

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

AN ORDER OF THE BOARD

NO. P.U. 11(2011)

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
10 construction and purchase of certain improvements and additions
11 to its property at the Port Union and Lawn hydro electric
12 generating plants pursuant to Section 41 of the *Act*; and for
13 consent to remove from service a diesel electric generator located
14 at Port Union pursuant to Section 38 of the *Act*.

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16
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 public
19 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and

20
21 **WHEREAS** on April 8, 2011, Newfoundland Power filed an application with the Board for
22 approval of a supplementary capital expenditure in the amount of \$1,800,000 associated with
23 repairs at the Lawn and Port Union hydro electric generating plants and also for the consent of
24 the Board to remove a diesel electric generator at the Port Union plant from service (the
25 “Application”); and

26
27 **WHEREAS** Section 41(3) of the *Act* states that a public utility shall not proceed with the
28 construction, purchase or lease of improvements or additions to its property where:

- 29
30 (a) the cost of construction or purchase is in excess of \$50,000; or
31 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,

32
33 without the prior approval of the Board; and

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35 **WHEREAS** in Order No. P.U. 28(2010), the Board approved, *inter alia*, Newfoundland Power’s
36 2011 Capital Budget of \$72,969,000; and

1 **WHEREAS** Section 38 of the *Act* states that a public utility shall not abandon a part of its line,
2 or works, after they have been operated, without notice to the Board and without the written
3 consent of the Board, which consent shall only be given after notice to an incorporated municipal
4 body interested, and after there has been an inquiry; and

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6 **WHEREAS** on April 11, 2011 notice of the Application was sent to the Consumer Advocate and
7 Newfoundland and Labrador Hydro and, in accordance with Section 38 of the *Act*, notice of the
8 application to remove the diesel electric generator in Port Union from service was given to the
9 municipality of Trinity Bay North; and

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11 **WHEREAS** the Board sent Information Requests to Newfoundland Power on April 18, 2011;
12 and

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14 **WHEREAS** Newfoundland Power answered the Information Requests on May 19, 2011; and

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16 **WHEREAS** in September of 2010 Newfoundland Power's generation facilities at Port Union on
17 the Bonavista Peninsula and Lawn on the Burin Peninsula were extensively damaged as the
18 result of an extreme weather event related to Hurricane Igor; and

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20 **WHEREAS** in the fall of 2010 Newfoundland Power began work to secure both sites before
21 winter, returning the generating facilities at Lawn to service but the Port Union plant could not
22 be returned to service and remains out of service; and

23
24 **WHEREAS** in December of 2010, in Order No. P.U. 35(2010), the Board approved a
25 supplementary amount of \$1,900,000 to be added to the Allowance for Unforeseen Items in
26 relation to the capital expenditure associated with the work that was carried out at Port Union
27 and Lawn; and

28
29 **WHEREAS** Newfoundland Power now proposes a supplemental capital expenditure in 2011 in
30 the amount of \$450,000 in relation to the Lawn Plant Refurbishment which includes construction
31 of new penstock supports, replacement of the mesh reinforced concrete decking and walkway
32 and reinstatement of the downstream rockfill and multi-plate culvert; and

33
34 **WHEREAS** Newfoundland Power also proposes a 2011 supplemental capital expenditure of
35 \$1,350,000 in relation to the Port Union Plant Refurbishment which includes civil restoration of
36 the powerhouse building and downstream retaining wall, mechanical overhaul of the two
37 generators, replacement of hydraulic governors, replacement of the generator stator windings,
38 rotor windings and exciter on G1, refurbishment of the generator stator windings, rotor windings
39 and exciter on G2, refurbishment of the switchgear and circuit breakers, replacement of the G1
40 an G2 control panels and replacement of the battery bank and charger; and

41
42 **WHEREAS** Newfoundland Power advises that the 500 kW diesel electric generator at the Port
43 Union plant was installed in 1965 and was in deteriorated condition even prior to the damage in
44 the fall of 2010 and is no longer suitable or necessary for backup generation; and

1 **WHEREAS** Newfoundland Power advises that refurbishing the diesel electric generator would
2 not be cost-effective; and

3 **WHEREAS** Newfoundland Power filed a Feasibility Analysis for the Port Union and the Lawn
4 hydro electric generating plants demonstrating that the continued operation of both plants is
5 economical over the long term; and

6
7 **WHEREAS** the Board did not receive any objection or comments in relation to the Application;
8 and

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10 **WHEREAS** the Board finds that it is reasonable and appropriate to provide its consent to
11 Newfoundland Power’s Application to remove the diesel electric generator in Port Union from
12 service, given its age, condition, and the fact that it is not suitable or necessary as a backup
13 generator; and

14
15 **WHEREAS** the Board is satisfied that the proposed supplementary capital expenditures for
16 repairs to the Lawn and Port Union hydro electric generating plants are necessary to allow
17 Newfoundland Power to provide service and facilities which are reasonably safe and adequate
18 and just and reasonable and should be approved.

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20 **IT IS THEREFORE ORDERED THAT:**

- 21
- 22 1. The proposed capital expenditure in the amount of \$1,800,000 to repair Newfoundland
23 Power’s hydro electric generating plants at Port Union and Lawn is approved.
 - 24 2. The Board consents to the removal from service of the diesel electric generator at
25 Newfoundland Power’s Port Union hydro electric generating plant.
 - 26 3. Newfoundland Power shall pay all costs and expenses of the Board in connection with
27 this Application.
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DATED at St. John's, Newfoundland and Labrador, this 30th day of May, 2011.

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

James Oxford
Commissioner

G. Cheryl Blundon
Board Secretary