

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

AN ORDER OF THE BOARD

NO. P.U. 29(2014)

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 and Labrador Hydro for approval,
9 pursuant to section 41 of the *Act*, of capital expenditures
10 at the Sunnyside Terminal Station in 2014 and 2015 for the
11 purchase and installation of the Sunnyside T1 transformer
12 and associated equipment, modifications to the protection
13 relay system, and the addition of a 230 kV breaker.
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16 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and
17 existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act*, and
18 is subject to the provisions of the *EPCA*; 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
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26 without prior approval of the Board; and
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28 **WHEREAS** in Order No. P.U. 42(2013) the Board approved Hydro's 2014 Capital Budget in
29 the amount of \$97,805,300; and
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31 **WHEREAS** in Order No. P.U. 16 (2014) the Board approved Hydro's proposal to proceed with
32 the purchase and installation of 100 MW of combustion turbine generation at the Holyrood
33 Thermal Generating Station, with cost recovery to be determined by the Board in a future Order;
34 and
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36 **WHEREAS** in Order No. P.U. 23(2014) the Board approved a supplementary amount of
37 \$580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3
38 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that

1 recovery of these expenditures would be addressed upon receipt of a further application from
2 Hydro; and

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4 **WHEREAS** on June 19, 2014 Hydro filed an application with the Board requesting approval of
5 a supplemental multi-year capital expenditure in the amount of \$8,424,200 to i) purchase and
6 replace the Sunnyside T1 transformer and associated equipment, including the 138kV breaker,
7 230 kV disconnect switch and the station service transfer switch and ii) modify the protection
8 relay system and purchase and install an additional 230 kV breaker at the Sunnyside Terminal
9 Station (the “Application”); and

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11 **WHEREAS** Hydro explains that on January 4, 2014 an internal fault occurred in the Sunnyside
12 T1 transformer resulting in a fire and damaging the transformer and associated equipment; and

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14 **WHEREAS** Hydro states that the Sunnyside T1 transformer is required to be returned to service
15 to meet system planning criteria in the event of another transformer failure at the Sunnyside
16 Terminal Station; and

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18 **WHEREAS** Hydro submits that the installation of a 230 kV breaker and modifications to the
19 protection relay system will increase the overall reliability of the Hydro system; and

20
21 **WHEREAS** the Application was circulated to Newfoundland Power Inc. (“Newfoundland
22 Power”), the Consumer Advocate, a group of three Island Industrial customers: Corner Brook
23 Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the
24 “Industrial Customer Group”), Vale Newfoundland and Labrador Limited (“Vale”), Praxair
25 Canada Inc. (“Praxair”), Grand Riverkeeper Labrador, Inc. and Danny Dumaresque; and

26
27 **WHEREAS** the Board, Newfoundland Power and the Industrial Customer Group issued
28 Requests for Information which were answered by Hydro on July 15, 2014;

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30 **WHEREAS** Newfoundland Power, the Consumer Advocate, the Industrial Customer Group and
31 Vale advised the Board in writing that they did not have any comment on the Application; and

32
33 **WHEREAS** the Board did not receive any comment from the Praxair, Grand Riverkeeper
34 Labrador, Inc. or Danny Dumaresque; and

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36 **WHEREAS** the Board finds that the proposed expenditures are consistent with the Board’s May
37 15, 2014 report in relation to the Supply Issues and Power Outages on the Island Interconnected
38 System and the recommendations set out in The Liberty Consulting Group report dated April 24,
39 2014; and

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41 **WHEREAS** the Board is satisfied that the proposed 2014 and 2015 capital expenditures should
42 be approved but finds that, as the events and circumstances surrounding the Sunnyside T1
43 transformer failure are currently under review as part of the Board’s ongoing Investigation and
44 Hearing into the Supply Issues and Power Outages on the Island Interconnected System, no
45 determination will be made at this time as to how the costs of the proposed work should be
46 treated from a regulatory perspective; and

1 **WHEREAS** Hydro will be required to separate and record the costs associated with the
2 proposed work in an account and Hydro may subsequently file an application for the recovery of
3 these costs.

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5 **IT IS THEREFORE ORDERED THAT:**
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- 7 1. The proposed capital expenditures at the Sunnyside Terminal Station in the amount of
8 \$7,197,800 in 2014 and \$1,266,400 in 2015 for the purchase and installation of the
9 Sunnyside T1 transformer and associated equipment, modification to the protection relay
10 system and addition of a 230 kV breaker are approved.
11
- 12 2. Hydro will establish a separate account to record the capital expenditures for the purchase
13 and installation of the Sunnyside T1 transformer and associated equipment, modification
14 to the protection relay system and addition of a 230 kV breaker, with the recovery of
15 these expenditures to be addressed in a subsequent order of the Board following a further
16 application by Hydro.
17
- 18 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 30th day of July 2014.

Andy Wells
Chair & Chief Executive Officer

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary