IN THE MATTER OF the Electrical Power Control Act, 1994, S.N.L. 1994, Chapter E-5.1 (the "EPCA") and the Public Utilities Act, R.S.N.L. 1990, Chapter P-47 (the "Act"), as amended, and regulations thereunder; and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for approval of 2014 capital expenditures for the installation of additional transformer capacity at the Wabush Substation pursuant to section 41 of the Act.

WHEREAS Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and existing under the Hydro Corporation Act, is a public utility within the meaning of the Act, and is subject to the provisions of the EPCA; and

WHEREAS subsection 41(3) of the Act states that a public utility shall 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. 42(2013) the Board approved Hydro's 2014 Capital Budget in the amount of $97,805,300; and

WHEREAS in Order No. P.U. 16(2014) the Board approved Hydro's proposal to proceed with the purchase and installation of 100 MW of combustion turbine generation at the Holyrood Thermal Generating Station, with cost recovery to be determined by the Board in a future Order; and

WHEREAS in Order No. P.U. 23(2014) the Board approved a supplementary amount of $580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that recovery of these expenditures would be addressed upon receipt of a further application from Hydro; and
WHEREAS the Board approved supplementary 2014 capital expenditures in:

(i) Order No. P.U. 29(2014) in the amount of $7,197,800 in 2014 and $1,266,400 in 2015 for the purchase and replacement of the Sunnyside T1 transformer and associated equipment, modification to the protection relay system and addition of a 230 kV breaker at the Sunnyside Terminal Station; and

(ii) Order No. P.U. 32(2014) in the amount of $1,452,500 to replace the tap changer on the T5 transformer at the Western Avalon Terminal Station;

and ordered that recovery of these expenditures would be addressed in a subsequent order of the Board following a further application by Hydro; and

WHEREAS the Board also approved supplementary 2014 capital expenditures in:

(i) Order No. P.U. 33(2014) in the amount of $3,632,200 to replace insulators on transmission lines TL-201 and TL-203; and

(ii) Order No. P.U. 34(2014) in the amount of $636,700 in 2014 and $360,000 in 2015 for the replacement of the excitation transformers at the Bay d’Espoir generating station; and

WHEREAS on June 19, 2014 Hydro filed an application with the Board requesting approval of a supplementary 2014 capital expenditure in the amount of $958,800 to install additional transformer capacity and make the necessary modifications at the Wabush Substation (the “Application”); and

WHEREAS Hydro advises that in recent years the Town of Wabush has experienced rapid residential and commercial load growth and that there is currently a deficiency in transformer capacity at the Wabush Substation to meet the forecasted load; and

WHEREAS Hydro advises that the Wabush Substation currently has transformer capacity of 20.0 MW with the peak demand forecasted to reach 21.7 MW during the winter of 2014/2015 and may be expected to reach a demand of over 25 MW by the 2015/2016 winter peak; and

WHEREAS Hydro proposes to relocate a transformer from its Quartzite Substation in Labrador City, which is being decommissioned, and states that the relocation of this transformer would increase the available transformer capacity at the Wabush Substation to 36.2 MW; and

WHEREAS Hydro advises that the proposed configuration is considered temporary and Hydro proposes to have a long-term plan for the Wabush system in place in the first half of 2015; and

WHEREAS the Application was circulated to Newfoundland Power Inc. (“Newfoundland Power”), the Consumer Advocate, a group of three Island Industrial customers: Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the “Industrial Customer Group”), Vale Newfoundland and Labrador Limited (“Vale”), and Praxair Canada Inc. (“Praxair”); and
WHEREAS the Board, the Consumer Advocate and the Industrial Customer Group issued requests for information which were answered by Hydro on July 21, 2014; and

WHEREAS the Board did not receive submissions on the Application; and

WHEREAS the Board is satisfied that the proposed supplemental 2014 capital expenditure to install additional transformer capacity at the Wabush Substation and make modifications to the Wabush Substation is necessary for Hydro to provide service and facilities which are reasonably safe and adequate and just and reasonable.

IT IS THEREFORE ORDERED THAT:

1. The proposed 2014 capital expenditure of $958,800 to install additional transformer capacity at the Wabush Substation by relocating the transformer from the Quartzite Substation and to make associated modifications to the Wabush Substation is approved.


3. Hydro shall pay all expenses of the Board arising from this Application.
DATED at St. John's, Newfoundland and Labrador this 12th day of August 2014.

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

Bobbi Sheppard
Assistant Board Secretary