

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

AN ORDER OF THE BOARD

NO. P.U. 18(2022)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of rotor rim shrinking and stator recentering at
10 the Upper Salmon Hydroelectric Generating
11 Station pursuant to 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, 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 without prior approval of the Board
20 where a) the cost of construction or purchase is in excess of \$50,000, or b) the cost of the lease is
21 in excess of \$5,000 in a year of the lease; and
22

23 **WHEREAS** in Order No. P.U. 37(2021) the Board approved Hydro’s 2022 Capital Budget in the
24 amount of \$84,163,400; and
25

26 **WHEREAS** the Board approved supplementary 2022 capital expenditures in:

- 27 (i) Order No. P.U. 9(2022) to reset Hydro’s 2022 Allowance for Unforeseen Items to
28 \$1,000,000; an
29 (ii) Order No. P.U. 12(2022) in the amount of \$634,000 to replace the roof of the
30 Makkovik Diesel Generating Station;
31 (iii) Order No. P.U. 14(2022) in the amount \$137,700 to purchase and install a 545 kW
32 diesel engine at the Mary’s Harbour Diesel Generating Station;
33 (iv) Order No. P.U. 17(2022) in the amount \$1,578,900 to purchase one set of last stage
34 blades to serve as capital spares for Units 1 and 2 at the Holyrood Thermal Generating
35 Station; and

1 **WHEREAS** on April 26, 2022 Hydro filed an application for approval of a capital expenditure in
2 the amount of \$3,999,800 for rotor rim shrinking and stator recentering at the Upper Salmon
3 Hydroelectric Generating Station (the “Application”); and
4

5 **WHEREAS** the Application stated that the Upper Salmon is located upstream of the Bay d’Espoir
6 Hydroelectric Generating Facility, has been online since 1983 and consists of a single vertical
7 hydraulic turbine unit rated for 84 MW of generating capacity; and
8

9 **WHEREAS** the Application stated through the annual maintenance program for this facility,
10 cracks on the rotor rim guidance keys had been identified and refurbished with a replacement
11 project previously completed in 2018 as well as additional refurbishment in 2019 and 2020; and
12

13 **WHEREAS** the Application stated that, during the planned annual preventive maintenance checks
14 and inspections in August 2021, a significant crack on a rim guidance block was discovered along
15 with the shifting of two drive key assemblies upward within their slots indicating further
16 deterioration that required more extensive intervention; and
17

18 **WHEREAS** the Application stated that Hydro consulted with the original equipment manufacturer
19 (“OEM”), Andritz Hydro Canada Inc., and completed further inspections of all the rotor rim
20 guidance keys and blocks which indicated extensive cracking requiring Hydro to complete a short-
21 term solution in 2021 to return the unit to service; and
22

23 **WHEREAS** the Application stated that, following the implementation of the short-term solution
24 in 2021, Hydro followed the OEM recommendation to inspect the unit every 12 weeks or 2,000
25 hours of operation with the first inspection completed in February 2022; and
26

27 **WHEREAS** the Application stated that, following the February 2022 inspection, Hydro
28 determined the increased deterioration supported a long-term solution of shrinking the rotor rim
29 and recentering the stator; and
30

31 **WHEREAS** the Application stated that a delay in implementation of a long-term solution
32 increases the risk of unplanned expenditures, outages, and associated bypassed generation; and
33

34 **WHEREAS** the Application stated that, due to the time necessary for procurement, outage
35 requirements, and the availability of the necessary equipment, execution of the long-term solution
36 is anticipated to take two years; and
37

38 **WHEREAS** the Application stated that Hydro will continue the 12 week or 2,000 hours
39 inspections and, if significant cracking is found, all efforts will be made to complete the work in
40 2022; and
41

42 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
43 the Consumer Advocate, Dennis Browne, Q.C.; a group of Island Industrial customers: Corner
44 Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc. (formerly known
45 as NARL Refining Limited Partnership), and Vale Newfoundland and Labrador Limited; the

1 communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City; Teck
2 Resources Limited; and Praxair Canada Inc.; and

3
4 **WHEREAS** the Board issued a request for information which was answered by Hydro on May
5 11, 2022; and

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7 **WHEREAS** on May 16, 2022 Newfoundland Power advised that it had no comment on the
8 Application; and

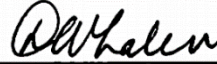
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10 **WHEREAS** on May 17, 2022 Hydro requested that the Board approve the Application as
11 submitted; and

12
13 **WHEREAS** the Board is satisfied that the proposed 2022 supplemental capital expenditure for
14 rotor rim shrinking and stator recentering at the Upper Salmon Hydroelectric Generating Station
15 is necessary to ensure that Hydro can continue to provide service that is safe and adequate and just
16 and reasonable.

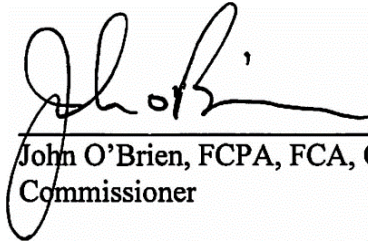
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18
19 **IT IS THEREFORE ORDERED THAT:**

- 20
21 1. The proposed capital expenditure in the amount of \$3,999,800 for rotor rim shrinking and
22 stator recentering at the Upper Salmon Hydroelectric Generating Station is approved.
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24 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 20th day of May, 2022.



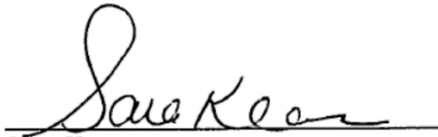
Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Sara Kean
Assistant Board Secretary