

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

AN ORDER OF THE BOARD

NO. P.U. 24(2012)

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*”), and regulations thereunder;

5
6 **AND**

7
8 **IN THE MATTER OF** an application by
9 Newfoundland and Labrador Hydro for
10 approval of the construction of improvements
11 and refurbishment of the Cat Arm Road
12 pursuant to Section 41 of the *Act*.

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

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

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

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26 without prior approval of the Board; and

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28 **WHEREAS** under Orders No. P.U. 2(2012) and P.U. 5(2012) the Board approved Hydro’s 2012
29 Capital Budget; and

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31 **WHEREAS** on July 24, 2012 Hydro applied to the Board requesting approval of the
32 construction of and capital expenditures of:

- 33
34 (i) \$492,100 for improvements and refurbishments of the Cat Arm road;
35 (ii) \$5,192,600 for the Stephenville stator rewind and associated work; and
36 (iii) \$1,616,500 for the increase in generating capacity at Mary’s Harbour; and

1 **WHEREAS** access to Hydro's 127MW Cat Arm hydroelectric generating station is gained over
2 a 25 km gravel road leading to the Cat Arm plant from Route 420 (the "Cat Arm Road"); and
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4 **WHEREAS** Hydro advises that to ensure the continued secure and safe access to the Cat Arm
5 hydroelectric generating station, slope stabilization work is required in certain embankment areas
6 along a section of the Cat Arm Road; and
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8 **WHEREAS** Hydro advises that there is a time sensitivity with the Cat Arm Road and asked that
9 it be dealt with as a priority; and
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11 **WHEREAS** the Board requested comments from interested parties in relation to the
12 refurbishment of the Cat Arm Road by July 30, 2012; and
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14 **WHEREAS** the Industrial Customers do not object to the Cat Arm Road project subject to
15 approval being conditional upon Hydro successfully securing a Crown Easement; and
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17 **WHEREAS** the Consumer Advocate does not take issue with the fact that the Cat Arm Road
18 needs repair but stated that Hydro should not be permitted to reflect the expenditure in rate base
19 until it demonstrates that to do so would be consistent with generally accepted sound public
20 utility practice; and
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22 **WHEREAS** Hydro advises that it does not own the Cat Arm Road and that on April 9, 2012 it
23 applied to Crown Lands for Permission to Occupy the road and subsequently applied for a
24 Crown Easement, which application process is ongoing; and
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26 **WHEREAS** the Board has reviewed the Application and all supporting documentation, and is
27 satisfied the proposed refurbishment of the Cat Arm Road should proceed and further that Hydro
28 is taking reasonable steps to obtain control over the road therefore the Application should be
29 approved in part; and
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31 **WHEREAS** Hydro's proposed expenditures in relation to the Stephenville stator rewind and the
32 increase in generating capacity at Mary's Harbour will be addressed in a subsequent Order of the
33 Board.

1 **IT IS THEREFORE ORDERED THAT:**
2

- 3 1. The proposed capital expenditure of \$492,100 for the refurbishment of the Cat Arm Road
4 is approved.
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6 2. Hydro shall provide a status report on the application for a Crown Easement no later than
7 its 2012 Capital Expenditure Report.
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9 3. Hydro shall not include the expenditure in its rate base until the Board has confirmed in
10 writing that to do so would be consistent with generally accepted sound public utility
11 practice.
12
13 4. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 3rd day of August, 2012.

Dwanda Newman
Commissioner

James Oxford
Commissioner

Barbara Thistle
Assistant Board Secretary