

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

AN ORDER OF THE BOARD

NO. P.U. 14(2022)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of the purchase and installation of a new diesel
10 engine for the Mary’s Harbour Diesel Generating
11 Station pursuant to section 41 of the *Act*.
12
13

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
17

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 without prior approval of the Board
20 where a) the cost of construction or purchase is in excess of \$50,000, or b) the cost of the lease is
21 in excess of \$5,000 in a year of the lease; and
22

23 **WHEREAS** in Order No. P.U. 37(2021) the Board approved Hydro’s 2022 Capital Budget in the
24 amount of \$84,163,400; and
25

26 **WHEREAS** the Board approved supplementary 2022 capital expenditures in:

- 27 (i) Order No. P.U. 9(2022) to reset Hydro’s 2022 Allowance for Unforeseen Items to
28 \$1,000,000; and
- 29 (ii) Order No. P.U. 12(2022) in the amount of \$634,000 to replace the roof of the
30 Makkovik Diesel Generating Station; and
31

32 **WHEREAS** on April 6, 2022 Hydro filed an application for approval to purchase and install a
33 diesel engine at the Mary’s Harbour Diesel Generating Station (the “*Application*”); and
34

35 **WHEREAS** the Mary’s Harbour Diesel Generating Station holds two 545 kW units (Unit 2093
36 and Unit 2103) and a 725 kW unit (Unit 2104), all of which are used to provide electrical service
37 to the community; and

1 **WHEREAS** the Application stated that on March 6, 2022 Unit 2093 experienced a catastrophic
2 engine failure that included a damaged crankshaft and connecting rod that punctured the engine
3 block in two places; and
4

5 **WHEREAS** the Application stated that, without all three generating units during the winter, peak
6 loads could exceed the firm capacity of the Mary's Harbour electrical system, resulting in outages
7 to customers; and
8

9 **WHEREAS** the Application stated that Unit 2093's engine is not repairable and a replacement
10 545 kW engine is the most appropriate and least-cost option based upon Hydro's evaluation of
11 alternatives; and
12

13 **WHEREAS** the Application was copied to: Newfoundland Power Inc. ("Newfoundland Power");
14 the Consumer Advocate, Dennis Browne, Q.C.; a group of Island Industrial customers: Corner
15 Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc. (formerly known
16 as NARL Refining Limited Partnership), and Vale Newfoundland and Labrador Limited; and the
17 communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City ("Labrador
18 Interconnected Group"); and
19

20 **WHEREAS** on April 13, 2022 the Board submitted a request for information ("RFI") and on April
21 14, 2022 the Labrador Interconnected Group submitted an RFI, both of which were responded to
22 by Hydro on April 20, 2022; and
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24 **WHEREAS** on April 26, 2022 Newfoundland Power advised that it did not have any comment
25 on the Application; and
26

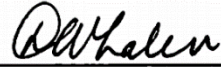
27 **WHEREAS** on April 27, 2022 Hydro requested that the Board approve the Application as
28 submitted; and
29

30 **WHEREAS** the Board is satisfied that the proposed 2022 supplemental capital expenditure to
31 purchase and install a 545 kW diesel engine at the Mary's Harbour Diesel Generating Station is
32 necessary to enable the continued supply of reliable power to Mary's Harbour.
33

34
35 **IT IS THEREFORE ORDERED THAT:**
36

- 37 1. The proposed capital expenditure in the amount of \$137,700 to purchase and install a 545 kW
38 diesel engine at the Mary's Harbour Diesel Generating Station is approved.
39
- 40 2. Hydro shall pay all expenses of the Board arising from this Application.

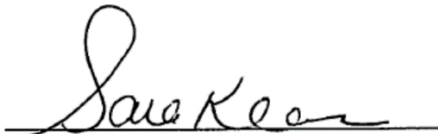
DATED at St. John's, Newfoundland and Labrador, this 3rd day of May, 2022.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



Christopher Pike, LL.B., FCIP
Commissioner



Sara Kean
Assistant Board Secretary