

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

AN ORDER OF THE BOARD

NO. P.U. 26(2012)

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 for
10 approval of the increase in generating
11 capacity at Mary’s Harbour pursuant
12 to Section 41 of the *Act*.

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14
15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
16 existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act*, and
17 is subject to the provisions of the *EPCA*; and

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

- 21
22 a) the cost of construction or purchase is in excess of \$50,000; or
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24 b) the cost of the lease is in excess of \$5,000 in a year of the lease,

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26 without prior approval of the Board; and

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28 **WHEREAS** under Orders No. P.U. 2(2012) and P.U. 5(2012) the Board approved Hydro’s 2012
29 Capital Budget; and

30
31 **WHEREAS** on July 24, 2012 Hydro applied (the “Application”) to the Board requesting
32 approval of the construction of and capital expenditures of:

- 33
34 (i) \$492,100 for improvements and refurbishments of the Cat Arm road;
35 (ii) \$5,192,600 for the Stephenville stator rewind and associated work; and
36 (iii) \$1,616,500 for the increase in generating capacity at Mary’s Harbour; and

1 **WHEREAS** in Orders No. P. U. 24(2012) and P. U. 25(2012) the Board approved Hydro's
2 proposals in relation to the Cat Arm Road and the Stephenville alternator stator rewind; and
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4 **WHEREAS** the Mary's Harbour Isolated Diesel system serves approximately 260 customers in
5 Mary's Harbour and Lodge Bay (the "Mary's Harbour System"); and
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7 **WHEREAS** the diesel generating station on the Mary's Harbour System has an installed
8 capacity of 1,910 kW, giving a firm capacity of 1,090 kW; and
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10 **WHEREAS** the peak load on the Mary's Harbour System is forecast to be 1,225 kW in 2013,
11 which will exceed the present firm capacity of the diesel generating station; and
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13 **WHEREAS** the Application proposes the procurement and installation of an additional 725 kW
14 mobile diesel unit on the Mary's Harbour System; and
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16 **WHEREAS** in Order No. P.U. 2(2012) the Board denied Hydro's previous proposal to increase
17 the generating capacity of the Mary's Harbour System, stating:
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19 *"The Board would expect Hydro to propose alternatives that will address the long-term issues,*
20 *especially the issues in relation to reliability and the possible interconnection of the system. The*
21 *Board would like Hydro to take this extra time to consider the alternatives and bring forward a*
22 *comprehensive proposal which will address these issues. If required Hydro can apply for*
23 *approval of a short-term solution showing why it is necessary and detailing the scope and costs*
24 *of its proposal. The project will not be approved as proposed for 2012."*
25

26 **WHEREAS** the Application includes a report which addresses the reliability of supply to the
27 Mary's Harbour System, short-term electricity needs and long-term plans in relation to this
28 system; and
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30 **WHEREAS** Hydro advises that the proposal is justified on the requirement to address forecasted
31 violations in the planning criteria for the Mary's Harbour System, including the firm generation
32 capacity, the main bus capacity and the system capacity; and
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34 **WHEREAS** Hydro has advised that the installation of a mobile diesel generator on the Mary's
35 Harbour System is compatible with the future long-term system options for Labrador South; and
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37 **WHEREAS** the Industrial Customers and the Consumer Advocate advised they had no
38 comments and Newfoundland Power did not submit any comments on the Application; and
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40 **WHEREAS** the Board has reviewed the Application and all supporting documentation and is
41 satisfied the proposed increase in generating capacity on the Mary's Harbour System should
42 proceed and the Application should be approved.

1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The proposed capital expenditure of \$1,616,500 to increase the generating capacity at the
4 Mary's Harbour Generating Station is approved.
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6 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 16th day of August, 2012.

Darlene Whalen, P.Eng.
Vice-Chairperson

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary