

P. U. 12(2005)

1 **IN THE MATTER OF THE**
2 *Public Utilities Act*, R.S.N.1990,
3 c. P-47, as amended (the “*Act*”)
4

5 AND
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7 **IN THE MATTER OF** an
8 application by Newfoundland and
9 Labrador Hydro (“Hydro”) for
10 approval of (i) the construction of
11 a transmission interconnection to the
12 Duck Pond Mine Site, owned by Aur
13 Resources Inc., situated to the southeast
14 of Millertown, pursuant to Section 41(3)
15 of the *Act*; and (ii) a customer contribution
16 for the transmission interconnection,
17 pursuant to Section 41 (5) of the *Act*.
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20 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a
21 public utility within the meaning of the *Act*, and is also subject to the provisions of the *Electrical*
22 *Power Control Act, 1994*; and
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24 **WHEREAS** Section 41(3) of the *Act* requires that a public utility shall not proceed with the
25 construction, purchase or lease of improvements or additions to its property where:

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

28 without the prior approval of the Board of Commissioners of Public Utilities (the “Board”); and

WHEREAS Section 41(5) of the *Act* requires that a public utility obtain the prior approval of the Board of any contributions demanded of its customer; and

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WHEREAS by Order No. P.U. 53(2004) the Board approved Hydro's 2005 capital expenditure program with a total budgeted cost of \$42,431,000; and

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WHEREAS by Order No. P.U. 3(2005) the Board approved Hydro's application for the capital expenditure of \$120,000 for preliminary engineering and related work associated with the construction of a transmission interconnection to the Duck Pond mine site owned by Aur Resources Inc., and for the contribution of that amount by Aur Resources Inc. to Hydro; and

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WHEREAS by Order No. P.U. 11(2005) the Board approved Hydro's application for approval of additional proposed capital expenditures for: i) the Cat Arm Road Rehabilitation; ii) the Upper Salmon Power Canal Slope Stabilization; iii) the replacement of a failed diesel unit at Ramea; and iv) a lease at Hopedale for a total of \$3,153,700 bringing the total of the previously approved proposed capital projects for 2005 to \$45,704,000; and

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WHEREAS Hydro and Aur Resources Inc. have executed an agreement whereby Hydro will construct a transmission interconnection of approximately 45 kilometers between Hydro's Buchans Terminal Station and the Duck Pond mine site owned by Aur Resources, and whereby Aur Resources Inc. will pay the full capital cost of the transmission interconnection over a five-year period; and

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WHEREAS Hydro has applied for the approval of an additional capital expenditure of \$5,705,500 for the construction of the said transmission interconnection (for a total of \$5,825,500 for this capital project), and for the approval of the full contribution of that amount from its customer, Aur Resources Inc., in accordance with the terms of a transmission construction contribution agreement dated March 21, 2005; and

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WHEREAS in response to Information Requests PUB-1 to PUB-3 submitted to Hydro by the Board it was determined that Hydro had conducted an examination of the 2003 annual report of Aur Resources Inc., as prepared by PricewaterhouseCoopers, and had determined the estimated life and the scheduled start-up date of the mine; and

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WHEREAS the Board has considered the application, the responses to its Information Requests PUB-1 to PUB-3, the transmission construction contribution agreement, and the explanations provided by Hydro, and is satisfied that the proposed expenditure is prudent and necessary and that the capital contribution proposed to be received by Hydro is reasonable and appropriate.

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IT IS THEREFORE ORDERED THAT:

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- 9 1. Pursuant to Section 41 (3) of the *Act*, the Board approves the additional 2005 capital
10 expenditure of \$5,705,500 for the construction of a transmission interconnection of
11 approximately 45 kilometres to the Duck Pond Mine site owned by Aur Resources Inc., an
12 intended industrial customer of Hydro.
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14 2. Pursuant to Section 41 (5) of the *Act*, the Board approves the contribution from Hydro's
15 intended industrial customer, Aur Resources Inc., of \$5,705,000 for the construction of the
16 aforesaid transmission interconnection.
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18 3. Hydro shall pay the expenses of the Board incurred in connection with this matter.

Dated at St. John's, Newfoundland and Labrador, this 19th day of April 2005.

Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen, P.Eng.,
Vice-Chair.

G. Fred Saunders,
Commissioner.

G. Cheryl Blundon,
Board Secretary.