



Newfoundland and Labrador Hydro
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January 17, 2022

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Allowance for Unforeseen Capital Expenditures Monthly Reporting

Further to the Board of Commissioners of Public Utilities' letters of May 24, 2013 and January 29, 2015, enclosed please find Newfoundland and Labrador Hydro's expenditures report setting out all capital expenditures made in relation to the Allowance for Unforeseen Items to the end of December 2021.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

A handwritten signature in blue ink, appearing to read 'S. Walsh', written over a horizontal line.

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/kd

Encl.

ecc:

Board of Commissioners of Public Utilities
Jacqui H. Glynn
PUB Official Email

Newfoundland and Labrador Hydro
Allowance for Unforeseen Expenditures
For the Period January 1, 2021 to December 31, 2021

	Port Hope Simpson Engine Replacement ¹ (\$)	Supplementary Amount for Unforeseen ^{2,3} (\$)	Holyrood Unit 3 Boiler Tube Failure ⁴ (\$)	Holyrood T2 Replacement ⁵ (\$)	Total ⁶ (\$)	Balance (\$)	Comments
Approved Allowance						1,000,000	See Board Order No. P.U. 2(2021)
Expenditures							
January	-	-	-	-	-	1,000,000	
February	(5,270)	-	-	-	(5,270)	994,730	
March	(102,730)	-	-	-	(102,730)	892,000	
April	-	-	-	-	-	892,000	
May	-	108,000	-	-	108,000	1,000,000	See Board Order No. P.U. 17(2021)
June	-	-	-	-	-	1,000,000	
July	-	-	-	-	-	1,000,000	
August	-	-	-	-	-	1,000,000	
September	-	-	-	-	-	1,000,000	
October	-	-	(1,404,864)	-	(1,404,864)	(404,864)	
November	-	-	(755,397)	(69,518)	(824,915)	(1,229,779)	
December	-	-	(89,553)	(1,579,589)	(1,669,142)	(2,898,921)	
Total⁷	(108,000)	108,000	(2,249,814)	(1,649,106)	(3,898,921)	(2,898,921)	

¹ On September 14, 2020, Newfoundland and Labrador Hydro ("Hydro") notified the Board of Commissioners of Public Utilities ("Board") of capital requirements at Port Hope Simpson in response to failure of the engine portion of genset Unit 2099. The final report was filed with the Board on March 23, 2021, which estimated a total project spend of \$112,700. The costs in this Allowance for Unforeseen report reflect actuals and no further costs are expected in relation to this project.

² In Board Order No. P.U. 17(2021), released on May 20, 2021, the Board approved the addition of a supplementary amount of \$108,000 to the 2021 Allowance for Unforeseen Items Account.

³ In Board Order No. P.U. 34(2021), the Board approved a supplementary amount of \$1.0 M to allow Hydro to proceed with any additional unforeseen projects for the remainder of 2021. As there were no additional unforeseen projects in 2021 this balance was not utilized.

⁴ On October 12, 2021, Hydro notified the Board that it would be utilizing the Allowance for Unforeseen Items Account to complete capital work at Holyrood Thermal Generating Station in response to failure of boiler tube 5 on Unit 3. The final report was filed with the Board on December 21, 2021, which estimated a total project spend of \$2,225,275.

⁵ On November 19, 2021, Hydro notified the Board that it would be utilizing the Allowance for Unforeseen Items Account to complete capital work at Holyrood Thermal Generating Station in response to failure of Unit 2 transformer ("T2"). On November 24, 2021, Hydro filed additional correspondence advising the Board of early cost estimates and schedule in relation to the work. In accordance with the Capital Budget Application Guidelines, Hydro will file its final report within 30 days of completion of the work.

⁶ In November 2021, Hydro made application to the Board for approval to continue recording in the Allowance for Unforeseen Items Account the variance associated with the expenditures related to the failure of Unit 3 boiler tubes at the Holyrood Thermal Generating Station and the replacement of T2 at the Holyrood Thermal Generating Station, with an application to follow in early 2022 for the inclusion of this variance in rate base. In Board Order No. P.U. 34(2021), the Board advised that it would address the appropriateness of the use of the Allowance for Unforeseen Items Account for these expenditures following the final reports related to each event, and the inclusion of rate base should be addressed in the 2021 Rate Base Application.

⁷ The balances in the Allowance for Unforeseen have not been audited. Final balances associated with capital projects, including those that were charged to the Allowance for Unforeseen Items Account, are provided in Hydro's annual Capital Expenditures and Carryover Report.