

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

AN ORDER OF THE BOARD

NO. P.U. 37(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 approval
9 to acquire the Wabush Terminal Station
10 pursuant to section 41 of the *Act*.
11
12

13 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and
14 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the
15 *Act*, and is also subject to the provisions of the *EPCA*; and
16

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

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

23 without prior approval of the Board; and
24

25 **WHEREAS** in Order No. P.U. 33(2015) the Board approved Hydro's 2016 Capital Budget in
26 the amount of \$183,082,800; and
27

28 **WHEREAS** the Board approved supplementary 2016 capital expenditures:
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- 30 (i) in Order No. P.U. 8(2016) in the amount of \$1,000,000 to supplement the
31 Allowance for Unforeseen Items;
32 (ii) in Order No. P.U. 17(2016) in the amount of \$6,300,000 to purchase 12 MW of
33 generating capacity at the Holyrood Thermal Generating Station;
34 (iii) in Order No. P.U. 19(2016) in the amount of \$11,800,000 to replace lower
35 reheater tubes on the Unit 1 and 2 boilers and to complete reliability
36 improvements at the Holyrood Thermal Generation Plant;
37 (iv) in Order No. P.U. 20(2016) in the amount of \$717,000 to reroute transmission line
38 TL 227 and distribution line Sally's Cove L1, a multi-year project with capital
39 expenditures of \$1,533,000 in 2017 which were also approved in this Order;

1 (v) in Order No. P.U. 22(2016) in the amount of \$3,047,100 for the refurbishment of
2 gas generator End A engine, serial number 202205, at the Hardwoods Gas
3 Turbine Plant and gas generator End A engine, serial number 202204, at the
4 Stephenville Gas Turbine Plant; and

5 (vi) in Order No. P.U. 28(2016) in the amount of \$1,977,300 for the refurbishment
6 and overhaul of Unit 4 at Bay d'Espoir; and
7

8 **WHEREAS** on August 5, 2016 Hydro applied to the Board for approval of a capital
9 expenditure in the amount of \$490,000 to purchase the Wabush Terminal Station and
10 associated lands and assets (the "Application"); and
11

12 **WHEREAS** the Application explains that electrical service is supplied to Labrador West
13 through the Wabush Terminal Station; and
14

15 **WHEREAS** the Application states that on December 31, 2014 the sublease under which Hydro
16 was transmitting power and energy to the Wabush Terminal Station via two 230 kV
17 transmission lines, expired and since, Hydro has been using the Wabush Terminal Station
18 under lease and consent, and has been negotiating the purchase of the Wabush Terminal
19 Station and associated assets; and
20

21 **WHEREAS** the Application explains that Hydro is applying to acquire the Wabush Terminal
22 Station, a small segment of the two 230 kV transmission lines that run between the Churchill
23 Falls Switchyard and the Wabush Terminal Station, and lands adjacent to the Wabush Terminal
24 Station as well as a parcel of land near the Wabush Substation; and
25

26 **WHEREAS** the Application states that the continued use of the Wabush Terminal Station, the
27 two 230 kV transmission lines and the Wabush Substation is required to ensure that Hydro can
28 continue to provide service to its customers in Wabush and Labrador City and the failure to
29 acquire these assets will result in Hydro needing to replace these assets with similar new assets
30 at a very high cost and with customer service disruption; and
31

32 **WHEREAS** the Application explains that the assets in the terminal station and substation are
33 aging and will eventually need to be replaced and that Hydro proposes to acquire the lands
34 adjacent to the Wabush Terminal Station and the parcel near the Wabush Substation to secure
35 them for when Hydro needs to rebuild, renew or expand the facilities; and
36

37 **WHEREAS** the Application states that Hydro anticipates that it will be applying to acquire the
38 remaining aspects of the electrical system before the end of 2016; and
39

40 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer
41 Advocate, Mr. Thomas Johnson; Corner Brook Pulp and Paper Limited and NARL Refining
42 Limited Partnership; Teck Resources Limited; Vale Newfoundland and Labrador Limited; and
43 Praxair Canada Inc.; and
44

45 **WHEREAS** the Board filed one Request for Information which was answered by Hydro on
46 August 16, 2016; and
47

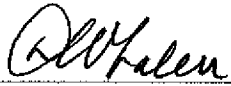
48 **WHEREAS** the Board received no comments on the Application; and

1 **WHEREAS** the Board is satisfied that the proposed capital expenditure for the purchase of the
2 Wabush Terminal Station, the segment of the two 230 kV transmission lines, and the lands is
3 necessary to allow Hydro to provide service and facilities which are reasonably safe and
4 adequate and just and reasonable.

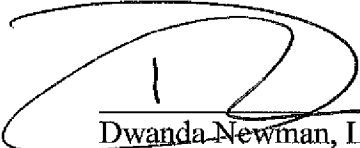
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6
7 **IT IS THEREFORE ORDERED THAT:**
8

- 9 1. The proposed capital expenditure in the amount of \$490,000 for the purchase of :
 - 10 (a) the Wabush Terminal Station including installed equipment;
 - 11 (b) a segment of the two 230 kV transmission lines that run between the Churchill Falls
 - 12 Switchyard and the Wabush Terminal Station;
 - 13 (c) lands adjacent to the Wabush Terminal Station; and
 - 14 (d) a parcel of land near the Wabush Terminal Substation,
 - 15 is approved.
- 16
- 17 2. Hydro shall pay all expenses of the Board arising from this Application.

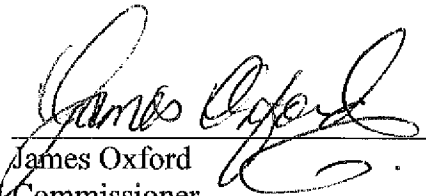
DATED at St. John's, Newfoundland and Labrador, this 8th day of September, 2016.



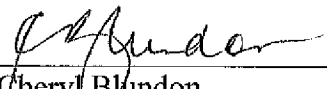
 Darlene Whalen, P.Eng.
 Vice-Chair



 Dwanda Newman, LL.B.
 Commissioner



 James Oxford
 Commissioner



 Cheryl Blundon
 Board Secretary