## NEWFOUNDLAND AND LABRADOR BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## AN ORDER OF THE BOARD

## NO. P.U. 37(2016)

- 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*"), as amended, and regulations
- 5 thereunder; and
- 67 IN THE MATTER OF an application by
- 8 Newfoundland and Labrador Hydro for approval
- 9 to acquire the Wabush Terminal Station
- 10 pursuant to section 41 of the Act.
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**WHEREAS** Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and existing under the *Hydro Corporation Act*, 2007, is a public utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and

**WHEREAS** subsection 41(3) of the *Act* requires that a public utility 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. 33(2015) the Board approved Hydro's 2016 Capital Budget in the amount of \$183,082,800; and

WHEREAS the Board approved supplementary 2016 capital expenditures:

- (i) in Order No. P.U. 8(2016) in the amount of \$1,000,000 to supplement the Allowance for Unforeseen Items;
- (ii) in Order No. P.U. 17(2016) in the amount of \$6,300,000 to purchase 12 MW of generating capacity at the Holyrood Thermal Generating Station;
- (iii) in Order No. P.U. 19(2016) in the amount of \$11,800,000 to replace lower reheater tubes on the Unit 1 and 2 boilers and to complete reliability improvements at the Holyrood Thermal Generation Plant;
- (iv) in Order No. P.U. 20(2016) in the amount of \$717,000 to reroute transmission line TL 227 and distribution line Sally's Cove L1, a multi-year project with capital expenditures of \$1,533,000 in 2017 which were also approved in this Order;

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- (v) in Order No. P.U. 22(2016) in the amount of \$3,047,100 for the refurbishment of gas generator End A engine, serial number 202205, at the Hardwoods Gas Turbine Plant and gas generator End A engine, serial number 202204, at the Stephenville Gas Turbine Plant; and
- (vi) in Order No. P.U. 28(2016) in the amount of \$1,977,300 for the refurbishment and overhaul of Unit 4 at Bay d'Espoir; and

8 WHEREAS on August 5, 2016 Hydro applied to the Board for approval of a capital 9 expenditure in the amount of \$490,000 to purchase the Wabush Terminal Station and 10 associated lands and assets (the "Application"); and

WHEREAS the Application explains that electrical service is supplied to Labrador West
 through the Wabush Terminal Station: and
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15 WHEREAS the Application states that on December 31, 2014 the sublease under which Hydro 16 was transmitting power and energy to the Wabush Terminal Station via two 230 kV 17 transmission lines, expired and since, Hydro has been using the Wabush Terminal Station 18 under lease and consent, and has been negotiating the purchase of the Wabush Terminal 19 Station and associated assets; and

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WHEREAS the Application explains that Hydro is applying to acquire the Wabush Terminal Station, a small segment of the two 230 kV transmission lines that run between the Churchill Falls Switchyard and the Wabush Terminal Station, and lands adjacent to the Wabush Terminal Station as well as a parcel of land near the Wabush Substation; and

WHEREAS the Application states that the continued use of the Wabush Terminal Station, the two 230 kV transmission lines and the Wabush Substation is required to ensure that Hydro can continue to provide service to its customers in Wabush and Labrador City and the failure to acquire these assets will result in Hydro needing to replace these assets with similar new assets at a very high cost and with customer service disruption; and

WHEREAS the Application explains that the assets in the terminal station and substation are aging and will eventually need to be replaced and that Hydro proposes to acquire the lands adjacent to the Wabush Terminal Station and the parcel near the Wabush Substation to secure them for when Hydro needs to rebuild, renew or expand the facilities; and

WHEREAS the Application states that Hydro anticipates that it will be applying to acquire the
 remaining aspects of the electrical system before the end of 2016; and

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WHEREAS the Application was copied to: Newfoundland Power Inc.; the Consumer
Advocate, Mr. Thomas Johnson; Corner Brook Pulp and Paper Limited and NARL Refining
Limited Partnership; Teck Resources Limited; Vale Newfoundland and Labrador Limited; and
Praxair Canada Inc.; and

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45 WHEREAS the Board filed one Request for Information which was answered by Hydro on46 August 16, 2016; and

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- 48 WHEREAS the Board received no comments on the Application; and

WHEREAS the Board is satisfied that the proposed capital expenditure for the purchase of the Wabush Terminal Station, the segment of the two 230 kV transmission lines, and the lands is necessary to allow Hydro to provide service and facilities which are reasonably safe and adequate and just and reasonable.

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## **IT IS THEREFORE ORDERED THAT:**

1. The proposed capital expenditure in the amount of \$490,000 for the purchase of :

- (a) the Wabush Terminal Station including installed equipment;
- (b) a segment of the two 230 kV transmission lines that run between the Churchill Falls Switchyard and the Wabush Terminal Station;
- (c) lands adjacent to the Wabush Terminal Station; and
- (d) a parcel of land near the Wabush Terminal Substation,

is approved.

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

DATED at St. John's, Newfoundland and Labrador, this 8<sup>th</sup> day of September, 2016.

Darlene Whalen, P.Eng. Vice-Chair

<u>Dwanda Newman</u>, LL.B. Commissioner

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