

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

**AN ORDER OF THE BOARD  
NO. P. U. 9(2009)**

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

**AND**

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8  
9 **IN THE MATTER OF** an application  
10 by Newfoundland and Labrador Hydro  
11 (“Hydro”) for approval of the replacement  
12 of the Operator Console for the Stephenville  
13 Gas Turbine (the “Application”) pursuant  
14 to Section 41 of the *Act*.

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16  
17 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a  
18 public utility within the meaning of the *Act* and is also subject to the provisions of the *EPCA*; and

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

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23 (a) the cost of construction or purchase is in excess of \$50,000; or

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25 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,

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27 without prior approval of the Board; and

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29 **WHEREAS** in Order No. P.U. 36(2008) issued December 23, 2008 the Board approved, *inter alia*,  
30 Hydro’s 2009 Capital Budget of \$47,856,000; and

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32 **WHEREAS** in Order No. P.U. 4(2009) the Board approved a supplementary 2009 Capital Budget  
33 expenditure of \$351,000 for the replacement of the power transformer at the Wiltondale terminal  
34 station due to a failure of the existing transformer; and

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36 **WHEREAS** in Order No. P.U. 8(2009) the Board approved a further supplementary 2009 Capital  
37 Budget expenditure of \$1,092,900 for the replacement of programmable logic controllers at the  
38 Holyrood Thermal Generating Station’s Gas Turbine Plant; and

1 **WHEREAS** on January 22, 2009 Hydro applied to the Board for approval of a proposed  
2 supplementary capital expenditure in relation to the replacement of the Operator Console at the 50  
3 MW Gas Turbine in Stephenville; and  
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5 **WHEREAS** the Consumer Advocate, Hydro's Island Industrial Customers and Newfoundland  
6 Power were notified of the Application but did not make any submissions; and  
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8 **WHEREAS** the Board has reviewed the supporting documentation filed with the Application in the  
9 context of the *Act* and the Capital Budget Application Guidelines issued by the Board; and  
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11 **WHEREAS** the Capital Budget Application Guidelines require that an application for approval of a  
12 supplemental capital expenditure be supported with evidence as to why the project was not  
13 anticipated and included in the annual capital budget application for the year and why the project  
14 cannot wait until the next annual capital budget application; and  
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16 **WHEREAS** in correspondence dated January 22, 2009 Hydro explained that the project was not  
17 included in the 2009 Capital Budget application as the report was not ready at the time and stated  
18 that the project cannot wait for the 2010 capital budget as any failure would result in loss of local  
19 control and trending data for an indeterminate amount of time due to lack of available replacement  
20 parts; and  
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22 **WHEREAS** the evidence shows that this project is a response to routine obsolescence of the  
23 equipment which was not accounted for in the 2009 Capital Budget application and, while Hydro  
24 states in correspondence that failure of the equipment would result in losses, the evidence does not  
25 demonstrate the likelihood of such a failure or that failure is imminent as compared to other aging  
26 equipment; and  
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28 **WHEREAS** the Board notes that the evidence shows that Hydro has been able to address recent  
29 failures of this type of equipment through the use of other equipment; and  
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31 **WHEREAS** the Board finds that Hydro has not satisfied the requirements of the Capital Budget  
32 Application Guidelines and has failed to demonstrate why the project should be approved outside of  
33 an annual capital budget application.

34 **IT IS THEREFORE ORDERED THAT:**  
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- 36 1. The request for approval of a capital expenditure of \$119,500 for the replacement of the  
37 Operator Console for the Stephenville Gas Turbine is denied.  
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- 39 2. Hydro shall pay the expenses of the Board incurred in connection with this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 20<sup>th</sup> day of March 2009.

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Andrew Wells  
Chair & Chief Executive Officer

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Darlene Whalen, P.Eng.  
Vice-Chair

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Dwanda Newman, LL.B.  
Commissioner

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Cheryl Blundon  
Board Secretary