

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

AN ORDER OF THE BOARD

NO. P.U. 46(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 to purchase critical spares for the Holyrood
10 Thermal Generating Station pursuant to
11 section 41 of the *Act*.
12
13

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

18 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall not proceed with the
19 construction, purchase or lease of improvements or additions to its property where:
20

- 21 a) the cost of construction or purchase is in excess of \$50,000; or
22 b) the cost of the lease is in excess of \$5,000 in a year of the lease
23

24 without prior approval of the Board; and
25

26 **WHEREAS** in Order No. P.U. 42(2013) the Board approved Hydro's 2014 Capital Budget in
27 the amount of \$97,805,300; and
28

29 **WHEREAS** in Order No. P.U. 16(2014) the Board approved Hydro's proposal to proceed with
30 the purchase and installation of 100 MW of combustion turbine generation at the Holyrood
31 Thermal Generating Station, with issues of costs and cost recovery to be determined by the
32 Board in a future Order; and
33

34 **WHEREAS** in Order No. P.U. 23(2014) the Board approved a supplementary amount of
35 \$580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3
36 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that
37 recovery of these expenditures would be addressed upon receipt of a further application from
38 Hydro; and

1 **WHEREAS** the Board approved supplementary 2014 capital expenditures in:
2

- 3 (i) Order No. P.U. 29(2014) in the amount of \$7,197,800 in 2014 and \$1,266,400 in
4 2015 for the purchase and replacement of the Sunnyside T1 transformer and
5 associated equipment, modification to the protection relay system and addition of
6 a 230 kV breaker at the Sunnyside Terminal Station; and
7 (ii) Order No. P.U. 32(2014) in the amount of \$1,452,500 to replace the tap changer
8 on the T5 transformer at the Western Avalon Terminal Station;
9

10 and ordered that recovery of these expenditures would be addressed in a subsequent order of the
11 Board following a further application by Hydro; and
12

13 **WHEREAS** the Board also approved supplementary 2014 capital expenditures in:
14

- 15 (i) Order No. P.U. 33(2014) in the amount of \$3,632,200 to replace insulators on
16 transmission lines TL-201 and TL-203;
17 (ii) Order No. P.U. 34(2014) in the amount of \$636,700 in 2014 and \$360,000 in 2015
18 for the replacement of the excitation transformers at the Bay d'Espoir generating
19 station;
20 (iii) Order No. P.U. 36(2014) in the amount of \$958,800 for the installation of
21 additional transformer capacity at the Wabush Substation;
22 (iv) Order No. P.U. 38(2014) in the amount of \$320,600 to replace an air compressor
23 at the Holyrood Thermal Generating Station; and
24 (v) Order No. 45(2014) in the amount of \$608,900 for 2014 and \$1,238,200 for 2015
25 to complete the Labrador City Voltage Conversion; and
26

27 **WHEREAS** on November 4, 2014 the Board received an application from Hydro for approval to
28 purchase four motors as critical spares for the Holyrood Thermal Generating Station (the
29 "Application"); and
30

31 **WHEREAS** Hydro states that the availability of these critical spares will contribute significantly
32 to the expedited return to service of affected generating equipment and the reinstatement of
33 maximum generating capacity; and
34

35 **WHEREAS** the Application was circulated to Newfoundland Power Inc., the Consumer
36 Advocate, a group of three Island Industrial customers: Corner Brook Pulp and Paper Limited,
37 North Atlantic Refining Limited and Teck Resources Limited, Vale Newfoundland and Labrador
38 Limited, Praxair Canada Inc., Mr. Danny Dumeresque and Grand Riverkeeper Labrador Inc.;
39 and
40

41 **WHEREAS** the Board did not receive any Requests for Information or submissions relating to
42 the Application;
43

44 **WHEREAS** the Board is satisfied that the 2014 supplemental capital expenditure for the
45 approval to purchase critical spares for the Holyrood Thermal Generating Station is necessary to

1 allow Hydro to provide service and facilities which are reasonably safe and adequate and just
2 and reasonable.

3

4 **IT IS THEREFORE ORDERED THAT:**

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6 1. The proposed 2014 capital expenditure in the amount of \$491,753 to purchase critical
7 spares for the Holyrood Thermal Generating Station is approved.

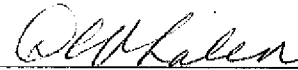
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9 2. Hydro shall pay all expenses of the Board arising from this Application.

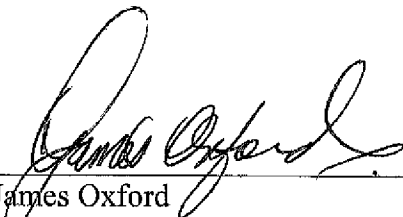
DATED at St. John's, Newfoundland and Labrador this 27th day of November 2014.



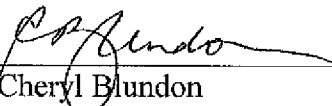
Andy Wells
Chair & Chief Executive Officer



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary