

1 Q. Reference: Non-regulated Activities

2

3 a. Please list all activities of Newfoundland and Labrador Hydro that are
4 considered to be non-regulated.

5

6 b. For each non-regulated activity, please provide

7

8 i) a detailed description of the non-regulated activity, including the
9 customers served and the source of any energy supplied.

10

11 ii) list the value of all assets considered to be solely associated
12 with the non-regulated activity

13

14 iii) list all costs associated with the activity in 2002 and 2003

15

16 iv) list all revenues associated with the activity in 2002 and 2003

17

18 v) provide a description of why the activity is unregulated with
19 reference to the relevant sections of legislation, regulations,
20 Board Orders, etc. Please attach copies of these relevant
21 sections.

22

23

24 A. a. Hydro's non-regulated activities include its investments in subsidiary
25 companies, consisting of Churchill Falls (Labrador) Corporation
26 Limited (CF(L)Co, Gull Island Power Company Limited (GIPCo), and
27 Lower Churchill Development Corporation Limited (LCDC), and sales
28 of power and energy by Hydro to Hydro-Québec and IOCC. It also

1 has some non-regulatory costs for donations as well as costs related
2 to Muskrat Falls in Labrador.

3
4
5 b. i) GIPCo and LCDC were established with the objective of
6 developing hydroelectric potential on the Lower Churchill River
7 in Labrador and these investments have always been excluded
8 from any regulatory review by the PUB. They are currently
9 inactive and thus have no customers or sources of energy. The
10 Public Utilities Act does not apply to CF(L)Co or to the supply of
11 power from the Churchill Falls Generating Plant by Hydro to
12 IOCC and Hydro-Québec (see the Churchill Falls (Labrador)
13 Corporation Limited (Lease) Act, 1961, S.N. No. 51 as
14 amended, section 7, attached).

15
16 ii) Assets associated with non-regulated activities are excluded
17 from the current application. Non-regulated matters are not
18 necessary for the understanding of the issues to be considered
19 in this proceeding nor are they relevant.

20
21 iii) and iv)
22 Non-regulated matters are not necessary for the understanding
23 of the issues to be considered in this proceeding nor are they
24 relevant.

25
26 v) See i) above.

616

1966-67 Churchill Falls (Labrador) Corporation No. 84
Limited (Lease) (Amendment) Act

Exemption from
gasoline tax.

"(2) Notwithstanding The Gasoline Tax Act, 1962, the Act No. 55 of 1962, as amended from time to time, or any Act standing in place of the said Act or any other statute or law, Churchill Falls (Labrador) Corporation Limited, its licensees, sublessees, permittees, transferees or assigns as well as the contractors or subcontractors (whether on a lump sum, fixed price, unit price contract basis or otherwise) of any of them shall, on the execution and delivery of an agreement in accordance with Section 7 of this Act, have and be deemed to have had on and after the first day of January, 1967, the exemptions prescribed in the provisions inserted by Clause 1 of that agreement in the Lease referred to in that clause.

No refund
of taxes.

(3) Subsection (2) shall not apply in respect of any taxes imposed by or under The Gasoline Tax Act, 1962, as amended, and paid by the companies and persons referred to in that subsection at the date of the execution and delivery of the agreement referred to in that subsection, and that subsection and the relevant provisions of the Lease referred to in that subsection shall be construed to the end that any such taxes that have been so paid, except those refundable by or under the said The Gasoline Tax Act, 1962, shall not be refunded."

Repeal and
substitution
Sec. 7.

4. Section 7 of The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961, the Act No. 51 of 1961, as enacted by The Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1963, the Act No. 2 of 1963, is repealed and the following substituted therefor:

The Public
Utilities Act,
1964, not to
apply in certian
cases.

"7. The Public Utilities Act, 1964, the Act No. 39 of 1964, as now or hereafter amended shall not apply to

- (a) the supply of hydro-electric power from the full output of all units installed at any time and from time to time at the hydro-electric plant site of the Twin Falls Project (which Project is defined in paragraph (d) of Clause 2 of Part I of the form of Lease set forth in the Schedule) to Churchill Falls

1966-67 *Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act* No. 84

617

(Labrador) Corporation Limited or to any person or company engaged in mining, beneficiating, concentrating, agglomerating or otherwise treating or processing iron ore in Labrador which is derived from any mineral deposit in Labrador, under any written agreement with any such person or company, or to the issuance of any securities in connection with or to the financing or construction of facilities for the installation and transmission of hydro-electric power from the said hydro-electric plant site;

(b) the supply of hydro-electric power developed under the Lease made pursuant to the Act No. 51 of 1961, as now or hereafter amended, at the Churchill Falls Power Project in Labrador to

(i) Quebec Hydro-Electric Commission,

(ii) the Newfoundland and Labrador Power Commission, or

(iii) any company which, at the date of the enactment of this Act, is being supplied with hydro-electric power by Twin Falls Power Corporation Limited and which is then engaged in mining, beneficiating, concentrating, agglomerating or otherwise treating or processing iron ore in Labrador which is derived from any mineral deposit in Labrador,

under any written agreement with any of such Commissions or companies, or to the issuance of any securities in connection with or to the financing or construction of facilities for the installation and transmission of hydro-electric power from the said Churchill Falls Power Project; or

(c) the supply of hydro-electric power by Churchill Falls (Labrador) Corporation Limited to Twin Falls Power Corporation Limited and the distri-

618

1966-67

Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act No. 84

bution by Twin Falls Power Corporation Limited of any such power so supplied to it to any company referred to in subparagraph (iii) of paragraph (b), subject to the condition that in every case referred to in this paragraph, the hydro-electric power referred to herein shall be the hydro-electric power supplied by Churchill Falls (Labrador) Corporation Limited to Twin Falls Power Corporation Limited in replacement of power formerly generated at the plant site referred to in paragraph (a) which is not then being generated,

but the said The Public Utilities Act, 1964, applies to the production, storage, transmission and supply of all other hydro-electric power developed under or in pursuance of the Lease executed and delivered pursuant to this Act.”

Repeal of Secs. 2 and 7 of the Act No. 43 of 1964.

5. Sections 2 and 7 of The Churchill Falls (Labrador) Corporation Limited (Lease) (Amendment) Act, 1964, the Act No. 43 of 1964, are repealed.

Tax and other exemptions and rebates.

6. Notwithstanding any provision of any statute or law, to the contrary, Churchill Falls (Labrador) Corporation Limited and any of its subsidiaries, except Twin Falls Power Corporation Limited and the successors, assigns and subsidiaries of Twin Falls Power Corporation Limited, shall, on the execution and delivery of an agreement in accordance with Section 7, have and be entitled to the exemptions and the payments in accordance with the provisions inserted by Clause 2 of that agreement in the Lease referred to in that clause.

Authority to execute and deliver amendment to Lease.

7. The Lieutenant-Governor in Council is authorized to enter into, execute and deliver an agreement with Churchill Falls (Labrador) Corporation Limited dated as of the 14th day of July, A.D. 1966, the terms of which shall be substantially similar to the terms of the draft agreement set forth in the Schedule.

Agreement to have effect of law.

8. Upon its execution and delivery, the agreement authorized to be executed and delivered pursuant to Section 7 shall, from the 14th day of July, A.D. 1966, be valid and binding upon the