

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

AN ORDER OF THE BOARD

NO. P.U. 36(2014)

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 of 2014 capital expenditures for the installation of additional
10 transformer capacity at the Wabush Substation 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*, is a public utility within the meaning of the *Act*, and
16 is subject to the provisions of the *EPCA*; and
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18 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall 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. 42(2013) the Board approved Hydro's 2014 Capital Budget in
27 the amount of \$97,805,300; and
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29 **WHEREAS** in Order No. P.U. 16(2014) the Board approved Hydro's proposal to proceed with
30 the purchase and installation of 100 MW of combustion turbine generation at the Holyrood
31 Thermal Generating Station, with cost recovery to be determined by the Board in a future Order;
32 and
33

34 **WHEREAS** in Order No. P.U. 23(2014) the Board approved a supplementary amount of
35 \$580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3
36 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that
37 recovery of these expenditures would be addressed upon receipt of a further application from
38 Hydro; and

1 **WHEREAS** the Board approved supplementary 2014 capital expenditures in:
2

- 3 (i) Order No. P.U. 29(2014) in the amount of \$7,197,800 in 2014 and \$1,266,400 in
4 2015 for the purchase and replacement of the Sunnyside T1 transformer and
5 associated equipment, modification to the protection relay system and addition of
6 a 230 kV breaker at the Sunnyside Terminal Station; and
7 (ii) Order No. P.U. 32(2014) in the amount of \$1,452,500 to replace the tap changer
8 on the T5 transformer at the Western Avalon Terminal Station;
9

10 and ordered that recovery of these expenditures would be addressed in a subsequent order of the
11 Board following a further application by Hydro; and
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13 **WHEREAS** the Board also approved supplementary 2014 capital expenditures in:
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- 15 (i) Order No. P.U. 33(2014) in the amount of \$3,632,200 to replace insulators on
16 transmission lines TL-201 and TL-203; and
17 (ii) Order No. P.U. 34(2014) in the amount of \$636,700 in 2014 and \$360,000 in
18 2015 for the replacement of the excitation transformers at the Bay d'Espoir
19 generating station; and
20

21 **WHEREAS** on June 19, 2014 Hydro filed an application with the Board requesting approval of
22 a supplementary 2014 capital expenditure in the amount of \$958,800 to install additional
23 transformer capacity and make the necessary modifications at the Wabush Substation (the
24 "Application"); and
25

26 **WHEREAS** Hydro advises that in recent years the Town of Wabush has experienced rapid
27 residential and commercial load growth and that there is currently a deficiency in transformer
28 capacity at the Wabush Substation to meet the forecasted load; and
29

30 **WHEREAS** Hydro advises that the Wabush Substation currently has transformer capacity of
31 20.0 MW with the peak demand forecasted to reach 21.7 MW during the winter of 2014/2015
32 and may be expected to reach a demand of over 25 MW by the 2015/2016 winter peak; and
33

34 **WHEREAS** Hydro proposes to relocate a transformer from its Quartzite Substation in Labrador
35 City, which is being decommissioned, and states that the relocation of this transformer would
36 increase the available transformer capacity at the Wabush Substation to 36.2 MW; and
37

38 **WHEREAS** Hydro advises that the proposed configuration is considered temporary and Hydro
39 proposes to have a long-term plan for the Wabush system in place in the first half of 2015; and
40

41 **WHEREAS** the Application was circulated to Newfoundland Power Inc. ("Newfoundland
42 Power"), the Consumer Advocate, a group of three Island Industrial customers: Corner Brook
43 Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the
44 "Industrial Customer Group"), Vale Newfoundland and Labrador Limited ("Vale"), and Praxair
45 Canada Inc. ("Praxair"); and

1 **WHEREAS** the Board, the Consumer Advocate and the Industrial Customer Group issued
2 requests for information which were answered by Hydro on July 21, 2014; and

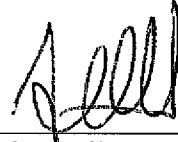
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4 **WHEREAS** the Board did not receive submissions on the Application; and

5
6 **WHEREAS** the Board is satisfied that the proposed supplemental 2014 capital expenditure to
7 install additional transformer capacity at the Wabush Substation and make modifications to the
8 Wabush Substation is necessary for Hydro to provide service and facilities which are reasonably
9 safe and adequate and just and reasonable.

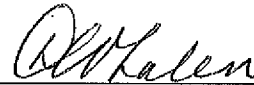
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11 **IT IS THEREFORE ORDERED THAT:**

- 12
13 1. The proposed 2014 capital expenditure of \$958,800 to install additional transformer
14 capacity at the Wabush Substation by relocating the transformer from the Quartzite
15 Substation and to make associated modifications to the Wabush Substation is approved.
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17 2. Hydro shall file its long-term plan for the Wabush system no later than August 31, 2015.
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19 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.



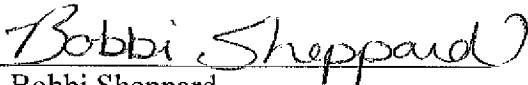
Andy Wells
Chair & Chief Executive Officer



Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, L.L.B.
Commissioner



Bobbi Sheppard
Assistant Board Secretary