

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

**AN ORDER OF THE BOARD**

**NO. P.U. 38(2014)**

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*"), as amended, and regulations  
5 thereunder; and  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro for approval  
9 of capital expenditures for replacement of an  
10 air compressor at the Holyrood Thermal Generation  
11 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*, and  
16 is subject to the provisions of the *EPCA*; and  
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18 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall not proceed with the  
19 construction, purchase or lease of improvements or additions to its property where:  
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- 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  
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24 without prior approval of the Board; and  
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26 **WHEREAS** in Order No. P.U. 42(2013) the Board approved Hydro's 2014 Capital Budget in  
27 the amount of \$97,805,300; and  
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29 **WHEREAS** in Order No. P.U. 16(2014) the Board approved Hydro's proposal to proceed with  
30 the purchase and installation of 100 MW of combustion turbine generation at the Holyrood  
31 Thermal Generating Station, with cost recovery to be determined by the Board in a future Order;  
32 and  
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34 **WHEREAS** in Order No. P.U. 23(2014) the Board approved a supplementary amount of  
35 \$580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3  
36 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that  
37 recovery of these expenditures would be addressed upon receipt of a further application from  
38 Hydro; and

1 **WHEREAS** the Board approved supplementary 2014 capital expenditures in:  
2

- 3 (i) Order No. P.U. 29(2014) in the amount of \$7,197,800 in 2014 and \$1,266,400 in  
4 2015 for the purchase and replacement of the Sunnyside T1 transformer and  
5 associated equipment, modification to the protection relay system and addition of  
6 a 230 kV breaker at the Sunnyside Terminal Station; and  
7 (ii) Order No. P.U. 32(2014) in the amount of \$1,452,500 to replace the tap changer  
8 on the T5 transformer at the Western Avalon Terminal Station;  
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10 and ordered that recovery of these expenditures would be addressed in a subsequent order of the  
11 Board following a further application by Hydro; and  
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13 **WHEREAS** the Board also approved supplementary 2014 capital expenditures in:  
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- 15 (i) Order No. P.U. 33(2014) in the amount of \$3,632,200 to replace insulators on  
16 transmission lines TL-201 and TL-203;  
17 (ii) Order No. P.U. 34(2014) in the amount of \$636,700 in 2014 and \$360,000 in 2015  
18 for the replacement of the excitation transformers at the Bay d'Espoir generating  
19 station; and  
20 (iii) Order No. P.U. 36(2014) in the amount of \$958,800 for the installation of  
21 additional transformer capacity at the Wabush Substation; and  
22

23 **WHEREAS** on August 14, 2014 Hydro applied to the Board for approval of supplementary  
24 2014 capital expenditures in the amount of \$320,600 to replace air compressor No. 1 at the  
25 Holyrood Thermal Generating Station (the "Application"); and  
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27 **WHEREAS** Hydro states that the long term asset plan for the Holyrood Thermal Generating  
28 Station identified the requirement to replace the air compressor in 2015; and  
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30 **WHEREAS** a failure of the air compressor in early 2014 and a subsequent inspection resulted in  
31 the determination that the air compressor should be replaced prior to the 2014/2015 winter  
32 season; and  
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34 **WHEREAS** Hydro submits that the air compressor system is a critical auxiliary system  
35 necessary for power generation at Holyrood Thermal Generating Station; and  
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37 **WHEREAS** the Application was circulated to Newfoundland Power Inc. ("Newfoundland  
38 Power"), the Consumer Advocate, a group of three Island Industrial customers: Corner Brook  
39 Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the  
40 "Industrial Customer Group"), Vale Newfoundland and Labrador Limited ("Vale"), Praxair  
41 Canada Inc. ("Praxair"); Mr. Danny Dumaresque and Grand Riverkeeper Labrador, Inc.; and  
42

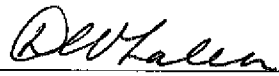
43 **WHEREAS** the Board did not receive any comments on the Application; and

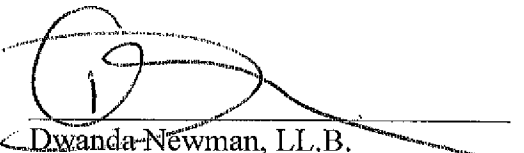
1 **WHEREAS** the Board is satisfied that the proposed supplementary 2014 capital expenditure to  
2 replace air compressor No. 1 at the Holyrood Thermal Generating Station is necessary for Hydro  
3 to provide service and facilities which are reasonably safe and adequate and just and reasonable.  
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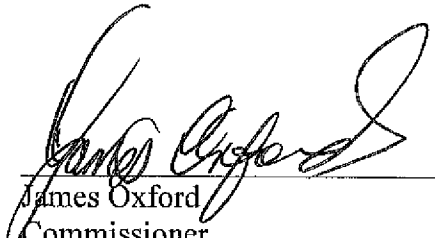
5  
6 **IT IS THEREFORE ORDERED THAT:**  
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- 8 1. The proposed 2014 capital expenditure of \$320,600 to replace an air compressor at the  
9 Holyrood Thermal Generating Station is approved.
- 10
- 11 2. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador this 9<sup>th</sup> day of September 2014.

  
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 Darlene Whalen, P.Eng.  
 Vice-Chair

  
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 Dwanda-Newman, LL.B.  
 Commissioner

  
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 James Oxford  
 Commissioner

  
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 Colleen Jones  
 Assistant Board Secretary