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DELIVERED BY HAND

October 28, 2019

Board of Commissioners  
of Public Utilities  
P.O. Box 21040  
120 Torbay Road  
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon  
Director of Corporate Services  
and Board Secretary

Ladies & Gentlemen:

**Re: Approval of Capital Expenditures Supplemental to Newfoundland Power Inc.'s  
(the "Company") 2019 Capital Budget Application**

***The Application***

Please find enclosed the original and nine (9) copies of an application (the "Application") for approval of capital expenditures supplemental to Newfoundland Power's approved 2019 capital budget. The proposed capital expenditures are in relation to the relocation of a portion of a transmission line near Summerford.

***114L Relocation Project***

Cottle's Island Lumber Company Limited (the "Customer") operates a lumber milling facility near Summerford. Newfoundland Power's transmission line 114L and distribution line SUM-02 are routed along the highway immediately adjacent to the Customer's facility (Route 340). In order to accommodate the addition of a lumber kiln to the facility, the Customer has requested that Newfoundland Power reroute portions of the transmission and distribution lines.

Clause 9 (c) of the *Newfoundland Power Inc. Schedule of Rates, Rules & Regulations* (the "Rates, Rules & Regulations") provides that, when a customer requests the relocation of any Newfoundland Power facility, the customer is required to pay for the estimated cost of the relocation less any betterment. In this instance, the Customer's project is supported by government funding, and the Customer has agreed to reimburse the Applicant for the costs of the relocation.

While the capital costs associated with the rerouting of distribution line SUM-02 are considered to be approved capital expenditures included in the Company's approved 2019 capital budget,

**Newfoundland Power Inc.**

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6

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this is not the case for the transmission line portion of the project.<sup>1</sup> For this reason, specific approval of the transmission line capital expenditures is required

***Process Matters***

The Application is filed in accordance with the revised Capital Budget Application Guidelines issued in October 2007 (the "Guidelines"), in particular, part *B.1. Application for Approval of Supplemental Capital Expenditures*. The Guidelines provide for approval of a supplemental capital expenditure where a utility determines that a capital expenditure which was not anticipated and included in the annual capital budget is necessary in the year and should not be delayed until the following year. The capital expenditures associated with the rerouting of transmission line 114L were not anticipated at the time of preparation of the Company's 2019 Capital Budget Application. The Customer has requested that Newfoundland Power proceed with the project in 2019. From the Customer's perspective, delaying the project until 2020 is not feasible.

Schedule A to the Application provides a project description and details on project expenditures as prescribed by the Guidelines. For information purposes, Schedule B provides a calculation of the customer's required contribution pursuant to Clause 9 (c) of the Rates, Rules & Regulations.

***Concluding***

The Customer is anxious to proceed with their work at the earliest opportunity. Newfoundland Power therefore requests that the Board consider this matter on an expedited basis. A draft of the Order requested is enclosed for the Board's convenience. If there are any questions in relation to this matter, please contact the undersigned at the direct number noted below.

Yours very truly,



Gerard M. Hayes  
Senior Counsel

Enclosure

c. Shirley Walsh  
Newfoundland and Labrador Hydro

Dennis Browne, QC  
Browne Fitzgerald Morgan & Avis

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<sup>1</sup> Capital expenditures related to distribution line relocations are provided for in the *Relocate/Replace Distribution Lines for Third Parties* project approved in Order No. P.U. 35 (2018) as part of the Company's 2019 Capital Budget.

**IN THE MATTER OF** the *Public Utilities Act*, (the "Act"); and

**IN THE MATTER OF** an Application by Newfoundland Power Inc. (the "Applicant") for approval to proceed with the construction and purchase of certain improvements and additions to its property pursuant to Section 41(3) of the Act.

**TO:** The Board of Commissioners of Public Utilities (the "Board")

**THE APPLICATION OF** Newfoundland Power Inc. (the "Applicant") **SAYS THAT:**

**A. Introductory**

1. The Applicant is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The Applicant operates transmission lines, distribution lines and substations to deliver electricity to customers throughout its service territory on the island portion of the Province of Newfoundland and Labrador.

**B. Transmission Line Relocation**

4. Cottle's Island Lumber Company Limited (the "Customer") operates a lumber milling facility near Summerford.
3. The Customer has requested that the Applicant relocate portions of the Applicant's lines and equipment to accommodate the construction of certain improvements and additions to the Customer's facility. The Customer's request concerns, among other things, relocation of a portion of the Applicant's 114L transmission line, which extends between the Applicant's Boyd's Cove and Summerford substations.
4. The Customer's request also concerns relocation of a portion of one of the Applicant's distribution feeders extending from the Summerford substation (SUM-02). The distribution line relocation will be completed as part of the *Relocate/Replace Distribution Lines for Third Parties* project approved as part of the Applicant's 2019 Capital Budget. Accordingly, no approval is requested herein with respect to that portion of the Customer's request.
5. The estimated capital expenditure required to relocate the portion of the Applicant's 114L transmission line is \$309,600.00, which includes the cost of mobile generation required

to minimize the interruption of electrical service to the Applicant's other customers. Schedule "A" to this Application is a formal explanation of this project.

6. The Applicant considers the Customer's request for relocation of portions of the Applicant's lines and equipment to be a request pursuant to Clause 9(c) of its *Schedule of Rates, Rules & Regulations*. Clause 9(c) requires the Customer to pay for the estimated cost of the relocation less any betterment. Schedule "B" to the Application sets out the calculation of the Customer's required contribution to the costs of the line relocation.

**C. Justification and Relief Requested**

7. The Applicant submits that the proposed expenditure for 2019 referred to in paragraph 5 hereof is necessary to provide service and facilities which are reasonably safe and adequate and just and reasonable, all as required pursuant to Section 37 of the Act.
8. Communications with respect to this Application should be sent to Gerard M. Hayes, Counsel for the Applicant.
9. **THE APPLICANT REQUESTS** that the Board approve, pursuant to Section 41(3) of the Act, the capital expenditures associated with the purchase and construction of the improvements and additions to the Applicant's property as set out in this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 28<sup>th</sup> day of October, 2019.

**NEWFOUNDLAND POWER INC.**



Gerard M. Hayes  
Counsel for the Applicant  
Newfoundland Power Inc.  
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55 Kenmount Road  
St. John's, Newfoundland A1B 3P6

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**IN THE MATTER OF** the *Public Utilities Act*, (the "Act"); and

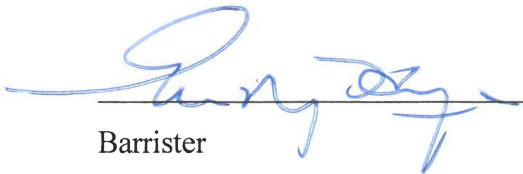
**IN THE MATTER OF** an Application by Newfoundland Power Inc. (the "Applicant") for approval to proceed with the construction and purchase of certain improvements and additions to its property pursuant to Section 41(3) of the Act.

**AFFIDAVIT**


I, Gary Murray, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. That I am Vice-President, Customer Operations of Newfoundland Power Inc.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in this Application are true.

**SWORN** to before me at St. John's  
in the Province of Newfoundland and  
Labrador this 28<sup>th</sup> day of October, 2019



Barrister



Gary Murray

**TRANSMISSION**

**Project Title:**     **Transmission Line Relocation at Customer Request (114L)**

**Project Cost:**     **\$309,600**

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### **Project Description**

Cottle’s Island Lumber Company Limited (the “Customer”) operates a lumber milling facility near Summerford in Notre Dame Bay. The Customer is in the process of expanding its operation. To facilitate the expansion, the Customer has requested that Newfoundland Power (the “Company”) relocate a portion of its transmission line 114L and distribution line SUM-02 before the end of 2019.

Transmission line 114L is a radial line that provides electrical service to the Company’s customers in Notre Dame Bay. The line extends between the Summerford and Twillingate Substations. The distribution line SUM-02 provides electrical service to the Company’s customers in the communities of Summerford, Boyd’s Cove, Port Albert, Stoneville and Horwood.

The relocation of the transmission line will require an extended transmission line outage of between 8 and 10 hours. To minimize the impact of the transmission line outage on its customers, Newfoundland Power will utilize one of its mobile generators to supply backup power.

The estimated cost of the relocation of the transmission line is approximately \$309,600. This estimate includes the cost of providing back-up generation.

The relocation of the distribution line will be carried out under the *Relocate/Replace Distribution Lines for Third Parties* project approved by Order No. P.U. 35 (2018) as part of the Company’s 2019 Capital Budget.

In accordance with Clause 9 (c) of the *Newfoundland Power Inc. Schedule of Rates, Rules & Regulations*, the Customer will reimburse the estimated cost of the relocation, less betterment.

### **Justification**

This project is justified on the basis of the need to respond to legitimate requirements for plant relocations resulting from third party activities.

**Projected Expenditures**

Table 1 provides a breakdown of the proposed expenditures for 2019.

<b>Table 1 Project Cost (000s)</b>	
<b>Cost Category</b>	<b>2019</b>
Material	\$60,883
Labour – Internal	30,917
Labour – Contract	188,747
Engineering	7,716
Other	21,359
<b>Total</b>	<b>\$309,619</b>

**Costing Methodology**

The budget estimate for this project is based on an engineering cost estimate of the required work.

**Future Commitments**

This is not a multi-year project.



## CUSTOMER REIMBURSEMENT

**Customer:** Cottle's Island Lumber Company Limited  
**Location:** Route 340, near Summerford in Notre Dame Bay  
**Basis of Estimate** Relocate Transmission Line 114L  
Relocate Distribution Line SUM-02

Transmission Line 114L Relocate	\$	256,644
Distribution Line SUM-02 Relocate	\$	19,252
Mobile Generation <sup>1</sup>	\$	52,975
Total Construction Cost	\$	328,871
Less: Remaining Life Credit	\$	(227,566)
Reimbursement by Customer	\$	101,305

<sup>1</sup> Mobile Generation required during the relocation of Transmission and Distribution Line to minimize power interruption to Newfoundland Power customers in the area.

**NEWFOUNDLAND AND LABRADOR**

**AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**NO. P.U. \_\_\_\_ (2019)**

**IN THE MATTER OF THE PUBLIC  
UTILITIES ACT, R.S.N. 1990,  
CHAPTER P-47 (THE “ACT”)**

**AND**

**IN THE MATTER OF AN APPLICATION  
BY NEWFOUNDLAND POWER INC. (THE “APPLICANT”)  
FOR APPROVAL OF A SUPPLEMENTAL CAPITAL  
EXPENDITURE FOR THE CONSTRUCTION  
AND PURCHASE OF CERTAIN IMPROVEMENTS  
AND ADDITIONS TO ITS PROPERTY PURSUANT  
TO SECTION 41 (3) OF THE ACT.**

**WHEREAS** the Applicant is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is also subject to the provisions of the *Electrical Power Control Act, 1994*, and

**WHEREAS** the Applicant operates transmission lines, distribution lines and substations to deliver electricity to customers throughout its service territory on the island portion of the Province of Newfoundland and Labrador, and

**WHEREAS** Cottle’s Island Lumber Company Limited (the “Customer”) has requested that Newfoundland Power undertake the required work to relocate portions of the Applicant’s lines and equipment to accommodate the construction of certain improvements and additions to the Customer’s lumber milling facility, and

**WHEREAS** the Customer’s request entails the relocation of a portion of the Applicant’s transmission line 114L, at an estimated cost of \$309,600, which estimate includes the cost of mobile generation required to minimize the interruption of electrical service to the Applicant’s other customers, and

**WHEREAS** the Customer will reimburse the Applicant for the estimated cost of the line relocation, less betterment, and

**WHEREAS** the proposed expenditure is necessary for the Applicant to provide service and facilities associated with the Customer's request for relocation of a portion of the Applicant's transmission line which are reasonably safe and adequate and just and reasonable as required pursuant to s. 37 of the Act,

**IT IS THEREFORE ORDERED THAT:**

Pursuant to Section 41(3) of the Act, the Board approves the capital expenditures in excess of \$50,000 associated with the improvements and additions to the Applicant's property as proposed in the Application.

DATED at St. John's, Newfoundland and Labrador, this      day of      , 2019.

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G. Cheryl Blundon

Board Secretary