

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

**AN ORDER OF THE BOARD**

**NO. P.U. 47(2018)**

1 **IN THE MATTER OF** the *Electrical Power*  
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1  
3 (the “*EPCA*”) and the *Public Utilities Act*, RSNL  
4 1990, Chapter P-47 (the “*Act*”), as amended, and  
5 regulations thereunder; and  
6

7 **IN THE MATTER OF** a general rate  
8 application by Newfoundland and Labrador  
9 Hydro to establish customer electricity rates  
10 for 2018 and 2019; and  
11

12 **IN THE MATTER OF** an application by Newfoundland  
13 and Labrador Hydro for approval to defer costs incurred for  
14 the use of the Labrador-Island Link and Labrador Transmission  
15 Assets as directed in Order in Council OC2018-213.  
16  
17

18 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
19 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
20 and is also subject to the provisions of the *EPCA*; and  
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22 **WHEREAS** on November 20, 2018 Hydro filed an application (the “Application”) seeking  
23 approval to defer all costs, expenditures and payments incurred by Hydro for the use of the  
24 Labrador-Island Link (“LIL”) and the Labrador Transmission Assets (“LTA”) under the interim  
25 Transmission Funding Agreements; and  
26

27 **WHEREAS** by Order in Council OC2018-213 Government provided direction to the Board to,  
28 upon application from Hydro, adopt a policy that all costs, expenditures and payments incurred  
29 by Hydro for the use of the LIL and the LTA under the interim Transmission Funding  
30 Agreements be placed into a deferral account with disposition of the deferral account to be  
31 addressed following a further application by Hydro; and  
32

33 **WHEREAS** the Application stated that on August 31, 2018 Hydro submitted information on its  
34 interim Transmission Funding Agreements with the asset owners of the LIL and the LTA, which  
35 enabled Hydro to use the LIL and LTA to reduce energy generation costs for customers of the  
36 Island Interconnected system; and

1 **WHEREAS** the application explained that the interim Transmission Funding Agreements  
2 require Hydro to reimburse the asset owners for their actual O&M costs which arise as a result of  
3 the assets being made available for service earlier than would otherwise be required; and  
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5 **WHEREAS** the Application was copied to Newfoundland Power Inc.; the Consumer Advocate,  
6 Mr. Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited, NARL Refining Limited  
7 Partnership and Vale Newfoundland & Labrador Limited; Iron Ore Company of Canada; and the  
8 communities of Sheshatshui, Happy Valley-Goose Bay, Wabush, and Labrador City; and  
9

10 **WHEREAS** the Board did not receive any comments on the Application; and  
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12 **WHEREAS** on December 4, 2018 Hydro filed a reply requesting that the Application be  
13 approved as submitted; and  
14

15 **WHEREAS** the Board is satisfied that, in accordance with Order in Council OC2018-213, the  
16 proposed deferral account for the costs, expenditures and payments incurred by Hydro for the  
17 use of the LIL and the LTA under the interim Transmission Funding Agreements should be  
18 approved.  
19

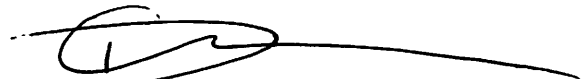
20  
21 **IT IS THEREFORE ORDERED THAT:**  
22

- 23 1. The proposed deferral account for the costs, expenditures and payments incurred under the  
24 interim Transmission Funding Agreements, as set out in Schedule A, is approved.  
25  
26 2. Hydro shall pay all expenses of the Board arising from this Application.

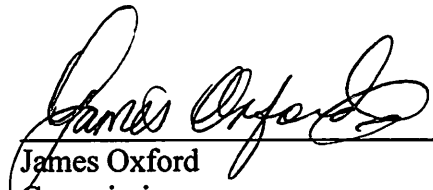
**DATED** at St. John's, Newfoundland and Labrador, this 12<sup>th</sup> day of December, 2018.



\_\_\_\_\_  
Darlene Whalen, P. Eng., FEC  
Chair & CEO



\_\_\_\_\_  
Dwanda Newman, LL.B.  
Vice-Chair



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



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Cheryl Blundon  
Board Secretary

**Newfoundland and Labrador Hydro  
Labrador-Island Link and Labrador Transmission Assets  
Pre-Commissioning Costs  
Deferral Account Definition**

This account shall be charged with all costs, expenditures, and payments incurred by Newfoundland and Labrador Hydro under the interim Transmission Funding Agreements associated with the Labrador Transmission Assets and the Labrador-Island Link.

Disposition of any balance in this account shall be subject to a future order of the Board.