

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

AN ORDER OF THE BOARD

NO. P.U. 16(2010)

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

5
6 **AND**

7
8 **IN THE MATTER OF** an Application by
9 Newfoundland and Labrador Hydro (“Hydro”)
10 for approval of the construction of a terminal
11 station at Long Harbour, an extension to
12 transmission line TL-208, and approval of a
13 customer contribution associated with the
14 project (the “Application”), pursuant
15 to Subsection 41(3) and 41(5) of the *Act*,

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

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21 **WHEREAS** on December 15, 2009 Hydro applied to the Board requesting approval of the
22 capital expenditure of \$14.8 million for the construction of a terminal station at Long Harbour
23 and an extension to transmission line TL-208; and

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

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28 a) the cost of construction or purchase is in excess of \$50,000; or
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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 prior approval of the Board; and

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

1 **WHEREAS** the Board approved supplementary 2009 Capital expenditures in:
2

- 3 (i) Order No. P.U. 4(2009) in the amount of \$351,000 for the replacement of the
4 power transformer at the Wiltondale terminal station due to a failure of the
5 existing transformer;
- 6 (ii) Order No. P.U. 8(2009) in the amount of \$1,092,900 for the replacement of
7 programmable logic controllers at the Holyrood Thermal Generating Station's
8 Gas Turbine Plant;
- 9 (iii) Order No. P. U. 10(2009) in the amount of \$703,700 for the upgrade of the
10 continuous emission monitoring system at the Holyrood Thermal Generating
11 Station;
- 12 (iv) Order No. P. U. 16(2009) in the amount of \$93,000 for the extension of the
13 parking lot at Hydro Place;
- 14 (v) Order No. P. U. 19(2009) in the amount of \$191,600 to install cold reheat
15 condensate drains and high-pressure heater trip on Unit 2 at the Holyrood
16 Thermal Generating Station in place of the same project for Unit 1;
- 17 (vi) Order No. P. U. 23(2009) in the amount of \$160,800 for the development of an
18 on-line WPC training software program; and
- 19 (vii) Order No. P.U. 28(2009) in the amount of \$1,895,000 for a Condition Assessment
20 and Life Extension Study for the Holyrood Thermal Generating Station; and
- 21 (viii) Order No. P. U. 31(2009) in the amount of \$2,804,700 for the rehabilitation of the
22 Nain Diesel Generating Plant; and
- 23 (ix) Order No. P. U. 33(2009) in the amount of \$2,086,200 for the refurbishment of a
24 gas turbine generator to be located in the Stephenville Gas Turbine Plant; and
- 25 (x) Order No. P. U. 34(2009) in the amount of \$1,136,000 for the Hinds Lake
26 powerhouse slope stabilization; and
- 27 (xi) Order No. P. U. 40(2009) in the amount of \$196,500 for the replacement of
28 microwave radio equipment between the Godaleich Hill Microwave Site and the
29 Upper Salmon Generating Station; and
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31 **WHEREAS** the expenditure has been requested by the customer, Vale Inco, and will be fully
32 funded by Vale Inco, and the resultant assets will be specifically assigned to the customer; and
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34 **WHEREAS** the Board has reviewed the supporting documentation filed with the Application in
35 the context of the *Act* and the Capital Budget Application Guidelines issued by the Board; and
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37 **WHEREAS** Hydro has also applied for approval of a contribution from Vale Inco of an amount
38 equal to the final capital costs of the project; and
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40 **WHEREAS** on December 18, 2009 Requests for Information were forwarded to Hydro; and
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42 **WHEREAS** on January 4, 2010 responses were provided to the Board; and

1 **WHEREAS** on May 17, 2010 Hydro provided a copy of the construction contribution agreement
2 in relation to the proposed capital expenditure; and
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4 **WHEREAS** the Board is satisfied that it is reasonable and prudent to approve the fully
5 contributed expenditure of \$14.8 million for the construction of the terminal station at Long
6 Harbour and the extension to transmission line TL-208.
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9 **IT IS THEREFORE ORDERED THAT:**
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- 11 1. The proposed capital expenditure of \$14.8 million for construction of the terminal station
12 at Long Harbour and the extension to transmission line TL-208 is approved.
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14 2. The contribution from the customer, Vale Inco, in the amount of the final capital cost of
15 the project is approved.
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17 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 28th day of May 2010.

Andy Wells
Chair & Chief Executive Officer

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary