

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

AN ORDER OF THE BOARD

NO. P.U. 53(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 for
9 approval to issue debentures pursuant to
10 section 91 of the *Act*.
11
12

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

17 **WHEREAS** in Order No. P.U. 38(2016) the Board approved Hydro’s proposal to issue
18 debentures, by October 31, 2016, in the amount of \$350,000,000 to refinance Series AE
19 debentures and to retire outstanding short-term debt, subject to a number of conditions including
20 that Hydro receive and file with the Board an Order in Council from government approving the
21 issuance; and
22

23 **WHEREAS** Hydro did not receive the required approval from government by October 31, 2016
24 and as an interim solution to refinance the Series AE debentures, the Province provided Hydro
25 with \$225,000,000 in exchange for a 90-day promissory note; and
26

27 **WHEREAS** on November 29, 2016 the Board received an application from Hydro to issue
28 debentures in an amount of up to \$550,000,000 with a term of up to 40 years, and coupon rate of
29 up to 6% (the “Application”); and
30

31 **WHEREAS** pursuant to Section 91 of the *Act*, a public utility may not issue debentures until it
32 has obtained approval from the Board for the proposed issue; and
33

34 **WHEREAS** Hydro states that the proceeds of the debentures will be used to refinance the short
35 term promissory note to the government, retire outstanding short-term debt and issue the rate
36 stabilization plan refund; and
37

38 **WHEREAS** Hydro advises that the planned issuance is contingent on receiving authorization
39 from the Lieutenant Governor in Council; and

1 **WHEREAS** the Application was circulated to Newfoundland Power Inc., the Consumer
2 Advocate, Mr. Dennis Browne, a group of Island Industrial customers: Corner Brook Pulp and
3 Paper Limited and North Atlantic Refining Limited, Vale Newfoundland and Labrador Limited
4 Praxair Canada Inc. and Teck Resources Limited; and

5
6 **WHEREAS** the Board did not receive any comments in relation to the Application; and

7
8 **WHEREAS** the Board has reviewed the Application and supporting material and finds that
9 approval of the issue of the debentures in an amount of up to \$550,000,000 is in accordance with
10 law and for a purpose approved by the Board.

11
12
13 **IT IS THEREFORE ORDERED THAT:**

- 14
15 1. Hydro's proposal to issue debentures in an amount of up to \$550,000,000 to refinance a
16 short term promissory note totaling \$225,000,000, to retire outstanding short-term debt and
17 to issue the rate stabilization plan refund is approved subject to the following conditions:
18
19 (a) The debentures shall be issued on or before February 28, 2017.
20
21 (b) Hydro shall file with the Board a report specifying the terms and conditions of the bond
22 issue within five (5) days after closing, setting out the following:
23 (i) date of issue;
24 (ii) term;
25 (iii) maturity date;
26 (iv) principal amount;
27 (v) interest rate;
28 (vi) particulars of sinking fund, if any;
29 (vii) price to public and to the underwriters;
30 (viii) yield to the public;
31 (ix) underwriting fee;
32 (x) actual cost (i.e. yield) to Hydro; and
33 (xi) any other material terms or conditions.
34
35 (c) Hydro shall file with the Board a copy of the Underwriting Agreement relating to the
36 debentures within five (5) days after closing.
37
38 (d) Hydro shall file with the Board a copy of the Order in Council providing approval to
39 issue the debentures within five (5) days of receipt of the Order in Council.
40
41 (e) Hydro shall file with the Board a report on the disposition of the proceeds no later than
42 six months from the date of the closing.
43
44 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 20th day of December, 2016.



Andy Wells
Chair & Chief Executive Officer



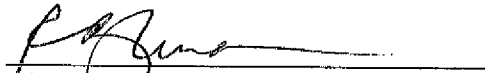
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary