

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

AN ORDER OF THE BOARD

NO. P.U. 20(2011) AMENDED

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

AND

IN THE MATTER OF an application by Newfoundland and Labrador Hydro for approval to upgrade the Unit 1 stack breeching and the fuel oil storage facility at the Holyrood Thermal Generating Station pursuant to Subsection 41(3) of the *Act*.

WHEREAS Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*; and

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

a) the cost of construction or purchase is in excess of \$50,000; or

b) the cost of the lease is in excess of \$5,000 in a year of the lease,

without prior approval of the Board; and

WHEREAS in Order No. P.U. 38(2010) issued December 23, 2010 the Board approved, *inter alia*, Hydro’s 2011 Capital Budget of \$55,046,000 but denied Hydro’s request for approval of two capital expenditures in relation to the Holyrood Thermal Generating Station (“Holyrood”), one in the amount of \$1,769,600 for the upgrade of the Unit 1 stack breeching and the second in the amount of \$2,637,900 for the refurbishment of Tank 3 at the fuel oil storage facility; and

WHEREAS on July 15, 2011 Hydro applied to the Board requesting approval of two capital expenditures in relation to those denied in Order No. P.U. 38(2010), one in the amount of

1 \$1,853,900 for the upgrade of the Unit 1 stack breeching and one in the amount of \$2,694,700
2 for the refurbishment of Tank 3 at the fuel oil storage facility (the "Application"); and
3

4 **WHEREAS** on September 2, 2011 Hydro filed an amended application revising the amount of
5 the proposed capital expenditure for the upgrade of the Unit 1 stack breeching to \$1,919,000 and
6 for the refurbishment of Tank 3 to \$2,754,400; and
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8 **WHEREAS** the Industrial Customers, the Consumer Advocate and Newfoundland Power
9 intervened in the Application; and
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11 **WHEREAS** Hydro filed its 2012 Capital Budget on August 4, 2011 and the Board established a
12 two phase process for the 2012 Capital Budget whereby capital expenditures in relation to
13 Holyrood will be comprehensively reviewed as part of Phase II; and
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15 **WHEREAS** the Consumer Advocate and the Industrial Customers both submit that it is
16 appropriate to consider this Application as part of Hydro's 2012 Capital Budget, Phase II where
17 other significant capital expenditures in relation to Holyrood are to be considered; and
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19 **WHEREAS** Hydro submits that it is prudent to proceed immediately with this Application
20 considering: i) the pressing nature of replacing the Unit 1 stack breeching support structures; ii)
21 the long lead times on steel related to the fuel tank refurbishment; iii) that the projects were
22 originally planned for 2011; and, iv) deferral of these expenditures into 2012 increases reliability
23 risks to an unacceptable level; and
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25 **WHEREAS** Newfoundland Power did not comment on this issue; and
26

27 **WHEREAS** the revised schedule filed by Hydro for the work to be done in relation to Unit 1
28 stack breeching proposes that the support structures be replaced in November of 2011 and the
29 remainder of the work commence in May of 2012; and
30

31 **WHEREAS** the revised schedule filed by Hydro for the work to be done in relation to the
32 refurbishment of Tank 3 at the fuel storage facility proposes that the material be procured in
33 December of 2011 with mobilization in April of 2012; and
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35 **WHEREAS** the established schedule for Phase II of Hydro's 2012 Capital Budget requires that
36 submissions close on November 14, 2011; and
37

38 **WHEREAS** the Board finds that Hydro has shown that replacing the Unit 1 stack breeching
39 support structures is urgent and should proceed immediately but has failed to demonstrate that
40 other aspects of the proposed capital expenditures should be considered in advance of Phase II of
41 Hydro's 2012 Capital Budget, given that the revised schedules filed by Hydro can be observed in
42 the context of the established schedule for Phase II of Hydro's 2012 Capital Budget; and
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1 **WHEREAS** the Board is satisfied that the support structures for the Unit 1 stack breeching
2 should be replaced and that the other proposed capital expenditures in relation to the Unit 1 stack
3 breeching and the refurbishment of Tank 3 at the Holyrood Thermal Generating Station should
4 be considered as part of Hydro's 2012 Capital Budget, Phase II.
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6
7

8 **IT IS THEREFORE ORDERED THAT:**
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- 10 1. The proposed capital expenditure of \$133,700 to replace the support structures for the
11 Unit 1 stack breeching at the Holyrood Thermal Generating Station is approved.
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13 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 15th day of September, 2011.



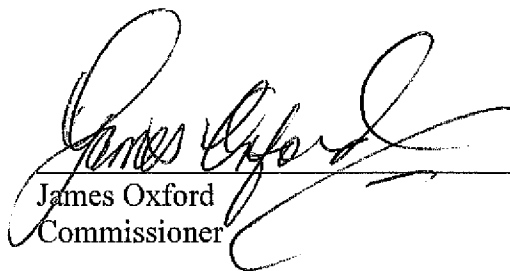
Andy Wells
Chair & Chief Executive Officer



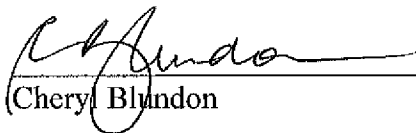
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman
Commissioner



James Oxford
Commissioner



Cheryl Blundon