

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

AN ORDER OF THE BOARD

NO. P.U. 14(2020)

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
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7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 of Capital Expenditures necessary for the continued
10 operation of the Holyrood Thermal Generation Station
11 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. 6(2020) the Board approved Hydro’s 2020 Capital Budget in the
27 amount of \$107,576,100; and
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29 **WHEREAS** the Board approved a supplementary 2020 capital expenditure in Order No. P.U.
30 7(2020) in the amount of \$2,059,400 for the construction and installation of an electric vehicle fast
31 charging network, including Level 3 direct current fast chargers and Level 2 chargers at 14
32 locations across the island between St. John’s and Port Aux Basques; and
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34 **WHEREAS** on April 7, 2020 Hydro filed an application with the Board requesting approval of
35 capital expenditures in the amount of \$7,638,200 for capital projects necessary for the continued
36 operation of the Holyrood Thermal Generation Station (the “*Application*”); and

1 **WHEREAS** the Application stated that on February 14, 2020 Hydro advised that it was extending
2 the period of readiness to operate the Holyrood Thermal Generation Station from March 31, 2021
3 to March 31, 2022 to ensure reliable service for customers while the Muskrat Falls Generation
4 Facility and the Labrador-Island Link (“LIL”) are brought online and proven reliable; and

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6 **WHEREAS** the Application also stated that Hydro has run the Holyrood Thermal Generating
7 Station at a higher level of production than anticipated, due primarily to delays in the
8 commissioning of the LIL; and

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10 **WHEREAS** this has resulted in additional capital work being necessary at the Holyrood Thermal
11 Generating Station, including:

- 12 (i) Boiler Condition Assessment and Miscellaneous Upgrades, project cost of
13 \$3,056,700;
14 (ii) Overhaul Unit 2 Turbine Valves, project cost of \$2,919,500;
15 (iii) Overhaul Unit 3 Boiler Feed Pump West, project cost of \$367,900; and
16 (iv) Overhaul Unit 2 Generator, project cost of \$1,294,100; and

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18 **WHEREAS** Hydro submitted that the proposed capital expenditures are necessary to ensure that
19 Hydro can continue to provide service which is safe and adequate and just and reasonable; and

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

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28 **WHEREAS** requests for information (“RFIs”) were filed by the Board, the Industrial Customer
29 Group and the Consumer Advocate which were answered by Hydro on April 24, 2020; and

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31 **WHEREAS** on April 29, 2020 the Industrial Customer Group stated that they do not object to the
32 four capital projects proposed in the Application but submitted that more stringent monitoring is
33 called for in the circumstances and advocated for the submission of monthly project updates
34 beginning in early June 2020; and

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36 **WHEREAS** on April 30, 2020 Newfoundland Power stated that it had considered the
37 submissions of the Industrial Customer Group and agreed that earlier progress reporting in the
38 current circumstances could be warranted; and

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40 **WHEREAS** on April 30, 2020 the Consumer Advocate noted that in considering the Application
41 the continued concerns of Liberty Consulting Group relating to the reliability of the LIL are
42 relevant and that timely updates pertaining to this capital project would be helpful; and

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44 **WHEREAS** on May 4, 2020, in its reply submission, Hydro did not object to monthly progress
45 updates and stated that beginning June 10, 2020 and continuing to September 10, 2020 it would
46 file correspondence on a monthly basis as to the status of the proposed capital projects and

1 thereafter Hydro will include updates in its Winter Readiness reports filed in October, November,
2 and December; and

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4 **WHEREAS** Hydro stated that there were no objections to the Application from any party and
5 respectfully requested that the Board approve the Application as submitted; and

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

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9 **WHEREAS** the Board is satisfied that the proposed 2020 supplemental capital expenditures for
10 capital projects to ensure the continued operation of the Holyrood Thermal Generation Station are
11 necessary to ensure the continued provision of safe and reliable electricity to Hydro’s customers.

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14 **IT IS THEREFORE ORDERED THAT:**

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- 16 1. The proposed capital expenditures at the Holyrood Thermal Generating Station associated with
 - 17 i) the Boiler Condition Assessment and Miscellaneous Upgrades, in the amount of \$3,056,700,
 - 18 ii) the Overhaul Unit 2 Turbine Valves, in the amount of \$2,919,500, iii) the Overhaul Unit 3
 - 19 Boiler Feed Pump West, in the amount of \$367,900, and iv) the Overhaul Unit 2 Generator, in
 - 20 the amount of \$1,294,100, are approved.
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- 22 2. Hydro will file monthly updates on the status of the capital projects approved in this Order from
 - 23 June 2020 to September 2020 and thereafter will provide updates as part of the Winter
 - 24 Readiness reports to be filed in October, November, and December, 2020.
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- 26 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John’s, Newfoundland and Labrador, this 11th day of May, 2020.



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



 Dwanda Newman, LL.B.
 Vice-Chair



 Cheryl Blundon
 Board Secretary