

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

AN ORDER OF THE BOARD

NO. P. U. 32(2009)

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

5
6 **AND**

7
8 **IN THE MATTER OF** an Application by
9 Newfoundland Power Inc. (“Newfoundland
10 Power”) for approval to proceed with the
11 construction of a distribution line and the
12 upgrade of its Western Avalon Substation
13 pursuant to Section 41(3) of the *Act*
14 (the “Application”).

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

20
21 **WHEREAS** on August 13, 2009 Newfoundland Power filed the Application with the Board for
22 approval of the capital expenditure of \$1,165,000 associated with the construction of a new
23 distribution line in Long Harbour and upgrade the Western Avalon Substation (the “Substation:);
24 and

25
26 **WHEREAS** Section 41(3) of the *Act* states that a public utility shall not proceed with the
27 construction, purchase or lease of improvements or additions to its property where:

- 28
29 (a) the cost of the construction or purchase is in excess of \$50,000; or
30 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,

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32 without the prior approval of the Board; and

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34 **WHEREAS** Order No. P. U. 27(2008) issued November 12, 2008 the Board approved, *inter alia*,
35 Newfoundland Power’s 2009 Capital Budget of \$61,571,000; and

1 **WHEREAS** in Order No. P. U. 29(2009) the Board approved supplementary 2009 Capital
2 expenditures in the amount of \$710,000 to the Allowance for Unforeseen Items account; and

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4 **WHEREAS** Vale Inco Newfoundland & Labrador Limited (the “Customer”) is constructing a
5 hydrometallurgical processing plant at Long Harbour; and

6
7 **WHEREAS** Newfoundland Power currently supplies the Customer with electricity at the
8 construction site (the “Facility”); and

9 **WHEREAS** the electrical capacity requirements of the Facility are projected to increase beyond
10 Newfoundland Power’s ability to serve the Customer from the existing distribution line, and it is
11 therefore necessary that Newfoundland Power construct certain improvements to its Substation and
12 construct a distribution line from the Substation to the Facility; and

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14 **WHEREAS** the Customer has requested that Newfoundland Power be in a position to meet the
15 increased service requirements by March 1, 2010; and

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17 **WHEREAS** the estimated capital expenditure to construct the distribution line and upgrade the
18 Substation is \$1,165,000; and

19
20 **WHEREAS** when service at the Facility is no longer required, Newfoundland Power will transfer its
21 other customers in the Long Harbour area to the distribution line; and

22
23 **WHEREAS** Newfoundland Power has calculated the betterment credit associated with the benefit to
24 the local electricity distribution system to be \$444,000, and the Customer’s contribution to be
25 \$721,000; and

26
27 **WHEREAS** the Capital Budget Application Guidelines require that an application for approval of a
28 supplemental capital expenditure be supported with evidence as to why the project was not
29 anticipated and included in the annual capital budget application for the year and why the project
30 cannot wait until the next capital budget application; and

31 **WHEREAS** the Board is satisfied that it is reasonable and prudent to approve the expenditure of
32 \$1,165,000 to construct the distribution line at Long Harbour and upgrade to the Western Avalon
33 Substation.

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35 **IT IS THEREFORE ORDERED THAT:**

- 36
37 1. The Board approves the proposed capital expenditure of \$1,165,000 to construct the
38 distribution line and upgrade the Western Avalon Substation.
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40 2. Newfoundland Power shall pay all the expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 4th day of September 2009.

Andrew Wells
Chair & Chief Executive Officer

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary