

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

AN ORDER OF THE BOARD

NO. P.U. 26(2024)

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** changes to Newfoundland
8 and Labrador Hydro’s budget and scope for
9 capital expenditures approved in Order No.
10 P.U. 6(2023) relating to section replacement
11 and weld refurbishment of Penstock 1 at the
12 Bay d’Espoir Hydroelectric Generating Facility,
13 pursuant to subsection 41(3) of the **Act**.
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16 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
17 under the **Hydro Corporation Act, 2007**, SNL 2007 Chapter H-17, is a public utility within the
18 meaning of the **Act**, and is also subject to the provisions of the **EPCA**; and
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20 **WHEREAS** pursuant to section 41 of the **Act** and **Public Utilities Regulations**, NLR 40/23, a public
21 utility shall not proceed with the construction, purchase or lease of improvements or additions
22 to its property where the cost of construction or purchase is in excess of \$750,000 without prior
23 approval of the Board; and
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25 **WHEREAS** in Order No. P.U. 6(2023) the Board approved capital expenditures for the section
26 replacement and weld refurbishment of Penstock 1 at the Bay d’Espoir Hydroelectric Generating
27 Station (the “Penstock 1 Project”), in the amount of \$2,105,000 in 2023, \$13,172,600 in 2024 and
28 \$35,329,100 in 2025, for a total of \$50,606,700; and
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30 **WHEREAS** on October 16, 2024 Hydro requested approval to proceed with the Penstock 1 Project
31 with refinements in the scope of work and a revised budget of \$75,284,196 (the “Application”);
32 and
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34 **WHEREAS** Hydro advised that the overall increase in the project cost of \$24,677,496 reflects
35 changes with respect to escalation, performance security, project oversight, contingency

1 requirements and project deliverables, including additional lengths of penstock and dam
2 stabilization work; and

3

4 **WHEREAS** Hydro submitted that the proposed Penstock 1 Project remains the least-cost,
5 technically feasible solution to fully address the issues that impact safe, reliable operation of the
6 penstock and ensure safe, reliable service to customers in an environmentally responsible
7 manner; and

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9 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
10 the Consumer Advocate, Dennis Browne, KC; the Island Industrial Customer Group representing
11 Corner Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale
12 Newfoundland and Labrador Limited; and the Labrador Interconnected Group representing the
13 communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City; and

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15 **WHEREAS** the Board and Newfoundland Power issued requests for information which Hydro
16 answered on October 29, 2024; and

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18 **WHEREAS** on October 31, 2024 Newfoundland Power and the Island Industrial Customer Group
19 advised that they had no comments; and

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21 **WHEREAS** no other comments were received; and

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23 **WHEREAS** on November 1, 2024 Hydro filed its reply requesting that the Board approve Hydro’s
24 request to proceed with the Penstock 1 Project at a higher estimated cost, with continued
25 reporting to the Board in the capital expenditure reports and the capital budget applications as
26 originally ordered; and

27

28 **WHEREAS** the Board is satisfied that the proposed scope of work to replace and refurbish
29 Penstock 1 at the Bay d’Espoir Hydroelectric Generating Station continues to be necessary to
30 ensure that Hydro can continue to provide service which is safe and adequate and just and
31 reasonable; and

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33 **WHEREAS** the Board has reviewed the evidence filed in relation to the revised budget for the
34 Penstock 1 Project and has determined that the amount included for an additional contingency
35 has not been justified and Hydro’s request to proceed will be approved with a revised budget in
36 the amount of \$65,876,021; and

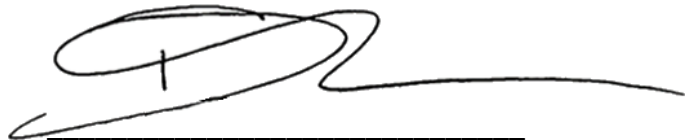
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38 **WHEREAS** the Board will require Hydro to provide monthly updates on the execution of the
39 Penstock 1 Project, including scope, schedule, budget and expenditures, starting January 15,
40 2025 and continuing each month thereafter until project completion.

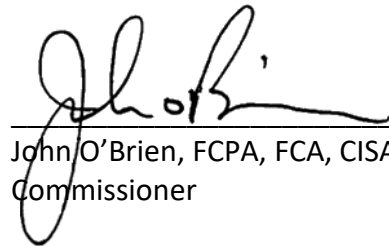
1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. Capital expenditures in the amount of \$65,876,021 for the section replacement and weld
4 refurbishment of Penstock 1 at the Bay d’Espoir Hydroelectric Generating Facility are
5 approved.
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7 2. Hydro shall provide monthly updates on the execution of the Penstock 1 Project starting
8 January 15, 2025.
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10 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John’s, Newfoundland and Labrador, this 25th day of November 2024.



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Jo-Anne Galarneau
Executive Director and Board Secretary