

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

AN ORDER OF THE BOARD

NO. P. U. 17(2008)

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

5
6 **AND**

7
8 **IN THE MATTER OF** an application
9 by Newfoundland and Labrador Hydro (“Hydro”)
10 for approval, pursuant to Section 41(3) of the *Act*,
11 of three capital projects affecting the Holyrood
12 Thermal Generating Station (HTGS).

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16 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is
17 a public utility within the meaning of the *Act* and is also subject to the provisions of the *EPCA*;
18 and

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

- 22
23 (a) the cost of the construction or purchase is in excess of \$50,000; or
24 (b) the cost of the lease is in excess of \$5,000 in a year of the lease,

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26 without the prior approval of the Board; and

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28 **WHEREAS** Hydro’s 2008 capital budget expenditures, totaling \$42,898,100, and leases were
29 approved by the Board in Order Nos. P.U. 30(2007) and P.U. 9(2008); and

1 **WHEREAS** on June 10, 2008 Hydro applied to the Board for the approval of three capital
2 projects and related expenditures to be commenced in 2008, all pertaining to the HTGS:

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- 4 • Replacement of the Unit 1 Superheater (\$4,446,200);
- 5 • Replacement of the public address (paging) system (\$1,278,500); and
- 6 • Condition Assessment and Life Extension Study (\$3,450,600); and

7 **WHEREAS** the HTGS is an essential element of the Island Interconnected System with three
8 units providing a total capacity of 490MW, representing approximately one-third of Hydro's
9 Island Interconnected System generating capacity; and

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11 **WHEREAS** in support of the request for approval to replace the Unit 1 Superheater at the HTGS
12 Hydro provided a comprehensive report which includes excerpts from the 2005 Maintenance
13 Report from Alstrom and a Technical Services Report from Alstrom, dated October 17, 2007;
14 and

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16 **WHEREAS** Alstrom recommended in its 2007 report that effort be made to replace the Unit 1
17 Superheater in the context of the demonstrated tube wall thinning and a number of unit outages
18 in the winter of 2008 and anticipated additional outages in the coming winter if a replacement is
19 not completed; and

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21 **WHEREAS** in support of the request for approval to replace the public address (paging) system
22 at the HTGS Hydro provided a comprehensive report which sets out an explanation of the issues
23 in relation to the existing system, discusses alternatives and explains the attributes of the
24 proposed system and, additionally, documents the results of noise testing, an audit of the existing
25 system and fire drill testing;

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27 **WHEREAS** the report in relation to the public address (paging) system demonstrates that the
28 system is an essential communications tool for routine and emergency purposes and that the
29 present paging system has deteriorated and does not provide intelligible or audible
30 communications which is required by the National Building Code of Canada (2005) and the
31 National Fire Code of Canada (2006), and is not capable of providing adequate, safe and reliable
32 communications within and around the HTGS; and

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34 **WHEREAS** Hydro's request for approval to proceed with the condition assessment and life
35 extension study will not be addressed at this time as several requests for information have been
36 issued and are outstanding; and

37 **WHEREAS** the Board is satisfied that proposed expenditures in relation to both the Unit 1
38 Superheater and the public address (paging) system are reasonable and appropriate to allow
39 Hydro to provide service that is reasonably safe and adequate and just and reasonable as required
40 pursuant to Section 37 of the *Act*.

1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The additional 2008 capital expenditures of:
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5 (a) \$4,446,200 to replace the Unit 1 Superheater at the Holyrood Thermal Generating
6 Station; and
7 (b) \$1,278,500 to replace the public address (paging) system at the Holyrood Thermal
8 Generating Station;
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10 are approved.
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13 2. Hydro shall pay the expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 27th day of June 2008.

Andrew Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

G. Cheryl Blundon
Board Secretary