

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

**AN ORDER OF THE BOARD
NO. P. U. 7(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 Newfoundland
9 Power Inc. for approval of capital expenditures for the construction
10 and purchase of certain improvements and additions to its
11 property at the Milton Substation pursuant to Section 41(3)
12 of the *Act*, and approval of a contribution in aid of construction
13 of an upgrade of a distribution line from two-phase to three-phase
14 for the Random North Development Association.

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

21
22 **WHEREAS** Random North Development Association (the "Customer") has requested that
23 Newfoundland Power upgrade a section of its electric distribution system between the
24 communities of Elliott's Cove and Hickman's Harbour on Random Island to a three-phase
25 standard; and

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27 **WHEREAS** the Customer has advised Newfoundland Power that the primary purpose for
28 the upgrade is to facilitate economic growth in the region through the provision of a three-
29 phase energy supply and specifically to meet the immediate electrical requirements of
30 Golden Shell Fisheries Limited (the "Facility"), a fish processing operator currently served
31 by Newfoundland Power; and

32
33 **WHEREAS** on February 24, 2012, the Board received an application (the "Application")
34 from Newfoundland Power for approval of a supplementary capital expenditure in the
35 amount of \$1,027,000 to upgrade 18 kilometers of the existing distribution line (the
36 "Feeder") from a point approximately 9 kilometers from the Milton Substation to the
37 Facility; and

1 **WHEREAS** the Board advised the Consumer Advocate and Newfoundland and Labrador
2 Hydro of the Application and requested that comments be filed by March 6, 2012; and

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4 **WHEREAS** s.41(3) of the *Act* states that a public utility shall not proceed with the
5 construction, purchase or lease of improvements or additions to its property where:

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7 (a) the cost of construction or purchase is in excess of \$50,000; or

8 (b) the cost of the lease is in excess of \$5000 in a year of the lease,

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10 without the prior approval of the Board; and

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12 **WHEREAS** in Order No. P.U. 26(2011), the Board approved, *inter alia*, Newfoundland
13 Power's 2012 Capital Budget of \$77,293,000; and

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15 **WHEREAS** a portion of this expenditure will be recovered through a contribution in aid of
16 construction ("CIAC"); and

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18 **WHEREAS** the CIAC for the construction of the Feeder has been calculated in accordance
19 with Clause 5(e) of the CIAC Policy: Distribution Line Extensions and Upgrades to
20 General Service Customers, approved by Order No. P.U. 27(2005), dated November 2,
21 2005 (the "Policy"), which calculation assumes no investment by Newfoundland Power
22 towards the cost of upgrading the Feeder as there is no specific load information available
23 pertaining to the upgrade to a three-phase standard, and the CIAC thus calculated is six
24 hundred twenty-two thousand dollars (\$622,000), excluding HST; and

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26 **WHEREAS** Clause 10(ii) of the Policy states that Newfoundland Power shall apply to the
27 Board for approval of all line extensions or upgrades involving CIACs where the cost of the
28 line extension or upgrade is calculated pursuant to Clause 5(e); and

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30 **WHEREAS** the Customer has requested that Newfoundland Power be in a position to meet
31 the increased service requirements by July 1, 2012; and

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33 **WHEREAS** the Board did not receive any objection or comments in relation to the
34 Application; and

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36 **WHEREAS** the Board is satisfied that the proposed supplementary capital expenditure
37 related to the construction of the Feeder and additions at the Milton Substation is necessary
38 for Newfoundland Power to provide service and facilities which are reasonably safe and
39 adequate and just and reasonable pursuant to s.37 of the *Act*; and

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41 **WHEREAS** the proposed CIAC is necessary to ensure that Newfoundland Power's
42 investment is compensatory over the useful life of the Feeder and will not be to the
43 detriment of Newfoundland Power's other customers.

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1 **IT IS THEREFORE ORDERED THAT:**

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- 3 1. The proposed capital expenditure of \$1,027,000 associated with the improvements and
- 4 additions to Newfoundland Power's property at the Milton Substation is approved.
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- 6 2. The Contribution in Aid of Construction of six hundred twenty-two thousand dollars
- 7 (\$622,000) excluding HST, as calculated under the policy to provide a three-phase
- 8 supply to the area between the communities of Elliott's Cove and Hickman's Harbour
- 9 on Random Island for the Random North Development Association is approved.
- 10
- 11 3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Dated at St. John's, Newfoundland and Labrador, this 9th day of March, 2012.

Darlene Whalen, P.Eng.
Vice-Chair

James Oxford
Commissioner

Cheryl Blundon
Board Secretary