

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

AN ORDER OF THE BOARD

NO. P.U. 7(2017)

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 for approval
9 to acquire two 230 kV transmission lines
10 serving Labrador West pursuant to
11 section 41 of the *Act*.
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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** subsection 41(3) of the *Act* requires that a public utility not proceed with the
19 construction, purchase or lease of improvements or additions to its property where:
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- 21 a) the cost of construction or purchase is in excess of \$50,000; or
- 22 b) the cost of the lease is in excess of \$5,000 in a year of the lease,

23
24 without prior approval of the Board; and
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26 **WHEREAS** in Order No. P.U. 45(2016) the Board approved Hydro's 2017 Capital Budget in
27 the amount of \$271,265,600; and
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29 **WHEREAS** in Order No. P.U. 5(2017) the Board approved supplementary 2017 capital
30 expenditures in the amount of \$3,045,000 to construct a distribution feeder at the Bottom
31 Waters Terminal Station; and
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33 **WHEREAS** on February 3, 2017 Hydro applied to the Board for approval of a capital
34 expenditure in the amount of \$3,168,944 for:

- 35 (i) the sublease of two 230 kV transmission lines that run from Churchill Falls to
36 the Twin Falls generating plant site;
- 37 (ii) the sublease of two 230 kV transmission lines that run from the Twin Falls
38 generating plant site to the Wabush Terminal Station;
- 39 (iii) the lease of electrical equipment situated in the Churchill Falls Switchyard; and

- 1 (iv) the purchase of spare parts and inventory associated with the Wabush Terminal
2 Station, the Churchill Falls Switchyard and the transmission lines (the
3 “Application”); and
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5 **WHEREAS** the Application explains that failure to acquire the assets will result in Hydro
6 needing to replace these assets with similar new assets at very high cost and with customer
7 service disruptions; and
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9 **WHEREAS** the Application states Hydro requires sufficient title to these assets to ensure it
10 can undertake sustaining capital as required; and
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12 **WHEREAS** the Application states that the lease, sublease and purchase of the transmission
13 lines and electrical equipment is required to ensure that Hydro can continue to provide service
14 which is safe and adequate and just and reasonable; and
15

16 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer
17 Advocate, Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited and NARL Refining
18 Limited Partnership; Vale Newfoundland and Labrador Limited; Praxair Canada Inc.; and Teck
19 Resources Limited; and
20

21 **WHEREAS** the Board and Newfoundland Power filed Requests for Information which were
22 answered by Hydro on February 17, 2017; and
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24 **WHEREAS** the Board received no comments on the Application; and
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26 **WHEREAS** Hydro filed a reply submission on February 21, 2017 noting that there were no
27 comments filed by the parties and submitting that the capital works are necessary to provide
28 service which is safe and adequate and just and reasonable; and
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30 **WHEREAS** the Board is satisfied that the proposed capital expenditure to lease, sublease and
31 purchase transmission lines and electrical equipment is necessary to allow Hydro to provide
32 service and facilities which are reasonably safe and adequate and just and reasonable.
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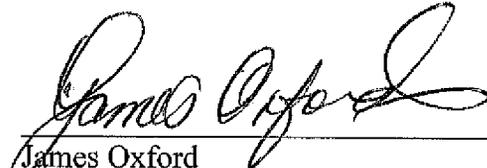
35 **IT IS THEREFORE ORDERED THAT:**
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- 37 1. The proposed capital expenditure in the amount of \$3,168,944 for:
38 (i) the sublease of two 230 kV transmission lines that run from Churchill Falls to
39 the Twin Falls generating plant site;
40 (ii) the sublease of two 230 kV transmission lines that run from the Twin Falls
41 generating plant site to the Wabush Terminal Station;
42 (iii) the lease of electrical equipment situated in the Churchill Falls Switchyard;
43 and
44 (iv) the purchase of spare parts and inventory associated with the Wabush
45 Terminal Station, the Churchill Falls Switchyard and the transmission lines
46 is approved.
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48 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 24th day of February, 2017.



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary