

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

AN ORDER OF THE BOARD

NO. P.U. 33(2018)

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 Newfoundland
8 and Labrador Hydro for approval of a capital expenditure
9 for a Control System between Mary’s Harbour Diesel Plant
10 and St. Mary’s River Hydro Plant pursuant to section 41 of
11 the *Act*.
12
13

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

18 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
19 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. 43(2017) the Board approved Hydro’s 2018 Capital Budget in the
27 amount of \$170,868,300; and
28

29 **WHEREAS** in Order No. P.U. 5(2018) the Board approved additional 2018 capital expenditures
30 and an amended 2018 Capital Budget for Hydro in the amount of \$181,193,700; and
31

32 **WHEREAS** the Board approved supplementary 2018 capital expenditures

- 33 (i) in Order No. P.U. 6(2018) in the amount of \$719,400 to complete voltage
34 conversion of the Labrador City Feeder VA26;
- 35 (ii) in Order No. P.U. 19(2018) in the amount of \$1,000,000 to be added to the
36 Allowance for Unforeseen Items;

- 1 (iii) in Order No. P.U. 23(2018) in the amount of \$1,120,600 to complete Level
2 2 condition assessments on penstocks at Bay d'Espoir; and
3 (iv) in Order No. P.U. 25(2018) in the amount of \$2,560,500 to restore the design
4 performance of the air heaters to increase generating capacity of Units 1, 2,
5 and 3 at the Holyrood Thermal Generating Station; and
6

7 **WHEREAS** on August 23, 2018 Hydro filed an application (the "Application") with the Board
8 requesting approval of a capital expenditure of approximately \$195,500 to purchase and install a
9 Control System between Mary's Harbour Diesel Plant (the "Diesel Plant") and St. Mary's River
10 Hydro Plant (the "Hydro Plant"); and
11

12 **WHEREAS** the Application stated a Power Purchase agreement, signed in September 2017,
13 between Hydro and the owners of the Hydro Plant, St. Mary's River Energy Limited, for the sale
14 and purchase of energy will allow Hydro to purchase energy from the Hydro Plant at 90% of the
15 fuel cost required to produce energy at the Diesel Plant; and
16

17 **WHEREAS** the Application explained that proposed project will establish a communications link
18 with the Hydro Plant and integrate it with the controls system at the Diesel Plant, allowing the
19 Diesel Plant to receive data from the Hydro Plant, set a maximum allowable power output for the
20 Hydro Plant, and, if necessary, send an emergency shutdown signal to the Hydro Plant; and
21

22 **WHEREAS** the Application stated that approval of this project will realize maximized generation
23 for the Hydro Plant and savings for Hydro customers on every kilowatt hour purchased from the
24 Hydro Plant through the optimized operation between the two generating plants; and
25

26 **WHEREAS** the Application stated that the cost of the project, estimated to be \$195,500, is to be
27 fully contributed to Hydro by St. Mary's River Energy Limited; and
28

29 **WHEREAS** the Application was copied to: Newfoundland Power Inc. ("Newfoundland Power");
30 the Consumer Advocate, Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited; NARL
31 Refining Limited Partnership; Vale Newfoundland & Labrador Limited; Teck Resources Limited;
32 and Praxair Canada Inc.; and
33

34 **WHEREAS** no comments were received by the Board; and
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36 **WHEREAS** on September 6, 2018 Hydro filed a reply stating that the capital works for which
37 Hydro has sought approval in this Application are necessary to ensure that Hydro can continue
38 to provide service which is safe and adequate and just and reasonable and requests that the Board
39 approve Hydro's application as submitted; and
40

41 **WHEREAS** the Board is satisfied that the proposed 2018 supplemental capital expenditure for a
42 Control System between Mary's Harbour diesel plant and St. Mary's River hydro plant is necessary
43 to ensure the continued provision of safe and reliable electricity supply to Hydro's customers.

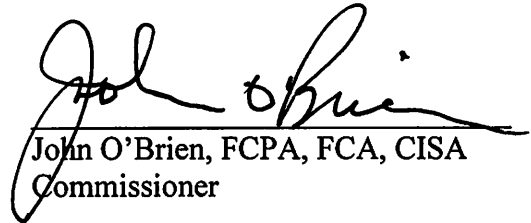
1 **IT IS THEREFORE ORDERED THAT:**
2

- 3 1. The proposed capital expenditure in the amount of \$195,500 for a Control System between
4 Mary's Harbour Diesel Plant and St. Mary's River Hydro Plant is approved.
5
6 2. Hydro shall pay all expenses of the Board arising from this Application.

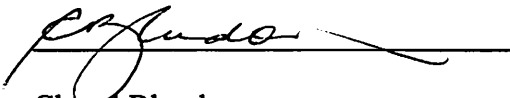
DATED at St. John's, Newfoundland and Labrador, this 12th day of September, 2018.



Darlene Whalen, P. Eng., FEC
Chair & CEO



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary