

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

AN ORDER OF THE BOARD

NO. P.U. 43(2013)

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 Bell Island
10 Submarine Cable pursuant to section 41 of the *Act*.
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12
13 **WHEREAS** Newfoundland Power Inc. ("Newfoundland Power") is a corporation duly
14 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
15 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
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17 **WHEREAS** in Order No. P.U. 27(2013) the Board approved Newfoundland Power's 2014
18 Capital Budget; and
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20 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall not proceed with the
21 construction, purchase or lease of improvements or additions to its property where:
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- 23 a) the cost of construction or purchase is in excess of \$50,000; or
24 b) the cost of the lease is in excess of \$5,000 in a year of the lease
25

26 without prior approval of the Board; and
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28 **WHEREAS** on December 9, 2013 Newfoundland Power filed an application with the Board
29 requesting approval of a capital expenditure in the amount of \$14,520,000 to replace the
30 submarine cable system that supplies electricity to Bell Island (the "*Application*"); and
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32 **WHEREAS** failures occurred on two of the single-phase submarine cables serving Bell Island in
33 early 2012; and
34

35 **WHEREAS** following the completion of the repairs to the two failed submarine cables,
36 Newfoundland Power engaged an engineering consultant, Orton Consulting Engineers
37 International Ltd. ("Orton"), to assess the condition of the submarine cables serving Bell Island;
38 and

1 **WHEREAS** Orton concluded that the submarine cables are at the end of their useful life and
2 recommended replacement of the cables, which have been serving Bell Island since 1988 and
3 1990; and

4
5 **WHEREAS** this recommendation was reviewed and confirmed by a second engineering
6 consultant, Kinectrics; and

7
8 **WHEREAS** Newfoundland Power engaged consulting engineers BAE-Newplan to assist in
9 evaluating options and developing a technical specification and cost estimates for the
10 replacement of the Bell Island submarine cable system; and

11
12 **WHEREAS** Newfoundland Power also evaluated other options for providing electrical service
13 to Bell Island and advises that the continued least cost delivery of electricity to its customers on
14 Bell Island requires that the existing Bell Island submarine system be replaced; and

15
16 **WHEREAS** the estimated life of the replacement cable system is 40 years; and

17
18 **WHEREAS** on December 17, 2013 Newfoundland and Labrador Hydro and the Consumer
19 Advocate advised that they would not be filing requests for information or submissions on the
20 Application; and

21
22 **WHEREAS** the Board is satisfied that the proposed 2014 supplemental capital expenditure to
23 replace the Bell Island submarine cable is necessary to ensure the continued provision of a safe
24 and reliable electricity supply to Newfoundland Power's customers on Bell Island.

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27 **IT IS THEREFORE ORDERED THAT:**

- 28
29 1. The proposed capital expenditure of \$14,520,000 to replace the Bell Island submarine
30 cable system is approved.
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32 2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

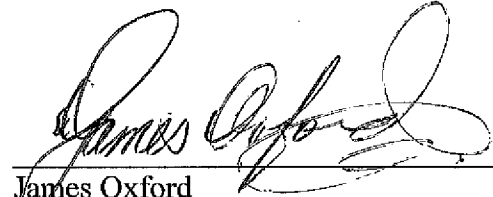
DATED at St. John's, Newfoundland and Labrador this 20th day of December, 2013.



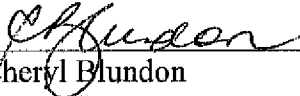
Andy Wells
Chair & Chief Executive Officer



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary