IN THE MATTER OF the Electrical Power Control Act, 1994, SNL 1994, Chapter E-5.1 (the "EPCA") and the Public Utilities Act, RSNL 1990, Chapter P-47 (the "Act"), as amended, and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for approval of capital expenditures for the replacement of insulators on transmission lines TL-201 and TL-203 pursuant to section 41 of the Act.

WHEREAS Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and existing under the Hydro Corporation Act, is a public utility within the meaning of the Act, and is subject to the provisions of the EPCA; and

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

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

without prior approval of the Board; and

WHEREAS in Order No. P.U. 42(2013) the Board approved Hydro’s 2014 Capital Budget in the amount of $97,805,300; and

WHEREAS in Order No. P.U. 16(2014) the Board approved Hydro’s proposal to proceed with the purchase and installation of 100 MW of combustion turbine generation at the Holyrood Thermal Generating Station, with cost recovery to be determined by the Board in a future Order; and

WHEREAS in Order No. P.U. 23(2014) the Board approved a supplementary amount of $580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that recovery of these expenditures would be addressed upon receipt of a further application from Hydro; and

WHEREAS in Order No. P.U. 33(2014) the Board approved capital expenditures for the replacement of insulators on transmission lines TL-201 and TL-203.
WHEREAS the Board approved supplementary 2014 capital expenditures in:

(i) Order No. P.U. 29(2014) in the amount of $7,197,800 in 2014 and $1,266,400 in 2015 for the purchase and replacement of the Sunnyside T1 transformer and associated equipment, modification to the protection relay system and addition of a 230 kV breaker at the Sunnyside Terminal Station; and

(ii) Order No. P.U. 32(2014) in the amount of $1,452,000 to replace the tap changer on the T5 transformer at the Western Avalon Terminal Station;

and ordered that recovery of these expenditures would be addressed in a subsequent order of the Board following a further application by Hydro; and

WHEREAS on June 19, 2014 Hydro filed an application with the Board requesting approval of a supplemental capital expenditure in the amount of $3,632,200 to replace all insulators on transmission line TL-201 and 30 insulators on transmission line TL-203 (the “Application”); and

WHEREAS Hydro states that since January 12, 2014 numerous insulator pin failures have occurred on both transmission lines TL-201 and TL-203; and

WHEREAS Hydro submits that completion of the insulator replacement on transmission lines TL-201 and TL-203 is required to ensure that Hydro can continue to provide safe, reliable and adequate service to the Avalon Peninsula; and

WHEREAS the Application was circulated to Newfoundland Power Inc. (“Newfoundland Power”), the Consumer Advocate, a group of three Island Industrial customers: Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the “Industrial Customer Group”), Vale Newfoundland and Labrador Limited (“Vale”), Praxair Canada Inc. (“Praxair”), Grand Riverkeeper Labrador, Inc. and Danny Dumaresque; and

WHEREAS Newfoundland Power and the Industrial Customer Group issued Requests for Information which were answered by Hydro on July 21, 2014; and

WHEREAS Newfoundland Power, the Consumer Advocate, the Industrial Customer Group, Vale and Mr. Dumaresque advised the Board in writing that they did not have any comment on the Application; and

WHEREAS the Board did not receive any comment from the Praxair or Grand Riverkeeper Labrador, Inc.; and

WHEREAS the Board is satisfied the proposed supplemental capital expenditure to replace insulators on transmission lines TL-201 and TL-203 is necessary for Hydro to provide service and facilities which are reasonably safe and adequate and just and reasonable.
IT IS THEREFORE ORDERED THAT:

1. The proposed capital expenditure of $3,632,200 for the replacement of all insulators on transmission line TL-201 and 30 insulators on transmission line TL-203 is approved.

2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 1st day of August 2014.

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Andy Wells
Chair & Chief Executive Officer

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Dwanda Newman, LL.B.
Commissioner

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Cheryl Blundon
Board Secretary