

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

AN ORDER OF THE BOARD

NO. P.U. 27(2021)

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
4 1990, Chapter P-47 (the “*Act*”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval of
9 a capital expenditure to construct an interconnection
10 between Star Lake Terminal Station and Valentine
11 Terminal Station to provide service to Marathon Gold
12 Corporation pursuant to section 41 of the *Act*.
13
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
16 under the *Hydro Corporation Act*, 2007, is a public utility within the meaning of the *Act*, and is also
17 subject to the provisions of the *EPCA*; and
18

19 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
20 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
23 b) the cost of the lease is in excess of \$5,000 in a year of the lease
24

25 without prior approval of the Board; and
26

27 **WHEREAS** in Order Nos. P.U. 2(2021) and P.U. 11(2021) the Board approved Hydro’s 2021
28 Capital Budget in the amount of \$107,452,400; and
29

30 **WHEREAS** the Board approved supplementary 2021 capital expenditures
31

- 32 (i) in Order No. P.U. 17(2021) in the amount of \$108,000 to top up the 2021 Allowance
33 for Unforeseen Items;
34 (ii) in Order No. P.U. 18(2021) in the amount of \$443,000 for the overhaul of the Holyrood
35 Thermal Generating Station Unit 1 Boiler Feed Pump East;
36 (iii) in Order No. P.U. 20(2021) in the amount of \$350,000 for the purchase of diesel
37 generator Unit 2102 for Charlottetown, Labrador; and

1 **WHEREAS** section 41(5) of the *Act* states a public utility that intends to demand from its customers
2 a contribution towards the cost of improvements or additions to its property shall not demand the
3 contribution without the prior approval of the Board; and
4

5 **WHEREAS** on June 29, 2021 Hydro filed an application with the Board requesting approval of a
6 capital expenditure for the construction of an interconnection between Star Lake Terminal Station
7 and Valentine Terminal Station to provide service to Marathon Gold Corporation (the
8 “Application”); and
9

10 **WHEREAS** the Application states that, to integrate the Valentine Gold Project mine site into the
11 Island Interconnected system, Hydro must construct a 40 km, 69 kV transmission line between the
12 existing Star Lake Terminal Station and Marathon Gold Corporation’s proposed new customer-
13 owned Valentine Terminal Station located at the mine site, as well as complete upgrades to the Star
14 Lake Terminal Station to interconnect the new transmission line to the electrical grid; and
15

16 **WHEREAS** Hydro currently operates, but does not own, the generation facility at Star Lake Hydro
17 and, pursuant to OC2021-173, Hydro is authorized to undertake activities, including but not limited
18 to the upgrading or installation of equipment at the Star Lake Terminal Station as required to
19 provide electrical services to customers; and
20

21 **WHEREAS** the Application states that the assets necessary to interconnect Marathon Gold
22 Corporation with the electrical system will be owned by Hydro but solely used to provide service
23 to Marathon Gold Corporation; and
24

25 **WHEREAS** the Application also states that Marathon Gold Corporation will pay all costs
26 associated with the project, which are estimated to be \$15,814,600, excluding HST, pursuant to a
27 contribution agreement to be entered into between Hydro and Marathon Gold Corporation; and
28

29 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
30 the Consumer Advocate, Dennis Browne, Q.C. (the “Consumer Advocate”); a group of Island
31 Industrial customers: Corner Brook Pulp and Paper Limited, NARL Refining Limited Partnership
32 and Vale Newfoundland & Labrador Limited (the “Industrial Customer Group”); Teck Resources
33 Limited; Praxair Canada Inc.; and the communities of Sheshatshiu, Happy Valley-Goose Bay,
34 Wabush and Labrador City; and
35

36 **WHEREAS** on July 9, 2021 the Industrial Customer Group submitted that they had no comment
37 on the Application; and
38

39 **WHEREAS** on July 13, 2021 the Board issued requests for information to which Hydro responded
40 on July 22, 2021; and
41

42 **WHEREAS** on July 26, 2021 Newfoundland Power submitted that it had no comment on the
43 Application; and
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45 **WHEREAS** the Consumer Advocate did not file comments and the Board received no other
46 comments in relation to the Application; and

1 **WHEREAS** on July 28, 2021 Hydro filed a submission requesting the Application be approved;
2 and

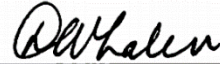
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4 **WHEREAS** the Board is satisfied that the proposed supplemental capital expenditures to construct
5 an interconnection between Star Lake Terminal Station and Valentine Terminal Station mine site
6 are necessary to enable the supply of reliable power to Marathon Gold Corporation; and

7
8 **WHEREAS** the interconnection assets between the Valentine Gold Project mine site and the island
9 electrical system function solely to provide service to Marathon Gold Corporation and the Board is
10 satisfied that it is appropriate for Hydro to recover the capital cost of the work from Marathon Gold
11 Corporation.

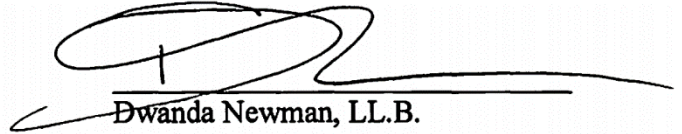
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13
14 **IT IS THEREFORE ORDERED THAT;**

- 15
16 1. Hydro's proposed construction of an interconnection and associated upgrades between the
17 Star Lake Terminal Station and the Valentine Terminal Station Project mine site to allow for
18 service to Marathon Gold Corporation, with an estimated capital cost of \$3,479,300 in 2021,
19 \$12,281,700 in 2022 and \$53,600 in 2023, for a total of \$15,814,600, excluding HST, is
20 approved.
21
22 2. The contribution by Marathon Gold Corporation of an amount equal to the capital cost of the
23 work described within the Application is approved.
24
25 3. Hydro shall pay the expenses of the Board incurred in connection with this matter.

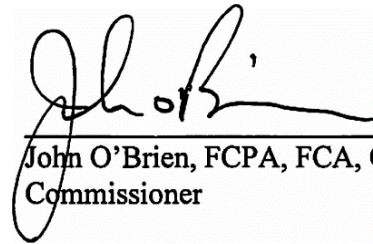
DATED at St. John's, Newfoundland and Labrador, this 18th day of August, 2021.



**Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer**



**Dwanda Newman, LL.B.
Vice-Chair**



**John O'Brien, FCPA, FCA, CISA
Commissioner**



**Cheryl Blundon
Board Secretary**