

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

AN ORDER OF THE BOARD

NO. P.U. 31(2009)

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 by
9 Newfoundland and Labrador Hydro (“Hydro”)
10 for approval of the rehabilitation of the Nain Diesel
11 Generating Plant (the “Application”), pursuant
12 to Subsection 41(3) of the *Act*.

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14
15 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is
16 a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*; and

17
18 **WHEREAS** on June 4, 2009 Hydro applied to the Board requesting approval of the capital
19 expenditure of \$2,804,700 for the rehabilitation of the Nain Diesel Generating Plant; and

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

- 23
24 a) the cost of construction or purchase is in excess of \$50,000; or
25
26 b) the cost of the lease is in excess of \$5,000 in a year of the lease,

27
28 without prior approval of the Board; and

29
30 **WHEREAS** in Order No. P.U. 36(2008) issued December 23, 2008 the Board approved, *inter*
31 *alia*, Hydro’s 2009 Capital Budget of \$47,856,000; and

32 **WHEREAS** the Board approved supplementary 2009 Capital expenditures in:

- 33
34 (i) Order No. P.U. 4(2009) in the amount of \$351,000 for the replacement of the
35 power transformer at the Wiltondale terminal station due to a failure of the
36 existing transformer;

- 1 (ii) Order No. P.U. 8(2009) in the amount of \$1,092,900 for the replacement of
 2 programmable logic controllers at the Holyrood Thermal Generating Station's
 3 Gas Turbine Plant;
- 4 (iii) Order No. P. U. 10(2009) in the amount of \$703,700 for the upgrade of the
 5 continuous emission monitoring system at the Holyrood Thermal Generating
 6 Station;
- 7 (iv) Order No. P. U. 16(2009) in the amount of \$93,000 for the extension of the
 8 parking lot at Hydro Place;
- 9 (v) Order No. P. U. 19 (2009) in the amount of \$191,600 to install cold reheat
 10 condensate drains and high-pressure heater trip on Unit 2 at the Holyrood
 11 Thermal Generating Station in place of the same project for Unit 1;
- 12 (vi) Order No. P. U. 23(2009) in the amount of \$160,000 for the development of an
 13 on-line WPC training software program; and
- 14 (vii) Order No. P.U. 28(2009) in the amount of \$1,895,000 for a Condition Assessment
 15 and Life Extension Study for the Holyrood Thermal Generating Station; and
 16

17 **WHEREAS** Hydro owns, operates and maintains a Diesel Generating Plant in the northern
 18 Labrador community of Nain, which contains three 865 kW diesel generating units, Units 574,
 19 575 and 576; and
 20

21 **WHEREAS** on September 7, 2008 a fire destroyed generating Unit 575 and severely damaged
 22 the engine hall at the Nain Diesel Generating Plant, causing an outage for customers, which the
 23 Board was notified of in an Outage Advisory (2008-H-19-A); and
 24

25 **WHEREAS** in P.U. Order No. 2 (2009) the Board approved Hydro's application to relocate two
 26 portable generators to the Nain Diesel Generating Plant while it is being repaired following the
 27 September 7, 2008 fire; and
 28

29 **WHEREAS** Hydro has completed the damage assessment and investigation of alternatives to
 30 restore the plant; and
 31

32 **WHEREAS** the Application seeks approval to replace the 865 kW generating unit destroyed by
 33 fire in 2008 with a 1,275 kW generating unit, install a hydronic heating system, and install a new
 34 sewer system; and
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36 **WHEREAS** the Board has reviewed the supporting documentation filed with the Application in
 37 the context of the *Act* and the Capital Budget Application Guidelines issued by the Board; and
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39 **WHEREAS** the Board is satisfied that it is reasonable and prudent to approve the expenditure of
 40 \$2,804,700 for the rehabilitation of the Nain Diesel Generating Plant.
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42 **IT IS THEREFORE ORDERED THAT:**
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- 44 1. The proposed capital expenditures of \$2,804,700 for the rehabilitation of the Nain Diesel
 45 Generating Plant is approved.
- 46 2. Hydro shall pay all expenses of the Board arising from this Application.
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DATED at St. John's, Newfoundland and Labrador this 4th day of August 2009.

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chairperson

Cheryl Blundon
Board Secretary