

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

**AN ORDER OF THE BOARD**

**NO. P.U. 23(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  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro to vary the  
9 amounts approved in Order No. P.U. 17(2016)  
10 related to 12 MW of diesel generation at the  
11 Holyrood Thermal Generating Station.  
12  
13

14 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and  
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the  
16 *Act*, and is also subject to the provisions of the *EPCA*; and  
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18 **WHEREAS** in Order No. P.U. 17(2016) the Board approved a total capital expenditure of  
19 \$6,300,000 in relation to the purchase of 12 MW of diesel generation at the Holyrood Thermal  
20 Generating Station which included the proposed purchase price of \$5,000,000 plus lease costs  
21 of \$1,300,000 to be deferred and amortized over five years; and  
22

23 **WHEREAS** on June 8, 2016 Hydro applied to the Board for approval to vary Order No. P.U.  
24 17(2016) to reflect additional lease payments incurred by Hydro (the "Application"); and  
25

26 **WHEREAS** the Application states that Hydro incurred two additional lease payments in the  
27 amount of \$300,000 which were not reflected in Order No. P.U. 17(2016) as these payments  
28 were not anticipated by Hydro when it filed the Application; and  
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30 **WHEREAS** the Application states that the total capital expenditure of \$6,300,000 approved in  
31 Order No. P.U. 17(2016) remains unchanged because the purchase price of the units was  
32 reduced from \$5,000,000 to \$4,700,000 upon the payment of the two additional lease  
33 payments; and  
34

35 **WHEREAS** the Application requests that the Board vary Order No. P.U. 17(2016) to approve  
36 the deferral and amortization of \$1,600,000 rather than \$1,300,000 to address the two  
37 additional lease payments; and

1 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland  
2 Power”); the Consumer Advocate, Mr. Thomas Johnson (“Consumer Advocate”); Corner  
3 Brook Pulp and Paper Limited, NARL Refining Limited Partnership and Teck Resources  
4 Limited (“Industrial Customer Group”); Vale Newfoundland and Labrador Limited (“Vale”);  
5 and Praxair Canada Inc. (“Praxair”); and  
6

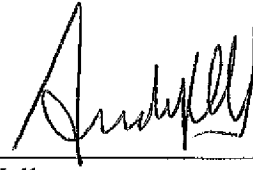
7 **WHEREAS** the Board did not receive comments on the Application; and  
8

9 **WHEREAS** the Board is satisfied that the total capital expenditure approved in Order No. P.U.  
10 17(2016) has not changed but that the amount of the deferral and amortization should be  
11 increased by \$300,000 to reflect the two additional lease payments made by Hydro.  
12

13  
14 **IT IS THEREFORE ORDERED THAT:**  
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- 16 1. The deferral and amortization of the additional lease costs of \$300,000 associated with the  
17 12 MW of diesel generation installed at Holyrood Thermal Generating Station over a  
18 period of five years with unamortized balances to be included in rate base is approved.  
19  
20 2. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 22<sup>nd</sup> day of June, 2016.



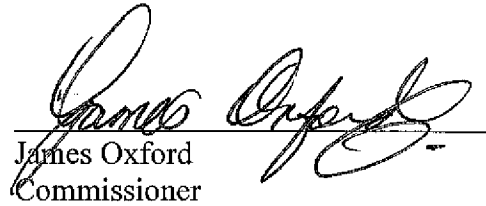
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Andy Wells  
Chair and Chief Executive Officer



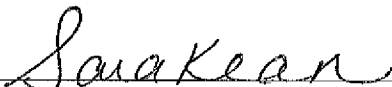
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Darlene Whalen, P.Eng.  
Vice-Chair



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James Oxford  
Commissioner



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Sara Kean  
Assistant Board Secretary