

April 15, 2013

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL
A1A 5B2

ATTENTION: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: An Application by Newfoundland and Labrador Hydro (Hydro) pursuant to Subsection 41(3) of the Act for approval of the Restoration of Unit 1 Turbine and Generator at the Holyrood Thermal Generating Station

Enclosed please find the original plus eight copies of Hydro's responses to the following Requests for Information with regard to the above-noted application:

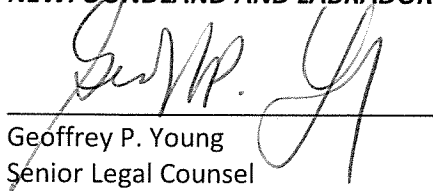
CA-NLH-1 to CA-NLH-6; IC-NLH-1 to IC-NLH-12; and NP-NLH-1 to NP-NLH-3.

As indicated in the response to NP-NLH-1, there was an error in the calculation of the interest related to this project. A revised application and draft order reducing the project cost by \$345,000 is also enclosed.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales

Thomas Johnson – Consumer Advocate
Dean Porter – Poole Althou

IN THE MATTER OF the *Electrical Power Control Act*, RSNL 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the Act), and regulations thereunder;

Revised April 15, 2013

AND IN THE MATTER OF a revised Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the *Act*, for the approval of the refurbishment of Unit 1 Turbine and Generator at the Holyrood Thermal Generating Station.

TO: The Board of Commissioners of Public Utilities (the Board)

THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro) STATES

THAT:

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. This is an application for the approval of the refurbishment of Unit 1 Generator at Hydro's Holyrood Thermal Generating Station (HTGS). The Unit 1 Generator suffered significant damage on January 11, 2013 at a time when a major winter storm had caused widespread damage and power interruptions to the Island Interconnected System, including damage to the Holyrood Terminal Station. An investigation as to the specific cause of the damage to the Unit 1 Generator is in progress.

3. The HTGS is an essential part of the Island Interconnected System, with three units providing a total capacity of 490 MW, representing approximately one-third of Hydro's Island Interconnected System generating capacity. The HTGS comprises three units. In 1971, Stage I was completed bringing on line two generating units, Units 1 and 2, and in 1979, Stage II was completed bringing on line Unit 3. The HTGS will remain a key component of Hydro's generation fleet until 2020. Unit 1 is out of service at present and cannot be placed back in service until the proposed work has been completed.

4. The nature of the damage suffered to Unit 1 Generator is as described in detail in the project justification document. The work required to repair the Unit includes the preliminary engineering which took place in Phases 1 and 2 of the project. The detailed scope of work required to address the issues identified during the preliminary engineering stages is also in the attached project justification document, and includes:

Completing turbine rotor and diaphragm repairs;

Replacing the diaphragm inter stage packing; and

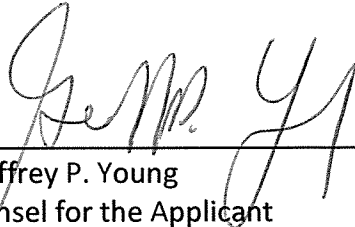
Replacing the turbine bearings and connect the lubrication oil piping.

5. The completion of these refurbishments to Unit 1 are required to ensure that Hydro can continue to provide safe, reliable and adequate service from this essential facility. In particular, the expeditious return to service of Unit 1 is

required to ensure that the unit is available to permit Hydro to take outages to some of its other generating facilities on the Avalon Peninsula. This includes work with regard to the Unit 3 Turbine Valves Overhaul at Holyrood, approved by the Board in Order No. P.U. 4(2013).

6. The estimated cost of this project is \$12,809,700.
7. The Applicant submits that the proposed capital works and expenditures are necessary to ensure that this generation facility can continue to provide service which is reasonable safe and adequate and just and reasonable as required by Section 37 of the *Act*.
8. Therefore, Hydro makes Application that the Board make an Order approving, pursuant to Subsection 41(3) of the *Act*, the capital expenditure of \$12,809,700. for the the refurbishment of Unit 1 at HTGS as set out in this Application and in the attached project description and justification document.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 15th day of April, 2013.



Geoffrey P. Young
Counsel for the Applicant
Newfoundland and Labrador Hydro
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A1B 4K7
Telephone: (709) 737-1277
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IN THE MATTER OF the *Electrical Power Control Act*, RSNL 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the Act), and regulations thereunder;

AND IN THE MATTER OF a revised Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the Act, for the approval of the refurbishment of Unit 1 Turbine and Generator at the Holyrood Thermal Generating Station.

AFFIDAVIT

I, Robert J. Henderson, Professional Engineer, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice-President, Newfoundland and Labrador Hydro, the Applicant named in the attached Application.
2. I have read and understand the foregoing Application.
3. I have personal knowledge of the facts contained therein, except where otherwise indicated, and they are true to the best of my knowledge, information and belief.

SWORN at St. John's in the)
Province of Newfoundland and)
Labrador)
this 5th day of April 2013,)
before me:)


Barrister – Newfoundland and Labrador


Robert J. Henderson

(DRAFT ORDER)
NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.U. __ (2013)

IN THE MATTER OF the *Electrical Power Control Act*, RSNL 1994, Chapter E-5.1 (the *EPCA*) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the “*Act*”), and regulations thereunder;

AND

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for approval approval of the refurbishment of Unit 1 at the Holyrood Thermal Generating Station, pursuant to Subsection 41(3) of the *Act*.

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

WHEREAS Subsection 41(3) of the *Act* requires that a public utility not proceed with the construction, purchase or lease of improvements or additions to its property where:

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

without prior approval of the Board; and

WHEREAS Unit 1 of Hydro’s Holyrood Thermal Generating Station (Holyrood) suffered significant damage during a major winter storm that occurred on January 11, 2013; and

WHEREAS on April 2, 2013 Hydro filed an application with the Board seeking approval for a capital project to effect refurbishment and repairs to Unit 1 of Holyrood in the amount of \$12,809,700; and

WHEREAS in Order Nos. P.U. 2(2013) and P.U. 4(2013) the Board approved Hydro’s 2013 Capital Budget; and

1 **WHEREAS** the Board approved supplementary 2013 capital expenditures in
2 (i) Order No. P.U. 1(2013) in the amount of \$284,100 for the refurbishment of the
3 stop logs at the Burnt Dam Spillway; and
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5 **WHEREAS** the Board is satisfied that the 2013 supplemental capital expenditure for the
6 refurbishment of Unit 1 at Holyrood is necessary to allow Hydro to provide service and
7 facilities which are reasonably safe and adequate and just and reasonable.
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10 **IT IS THEREFORE ORDERED THAT:**
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- 12 1. The capital expenditure of \$12,809,700. for the refurbishment of Unit 1 at the
13 Holyrood Thermal Generating Station is approved.
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15 2. Hydro shall pay all expenses of the Board arising from this Application.
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19 **DATED** at St. John's, Newfoundland and Labrador, this day of , .
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