

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

**AN ORDER OF THE BOARD**

**NO. P.U. 6(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 Power Inc. for approval of a  
9 capital expenditure to replace the substation  
10 transformer at Riverhead Substation  
11 pursuant to section 41 of the *Act*; and  
12

13 **IN THE MATTER OF** an application by  
14 Newfoundland Power Inc. for approval of  
15 a Contribution in Aid of Construction for a  
16 distribution line for the St. Lawrence Fluorspar  
17 Mine pursuant to section 41 of the *Act*.  
18  
19

20 **WHEREAS** Newfoundland Power Inc. ("Newfoundland Power") is a corporation duly  
21 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public  
22 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and  
23

24 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall not proceed with the  
25 construction, purchase or lease of improvements or additions to its property where:  
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- 27           a) the cost of construction or purchase is in excess of \$50,000; or  
28           b) the cost of the lease is in excess of \$5,000 in a year of the lease  
29

30 without prior approval of the Board; and  
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32 **WHEREAS** in Order No. P.U. 39(2016) the Board approved Newfoundland Power's 2017  
33 Capital Budget in the amount of \$89,411,000; and  
34

35 **WHEREAS** on February 7, 2017 Newfoundland Power filed an application with the Board  
36 requesting approval of:

- 37           (i) a capital expenditure in the amount of \$1,475,000 to replace the substation  
38 transformer at the Riverhead Substation;

- 1 (ii) a capital expenditure in the amount of \$1,354,000 to provide substation  
2 equipment and construct a distribution feeder to serve the St. Lawrence  
3 Fluorspar Mine; and  
4 (iii) a Contribution in Aid of Construction (“CIAC”) in the amount of \$886,056,  
5 excluding HST (the “Application”); and  
6

7 **WHEREAS** the Application states that oil samples taken from the Riverhead substation  
8 transformer during routine annual maintenance in 2016 showed high levels of acetylene within  
9 the transformer; and  
10

11 **WHEREAS** a subsequent condition assessment has shown that the transformer has reached the  
12 end of its useful life and that repairing the transformer would not be cost effective; and  
13

14 **WHEREAS** in February 2016 Newfoundland Power received a request from Canada Fluorspar  
15 Inc. to extend 3-phase power to the fluorspar mining facility near the Town of St. Lawrence on  
16 the Burin Peninsula; and  
17

18 **WHEREAS** the service requirement for 3-phase power requires significant investment in  
19 Newfoundland Power’s distribution system and, pursuant to Newfoundland Power’s Schedule of  
20 Rates, Rules and Regulations and the CIAC Policy: Distribution Line Extensions and Upgrades  
21 to General Service Customers approved by Order No. P.U. 27(2005) (the “Policy”), the costs of  
22 providing this service, less company investment, must be recovered from the customer; and  
23

24 **WHEREAS** the calculation of the CIAC for the distribution line extension is based on  
25 construction of 8 km of new 3-phase distribution line including poles, crossarms, conductor and  
26 associated hardware to meet Newfoundland Power standards and the installation of voltage  
27 regulators and a new recloser at the Laurentian substation; and  
28

29 **WHEREAS** the estimated cost to complete this work is \$1,353,890; and  
30

31 **WHEREAS** the load based company investment is \$467,835 based on the projected 20 year life  
32 of the mine; and  
33

34 **WHEREAS** the CIAC, calculated in accordance with Clause 5(e) of the Policy, is eight hundred  
35 and eighty six thousand and fifty six dollars (\$886,056), excluding HST; and  
36

37 **WHEREAS** Clause 10(ii) of the Policy states all line extensions or upgrades involving CIACs  
38 where the costs are calculated pursuant to Clause 5(e) require approval of the Board; and  
39

40 **WHEREAS** the Application was circulated to Newfoundland and Labrador Hydro; and the  
41 Consumer Advocate, Dennis Browne, Q.C.; and  
42

43 **WHEREAS** the parties did not issue any requests for information or submit any comments on  
44 the Application; and


1 **WHEREAS** the Board is satisfied that the proposed 2017 supplemental capital expenditures to  
2 replace the substation transformer and to provide substation equipment and construct a  
3 distribution feeder to serve the St. Lawrence Fluorspar Mine are necessary to ensure the  
4 continued provision of a safe and reliable electricity supply to Newfoundland Power's  
5 customers; and  
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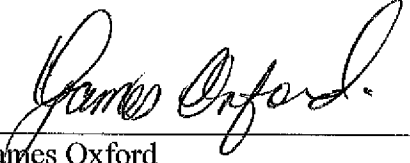
7 **WHEREAS** the proposed CIAC is necessary to ensure that Newfoundland Power's investment  
8 is compensatory over the useful life of the extension and will not be to the detriment of its other  
9 customers.  
10

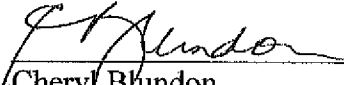
11  
12 **IT IS THEREFORE ORDERED THAT:**  
13

- 14 1. The proposed capital expenditures in the amount of:
  - 15 (i) \$1,475,000 to replace the substation transformer at the Riverhead Substation;
  - 16 and
  - 17 (ii) \$1,354,000 to provide substation equipment and construct a distribution feeder
  - 18 to serve the St. Lawrence Fluorspar Mine
  - 19 are approved.
  - 20
- 21 2. The Contribution in Aid of Construction of eight hundred and eighty six thousand and  
22 fifty six dollars (\$886,056), excluding HST, to extend 3-phase power to the fluorspar  
23 mining facility near the Town of St. Lawrence is approved.
- 24 3. Newfoundland Power shall pay all expenses of the Board arising from this Application.  
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**DATED** at St. John's, Newfoundland and Labrador this 24<sup>th</sup> day of February, 2017.

  
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Darlene Whalen, P.Eng.  
Vice-Chair

  
\_\_\_\_\_  
James Oxford  
Commissioner

  
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Cheryl Blundon  
Board Secretary