

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

**AN ORDER OF THE BOARD**

**NO. P.U. 1(2024)**

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 amendments to the Holyrood Thermal  
10 Generating Station Accelerated Deferral  
11 Account approved in Order No. P.U. 4(2022).  
12  
13

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

18 **WHEREAS** in Order No. P.U. 33(2021) the Board approved the establishment of a Holyrood  
19 Thermal Generating Station Accelerated Depreciation Deferral Account to defer differences in  
20 excess of \$2.5 million between the test year accelerated depreciation expense for the Holyrood  
21 Thermal Generating Station assets and the actual accelerated depreciation expense in 2022 and  
22 2023 if it was not a test year; and  
23

24 **WHEREAS** in Order No. P.U. 4(2022) the Board approved the definition of the Holyrood Thermal  
25 Generating Station Accelerated Depreciation Deferral Account; and  
26

27 **WHEREAS** on November 30, 2023 Hydro filed an application for approval to extend the operation  
28 of the Holyrood Thermal Generating Station Accelerated Depreciation Deferral Account to  
29 continue to defer the difference between the actual accelerated depreciation expense for the  
30 Holyrood Thermal Generating Station and the approved test year costs until the end-of-steam  
31 generation (the “Application”); and  
32

33 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);  
34 the Consumer Advocate, Dennis Browne, KC; Hydro’s Island Industrial customers: Corner Brook  
35 Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale Newfoundland

1 and Labrador Limited (the “Island Industrial Customer Group”); the communities of Sheshatshiu,  
2 Happy Valley-Goose Bay, Wabush, and Labrador City; Teck Resources Limited; Iron Ore Company  
3 of Canada; and Linde Canada Inc.; and  
4

5 **WHEREAS** on December 8, 2023 Newfoundland Power advised it supported the Application; and  
6

7 **WHEREAS** on December 12, 2023 the Island Industrial Customer Group filed comments noting  
8 that the projected end of generation date for the Holyrood Thermal Generating Station had been  
9 extended to 2030 and that, instead of needing protection from material adverse effects on its  
10 opportunity to earn a fair return, Hydro is now facing lower depreciation expense since the  
11 remaining life of the asset has been considerably extended; and  
12

13 **WHEREAS** the Island Industrial Customer Group submitted that a one-year extension to the  
14 deferral account is reasonable if 2024 is not a test year but Hydro has not justified an indefinite  
15 extension; and  
16

17 **WHEREAS** the Island Industrial Customer Group also submitted that Hydro should provide  
18 evidence on what, if any, deadband is appropriate for the deferral account; and  
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20 **WHEREAS** on December 15, 2023 Hydro filed its reply submitting that the deferral account is  
21 needed until the end of steam generation to allow Hydro to manage potentially large variations  
22 in accelerated depreciation; and  
23

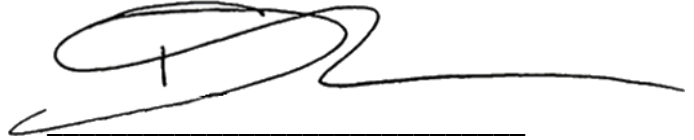
24 **WHEREAS** Hydro submitted that the deadband of \$2.5 million for the Holyrood Thermal  
25 Generating Station Accelerated Depreciation Deferral Account, which was established by the  
26 Board on the basis that it represented the average depreciation expense variance at the time,  
27 sometimes benefits customers and at other times benefits Hydro; and  
28

29 **WHEREAS** the Board is satisfied that the Application for the extension of the Holyrood Thermal  
30 Generating Station Accelerated Depreciation Deferral Account should be approved and the issues  
31 raised by the Island Industrial Customer Group with respect to the deadband and the extension  
32 of the account should be reviewed in Hydro’s next general rate application.  
33

34  
35 **IT IS THEREFORE ORDERED THAT:**  
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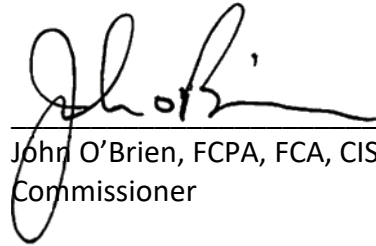
- 37 1. The Holyrood Thermal Generating Station Accelerated Depreciation Deferral Account as set  
38 out in Schedule A, with an effective date of January 1, 2024, is approved.  
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- 40 2. Hydro shall file a report on the activity and operation of the Holyrood Thermal Generating  
41 Station Accelerated Depreciation Deferral Account with its next general rate application.  
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- 43 3. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 16<sup>th</sup> day of January 2024.



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Dwanda Newman, LL.B.  
Vice-Chair



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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Christopher Pike, LL.B., FCIP  
Commissioner



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Jo-Anne Galarneau  
Executive Director and Board Secretary

**Newfoundland and Labrador Hydro**  
**Holyrood TGS Accelerated Depreciation Deferral Account Definition**

Newfoundland and Labrador Hydro's ("Hydro") Holyrood Thermal Generation Station ("Holyrood TGS") Accelerated Depreciation Deferral Account was established, commencing in 2022, to defer, for future disposition, any difference in excess of  $\pm 2.5$  million between (i) the accelerated depreciation expense for the Holyrood TGS in a year and (ii) the accelerated depreciation expense for the Holyrood TGS included in the approved test year until otherwise ordered by the Board of Commissioners of Public Utilities ("Board").

The disposition of the balance in this account will be subject to a further Order of the Board.