

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

AN ORDER OF THE BOARD

NO. P.U. 22(2019)

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 Newfoundland
8 and Labrador Hydro for approval of a capital expenditure to
9 complete a Hinds Lake Unit Overhaul and Level II Condition
10 Assessments at Bay d’Espoir Penstock 4, Granite Canal Penstock
11 and Hinds Lake Penstock pursuant to section 41 of the *Act*.
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14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
15 existing under the *Hydro Corporation Act, 2007*, 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** section 41 of the *Act* states that a public utility shall not proceed with the construction,
19 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. 46(2018) the Board approved Hydro’s 2019 Capital Budget in the
27 amount of \$116,140,700; and
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29 **WHEREAS** in Order No. P.U. 7(2019) the Board approved a supplementary 2019 capital
30 expenditure in the amount of \$600,000 to be added to the Allowance for Unforeseen Items; and
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32 **WHEREAS** on May 22, 2019 Hydro filed an application with the Board requesting approval of
33 capital expenditures to complete a major overhaul of the Hinds Lake Unit at an estimated capital
34 cost of \$259,500, and Level II Condition Assessments for Bay d’Espoir Penstock 4, Granite Canal
35 Penstock and Hinds Lake Penstock at an estimated capital cost of \$414,300 (the “Application”);
36 and

1 **WHEREAS** the Application stated that, based on Original Equipment Manufacturer
2 recommendations and industry standards, a regularly scheduled overhaul is performed on Hydro's
3 hydraulic generation units every six years to inspect, test, clean, and refurbish and/or replace
4 defective components; and

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6 **WHEREAS** the Application stated that a planned overhaul for the Hinds Lake Unit was scheduled
7 for 2020 to coincide with the planned timing of an approved 2019-2020 Rotor Refurbishment
8 Project but the Rotor Refurbishment Project for the Hinds Lake Unit has been advanced to 2019
9 requiring the unit to be offline for multiple weeks; and

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11 **WHEREAS** the Application explained that advancing the unit overhaul to 2019 to coincide with
12 the Rotor Refurbishment Project would result in a reduction of the overhaul project costs, prevent
13 the addition of a major outage to the outage schedule and also help mitigate machine wear and tear
14 associated with disassembly and reassembly since both projects require many similar work
15 activities; and

16
17 **WHEREAS** the Application also explained that, in addition to the proposed overhaul for the Hinds
18 Lake Unit, overhauls are also planned for the Bay d'Espoir and Granite Canal units, and the
19 prudent approach is to complete Level II Condition Assessments on the Bay d'Espoir Penstock 4
20 and the Hinds Lake and Granite Canal penstocks in parallel with major overhaul work ensuring
21 cost efficiencies and reducing overall downtime associated with unit outage scheduling; and

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23 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,
24 Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited, NARL Refining Limited
25 Partnership, and Vale Newfoundland & Labrador Limited ("Industrial Customer Group"); Teck
26 Resources Limited; Praxair Canada Inc.; Iron Ore Company of Canada and the and the
27 communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City; and

28
29 **WHEREAS** on May 31, 2019 Newfoundland Power Inc. and the Industrial Customer Group
30 advised they had no comments on the Application; and

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32 **WHEREAS** on June 3, 2019 Hydro filed a reply requesting the Board approve the Application as
33 submitted; and

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35 **WHEREAS** no other comments were received by the Board; and

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37 **WHEREAS** the Board is satisfied that the proposed 2019 supplemental capital expenditures to
38 complete the Hinds Lake Unit major overhaul and Level II Condition Assessments for Bay
39 d'Espoir Penstock 4, Granite Canal Penstock and Hinds Lake Penstock are necessary to ensure the
40 continued provision of safe and reliable electricity supply to Hydro's customers.

1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The proposed capital expenditures in the amount of \$259,500 to complete the Hinds Lake Unit
4 major overhaul and \$414,300 for Level II Condition Assessments for Bay d'Espoir Penstock
5 4, Granite Canal Penstock and Hinds Lake Penstock are approved.
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7 2. Hydro shall pay all expenses of the Board arising from this Application.


DATED at St. John's, Newfoundland and Labrador, this 6th day of June, 2019.



Darlene Whalen, P. Eng., FEC.
Chair & CEO



James Oxford
Commissioner



Cheryl Blundon
Board Secretary