH-09:

"... The issue in this proposal is that the design of the equipment is such that safety hazards exist for maintenance staff because there are no safety barriers to protect the maintenance staff from the 600 volt energized bus or the asbestos materials used in the MCC Construction."

6. While acknowledging that the codes and standards of the 1960s and 1970s do not meet the current codes and standards that replacement equipment would be expected to meet the codes do not require that the existing equipment be replaced. One would assume that Hydro has other assets that if replaced today would have to meet more exacting standards than those applicable at the time of initial installation. For example, Hydro reports in reply to CA-NLH-10 that "because of the age of the Hydro assets there are building and pieces of equipment which contain asbestos."

7. In light of the extensive safety protocols followed by Hydro staff when engaged in maintenance of the motor control centre it is not evident that this project can be justified on a safety basis, in the Consumer Advocate's respectful submission.

8. Having regard to the fact that Hydro also justifies this project on the basis of reliability, it is necessary to examine that basis for the project. At page 4 of the report at Tab 6 of Vol II, Hydro states:

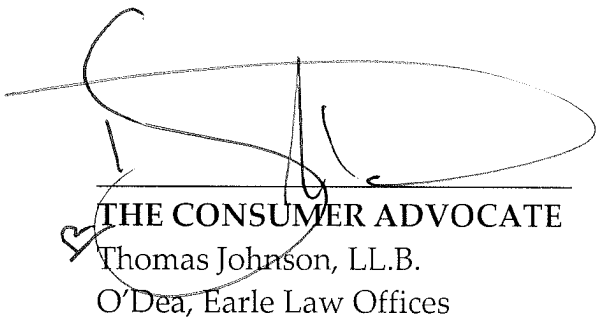
"The motor control centres are located in the main open equipment area of the pump house and are exposed to a damp and corrosive environment. This environment has caused deterioration to the motor control centres such as moisture build up and rusting of contents which results in an unreliable system and unplanned outages."

9. In reply to CA-NLH-03, Hydro notes that it does not track outage statistics to specific subsystems such as the pump house motor control centres. As a result, Hydro states, "there are no records available to determine the percentage of unit failures or outages that have been caused by failures of the pump house motor control centres." Actually, more accurately put, there are no records available to say that there has even been a single instance of the motor control centre in either pump house 1 or 2 causing an unplanned outage or unit failure.

10. Certainly one would not characterize that monies spent on Preventative Maintenance and Corrective Maintenance as being large in amount. (See CA-NLH-07 and Table 1 and 2 of Tab 6, p. 5). Nor would one reasonably conclude from the type of work carried out on these units (as detailed in CA-NLH-07) that these units from a reliability perspective cannot be further maintained and kept in good serviceable repair. Hydro has expressly stated that "The justification for this proposal is not based on the annual preventive and corrective maintenance costs." (See IC-NLH-29).

11. In the case of this project's reliability rationale, obviously the Board has the record before it in this matter and will have to determine if the case has been made out by Hydro. For his part, the Consumer Advocate simply does not see a compelling case for this project.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 20th of October, 2009.



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