

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

**AN ORDER OF THE BOARD
NO. P.U. 14(2013)**

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*") and regulations thereunder;

5
6 **AND**
7

8 **IN THE MATTER OF** an application by
9 Newfoundland and Labrador Hydro for approval of
10 the refurbishment of Unit 1 at the Holyrood Thermal
11 Generating Station pursuant to Section 41 of the *Act*.

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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*,
16 and is also subject to the provisions of the *EPCA*; and

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18 **WHEREAS** subsection 41(3) of the *Act* requires that a public utility 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

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26 **WHEREAS** in Order Nos. P.U. 2(2013) and P.U. 4(2013) the Board approved Hydro's
27 2013 Capital Budget; and

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29 **WHEREAS** the Board approved supplementary 2013 capital expenditures in:

- 30
31 (i) Order No. P.U. 1(2013) in the amount of \$284,100 for the refurbishment of the
32 stop logs at the Burnt Dam Spillway; and
33 (ii) Order No P.U. 12(2013) in the amount of \$5,198,000 for the refurbishment of
34 the marine terminal at the Holyrood Thermal Generating Station; and

35
36 **WHEREAS** on April 2, 2013 Hydro applied to the Board requesting approval of a
37 supplementary capital expenditure in the amount of \$13,154,700 for refurbishment and
38 repairs to Unit 1 at the Holyrood Thermal Generating Station (the "Application"); and

1 **WHEREAS** Unit 1 suffered significant damage on January 11, 2013 during a major winter
2 storm and has been out of service since that date; and

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4 **WHEREAS** the Application was copied to Newfoundland Power Inc. ("Newfoundland
5 Power"), the Consumer Advocate and the Island Industrial Customers (Corner Brook Pulp
6 and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited); and

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8 **WHEREAS** Newfoundland Power, the Consumer Advocate and the Island Industrial
9 Customers issued Requests for Information which were answered by Hydro on April 15,
10 2013; and

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12 **WHEREAS** on April 15, 2013 Hydro filed a revised Application reducing the original
13 project cost from \$13,154,700 to \$12,809,700; and

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15 **WHEREAS** the Consumer Advocate filed a written submission on April 17, 2013
16 accepting that the work to refurbish Unit 1 is necessary but that the expenditure should not
17 be included in rate base until the investigation into the root cause of the event is complete
18 and the root cause analysis report is considered by the Board; and

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20 **WHEREAS** the Island Industrial Customers filed a written submission on April 17, 2013
21 accepting that the restoration of Unit 1 is necessary and should not be delayed and raising
22 several concerns relating to operational practices and past major inspections and overhauls
23 and further submit that recovery of Hydro's costs should be deferred until the root cause
24 analysis report is filed and reviewed; and

25
26 **WHEREAS** on April 17, 2013 Newfoundland Power advised that it does not have any
27 comments; and

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29 **WHEREAS** on April 19, 2013 Hydro advised that it does not object to deferring the
30 determination of whether the expenditure should be included in rate base until the root
31 cause analysis has been completed; and

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33 **WHEREAS** the Holyrood Thermal Generating Station is an essential part of the Island
34 Interconnected System and Unit 1 is required to provide capacity to meet system peak load
35 requirements and to facilitate critical maintenance and capital upgrades prior to the
36 2013/2014 operating season; and

37
38 **WHEREAS** the Board is satisfied that the 2013 supplemental capital expenditure for the
39 refurbishment and repairs to Unit 1 at the Holyrood Thermal Generating Station is
40 necessary to allow Hydro to provide service and facilities which are reasonably safe and
41 adequate and just and reasonable.

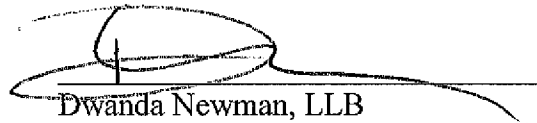
IT IS THEREFORE ORDERED THAT:

1. The proposed 2013 capital expenditure of \$12,809,700 for the refurbishment and repairs to Unit 1 at the Holyrood Thermal Generating Station is approved.
2. Hydro shall file a report in relation to the root cause of the failure of Unit 1 at the Holyrood Thermal Generating Station on or before June 30, 2013.
3. Hydro shall not include the expenditure in relation to the refurbishment and repairs to Unit 1 at the Holyrood Thermal Generating Station in rate base until a further Order of the Board.
4. Hydro shall pay all expenses of the Board arising from this Application.

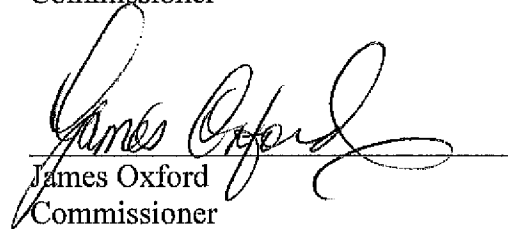
DATED at St. John's, Newfoundland and Labrador, this 24th day of April, 2013.



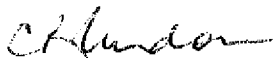
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LLB
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary