



Newfoundland and Labrador Hydro  
Hydro Place, 500 Columbus Drive  
P.O. Box 12400, St. John's, NL  
Canada A1B 4K7  
t. 709.737.1400 | f. 709.737.1800  
nlhydro.com

August 6, 2024

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

Attention: Jo-Anne Galarneau  
Executive Director and Board Secretary

**Re: Application for the Completion of Fire Restoration – Fourth Floor Hydro Place**

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of capital expenditures for restoration of the fourth floor of Hydro Place which had been damaged by a fire in late 2023. Extensive environmental testing and cleaning enabled approximately half of the impacted employees to return to their workstations in the second quarter of this year. The proposed project is required to reinstate a functional workspace for employees in the remainder of the fourth floor. Project execution is expected to take approximately eight months, with an estimated project cost of \$1,067,900.

The proposed capital expenditure is necessary to ensure that Hydro can continue to provide service and facilities which are reasonably safe and adequate and just and reasonable as required by Section 37 of the *Public Utilities Act*. Submission of this proposal within Hydro's 2025 Capital Budget Application would delay approval until the end of 2024 or early 2025; therefore, Hydro determined that a Supplementary Capital Budget Application was appropriate to enable work to commence as soon as possible, as the employees continue to be displaced from their workstations. Further information regarding the capital work required to restore the remaining section of Hydro Place Fourth Floor is contained in Hydro's application.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

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

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

Encl.

ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
Katie R. Philpott  
Board General

**Island Industrial Customer Group**

Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Dean A. Porter, Poole Althouse

**Labrador Interconnected Group**

Senwung F. Luk, Olthuis Kleer Townshend LLP  
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

**Consumer Advocate**

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, KC, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Newfoundland Power Inc.**

Dominic J. Foley  
Lindsay S.A. Hollett  
Regulatory Email

# Completion of Fire Restoration – Fourth Floor Hydro Place

August 6, 2024

An application to the Board of Commissioners of Public Utilities



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

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) for approval of capital expenditures for completion of fire restoration at Hydro Place, pursuant to Subsection 41(3) of the *Act*.

**To: The Board of Commissioners of Public Utilities (“Board”)**

**THE APPLICATION OF HYDRO STATES THAT:**

**A. Background**

1. Hydro, a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. Hydro Place is a six-story office building located in St. John’s, Newfoundland and Labrador, serving as Hydro’s corporate headquarters. The building accommodates approximately 560 employees as well as hardware associated with Hydro’s company-wide computer network, and other key corporate infrastructure responsible for monitoring and control of the electrical system.
3. The fourth floor of Hydro Place provides workspaces for approximately 130 employees, and has not been the subject of any significant renovations since the time of original construction in 1988. Employee workspaces are comprised of offices, located along the exterior building walls, and cubicles located throughout the interior floor space. A typical cubicle workspace consists of five foot high modular panels, desktops, storage cabinets and shelving.
4. On November 22, 2023, a fire ignited on the fourth floor of Hydro Place. Despite being quickly extinguished by facilities maintenance personnel on-site at the time of the fire, the residual smoke and chemical by-product emitted from fire suppression equipment resulted in the

contamination of interior finish materials, office furnishings and equipment, and displaced all of the employees stationed on the fourth floor.

5. Following the fire, extensive environmental testing and cleaning was completed to rid the area of harmful contaminants and re-establish employee workspaces, enabling the return to occupancy for a portion of employees on the fourth floor. The remaining portion of the fourth floor ("Zone 1") requires capital restoration to enable full occupancy. Figure 1 of Schedule 1 to this Application depicts the Fourth Floor Plan and Zone Map. This plan divides the floor into 3 zones based on contamination level.
6. As Hydro has increased demand for office and cubicle space within Hydro Place due to the introduction of the Major Projects department and other resources required to support system expansion, Hydro determined that it is prudent to utilize the period of restoration to maximize the amount of workstations on the fourth floor to meet the requirements for extra space. Hydro notes that to minimize costs associated with reinstating cubicles in the Zone 1 space, as referenced in Schedule 1, Hydro intends to utilize cubicle panels salvaged from the Lower Churchill Project office.

**B. Application**

7. The proposed capital expenditures are necessary to restore fourth floor, Zone 1, and reinstate its functionality while maximizing the available workspace for employees.
8. Project execution is expected to take approximately eight months, over the remainder of 2024 and into 2025. The project description and schedule are detailed in Sections 2.0 and 5.2 of Schedule 1, respectively.
9. The estimated capital cost of the project is \$1,067,870 with approximately \$750,200 in 2024, and \$317,700 in 2025.
10. Hydro submits that the proposed capital expenditure is necessary to ensure that Hydro can continue to provide service and facilities that are reasonably safe and adequate and just and reasonable as required by Section 37 of the *Act*.

**C. Hydro's Request**

11. Hydro requests that the Board make an Order pursuant to Section 41(3) of the *Act* approving the capital expenditures necessary to complete the fourth floor fire restoration, as more particularly described in this application and the attached Schedule 1.

**D. Communications**

12. Communications with respect to this application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

**DATED** at St. John's in the province of Newfoundland and Labrador on this 6th day of August 2024.

**NEWFOUNDLAND AND LABRADOR HYDRO**



Shirley A. Walsh  
Counsel for the Applicant  
Newfoundland and Labrador Hydro,  
500 Columbus Drive, P.O. Box 12400  
St. John's, NL A1B 4K7  
Telephone: (709) 685-4973

# Schedule 1

Completion of Fire Restoration – Fourth Floor  
Hydro Place



1 **Completion of Fire Restoration – Fourth Floor Hydro Place**

2 **Location:** Hydro Place

3 **Investment Classification:** Renewal

4 **Asset Category:** General Plant

5 **Executive Summary**

6 Hydro Place is a six-story office building located in St. John’s, Newfoundland and Labrador, serving as the  
7 corporate headquarters for Newfoundland and Labrador Hydro (“Hydro”). The building accommodates  
8 approximately 560 employees as well as hardware associated with Hydro’s company-wide computer  
9 network and other key corporate infrastructure responsible for monitoring and control of the electrical  
10 system.

11 On the early evening of November 22, 2023, a fire ignited on the fourth floor of Hydro Place. Despite  
12 being quickly extinguished by facilities maintenance personnel on-site at the time of the fire, the  
13 residual smoke and the chemical by-product emitted from fire suppression equipment resulted in the  
14 contamination of interior finish materials, office furnishings and equipment. As a result, the  
15 approximately 130 employees stationed on the fourth floor were displaced.

16 Following the fire, extensive environmental testing and cleaning was completed to rid the area of  
17 harmful contaminants and re-establish employee workspaces, enabling the safe return to occupancy for  
18 a portion of employees on the fourth floor. The remaining portion of the fourth floor requires capital  
19 restoration to enable full occupancy.

20 This project includes the restoration of Hydro Place Fourth Floor and is estimated to cost approximately  
21 \$1,067,900.



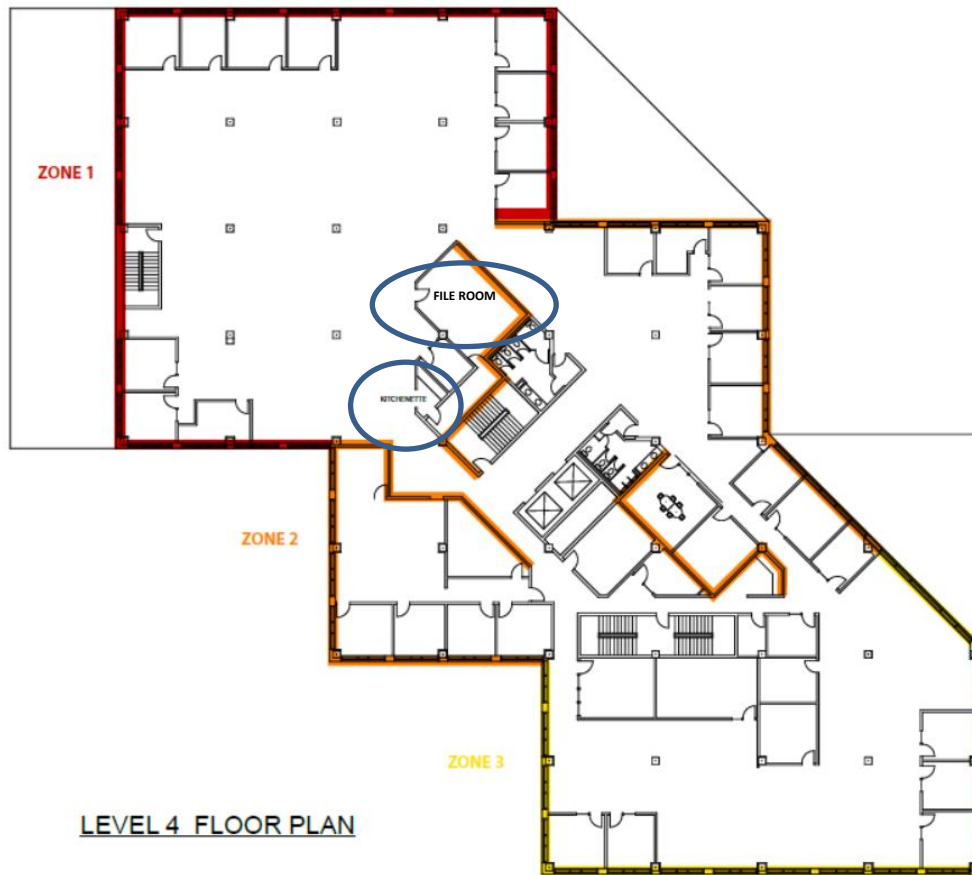
## Contents

Executive Summary.....	i
1.0 Introduction .....	1
2.0 Project Description and Justification .....	3
3.0 Asset Overview .....	3
3.1 Asset Background.....	3
3.2 Asset Condition .....	4
3.3 Condition-Based Remaining Life .....	4
4.0 Analysis .....	4
4.1 Evaluation of Alternatives.....	4
4.1.1 Deferral .....	5
4.1.2 Upgrade Life Extension .....	5
4.1.3 Fourth floor, Zone 1 Restoration .....	5
4.1.4 Alternative Strategies.....	5
4.2 Least-Cost Evaluation.....	5
4.3 Recommended Alternative .....	5
4.3.1 Risk of Asset Stranding.....	6
4.3.2 Risk Mitigation .....	6
5.0 Scope of Work.....	6
5.1 Project Budget.....	7
5.2 Project Schedule .....	7
6.0 Conclusion.....	8

## 1 **1.0 Introduction**

2 Hydro Place, located in St. John’s, Newfoundland and Labrador, serves as Hydro’s corporate  
3 headquarters. The six-story office building accommodates approximately 560 employees, as well as  
4 hardware associated with Hydro’s company-wide computer network and other key corporate  
5 infrastructure. In the early evening on Wednesday, November 22, 2023, a fire broke out on the fourth  
6 floor of the building. Although the fire was quickly extinguished by facilities maintenance personnel on-  
7 site at the time of the fire, the residual smoke and chemical by-product emitted from fire suppression  
8 equipment resulted in the contamination of interior finish materials, office furnishings, and equipment.  
9 This incident also displaced the approximately 130 employees stationed on the fourth floor.

10 Figure 1 below depicts the Fourth Floor Plan and Zone Map, which divides the floor into 3 zones based  
11 on contamination level. While the entire floor was impacted, the most significant damage was  
12 concentrated at the source of the fire, located in Zone 1. Zones 1, 2 and 3 are indicated in Figure 1 in  
13 red, orange, and yellow, respectively, with Zone 1 experiencing the highest level of contamination and  
14 requiring the most significant refurbishment.



**Figure 1: Hydro Place Fourth Floor Plan and Zone Map**

- 1 Following the fire, extensive environmental testing and cleaning was completed to rid Level 4 of harmful
- 2 contaminants and re-establish employee workspaces. Zones 2 and 3 did not require significant
- 3 refurbishment of furniture and equipment and have since resumed occupancy and normal operation;
- 4 however, deep cleaning efforts and asset disposal continues in Zone 1.
  
- 5 Hydro is proposing the completion of interior restoration to replace damaged assets and restore a
- 6 functional workspace for employees located in Zone 1.<sup>1</sup>

<sup>1</sup> The costs associated with the cleaning and remediation of Zones 2 and 3 are classified as operating costs and are not included in this Application.

## **2.0 Project Description and Justification**

The fourth floor of Hydro Place provides workspaces for key corporate and engineering functions, including Hydro’s Finance, Regulatory Affairs, Internal Audit, Risk, Strategy, Sustainability, and Non-Regulated Engineering teams. The fire damage disrupted building operations and displaced these employees from their workspaces, requiring alternate work arrangements. Following the completion of extensive remedial efforts, Zones 2 and 3 were deemed fit for occupancy in May 2024 and allowed approximately 50% of the displaced employees to return to their workstations. The remaining employees who previously occupied Zone 1 are still unable to return to their workstations and continue to avail of alternate work arrangements, such as remote work and use of meeting rooms and temporarily vacant workspaces on other floors.

With the introduction of the Major Projects department and other additional resources required to support system expansion and other initiatives within the business, Hydro has seen increased demand for office and cubicle space within Hydro Place beyond the existing availability. Hydro determined that along with the necessary restoration of this portion of the fourth floor, it is prudent to use this opportunity to maximize the amount of workstations that could be reinstated on the floor to help reduce the requirements for additional space, which would otherwise have to be created within the building through renovations in other areas.

This project involves the completion of the interior restoration and asset reinstatement required to restore a functional office space within Zone 1.

## **3.0 Asset Overview**

### **3.1 Asset Background**

Hydro Place was constructed in 1988. It is a six-storey office building, with a total floor area of approximately 20,054 m<sup>2</sup>.

The fourth floor of Hydro Place provides workspaces for employees across Hydro’s Finance, Regulatory Affairs, Internal Audit, Risk, Strategy, Sustainability, and Non-Regulated Engineering teams. It has not been the subject of any significant renovations since the time of original construction. Employee workspaces are comprised of offices located along the exterior building walls, and cubicles located throughout the interior floor space. A typical cubicle workspace consists of five foot high modular panels, desktops, storage cabinets and shelving.

1 Zone 1 occupancy includes approximately half of the employees on the fourth floor, and includes a file  
2 room and kitchenette containing a fridge, microwave, sink and cabinetry as shown in Figure 1.

### 3 **3.2 Asset Condition**

4 As a general property asset, Hydro Place is maintained to provide a safe and effective workspace for  
5 Hydro’s key corporate and administrative functions. Following the fire, the fourth floor was rendered  
6 unsafe for occupancy due to minor fire damage and extensive smoke and chemical contamination.  
7 Subsequent remediation efforts focused on the removal and cleaning of contaminated surfaces,  
8 furniture, and equipment, and enabled a return to occupancy for Zones 2 and 3 in May 2024. Removal  
9 and cleaning efforts continue for Zone 1, with capital investment required to replace damaged and  
10 contaminated infrastructure to enable return to occupancy in Zone 1.

### 11 **3.3 Condition-Based Remaining Life**

12 Hydro performs regular routine maintenance and capital refurbishment and upgrades as required to  
13 support the safe and effective functioning of Hydro Place as its corporate headquarters. When properly  
14 maintained, the lifespan of office buildings of this nature is considered to be indefinite. Hydro does not  
15 currently have plans to replace the building. The restoration work proposed herein is expected to  
16 restore the remaining portion of the fourth floor to current standards and continue to support key  
17 administrative functions for the foreseeable future.

## 18 **4.0 Analysis**

### 19 **4.1 Evaluation of Alternatives**

20 Hydro evaluated the following alternatives for the restoration of the fourth floor at Hydro Place:

- 21 • Deferral;
- 22 • Upgrade Life Extension; and
- 23 • Complete fourth floor, Zone 1 fire restoration.

1 **4.1.1 Deferral**

2 Fourth floor, Zone 1 served as a primary place of work for about half of the impacted employees prior to  
3 the fire. Since the disruption of operations due to the fire in November 2023, these employees have  
4 required alternate workspace arrangements; predominantly working from their homes. Deferral of the  
5 proposed restoration work and the continued reliance on temporary arrangements for these employees  
6 is not a considered viable alternative.

7 **4.1.2 Upgrade Life Extension**

8 As Zone 1 requires capital remediation to enable return to occupancy, Hydro has not identified any  
9 “Upgrade Life Extension” options for this project.

10 **4.1.3 Fourth floor, Zone 1 Restoration**

11 Restoration of fourth floor, Zone 1 will consist of the optimization of the existing space including  
12 conversion of an existing file room to more functional meeting/break-out space, increasing the number  
13 of workstations,<sup>2</sup> reinstatement of interior finish materials, and the replacement of disposed assets.

14 In a further effort to minimize cost to reinstate cubicles throughout the interior space of Zone 1, Hydro  
15 proposes to utilize cubicle panels salvaged from the Lower Churchill Project office. This approach will  
16 enable Hydro to reduce cost while maximizing the number of workstations in the work area.

17 **4.1.4 Alternative Strategies**

18 Hydro has not identified any “Alternative Strategies” for this project.

19 **4.2 Least-Cost Evaluation**

20 Hydro has not identified any viable alternatives to facilitate a least-cost evaluation.

21 **4.3 Recommended Alternative**

22 Hydro recommends the restoration of the fourth floor, Zone 1. Hydro must re-establish a functional  
23 workspace on the fourth floor; the proposed restoration will enable displaced employees to return to  
24 their workstations and accommodate requirements for additional work spaces within Hydro Place.

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<sup>2</sup> Hydro is reducing the footprint of the average cubicle to accommodate more workstations in the space.

**4.3.1 Risk of Asset Stranding**

Hydro Place serves as the corporate headquarters for Hydro. The facility contains the Energy Control Center, hardware associated with Hydro’s company-wide computer network, and other key corporate infrastructure. There are no plans to retire Hydro Place; therefore, the risk that the proposed capital renewal will be stranded before its useful life has been reached is very low.

**4.3.2 Risk Mitigation**

Hydro assessed the pre- and post-implementation risk of the scope of work for the 2024-2025 project in accordance with Hydro’s Capital Risk Assessment process. The outcome of this assessment is provided in Table 1.

**Table 1: Risk Scoring Pre- and Post Implementation**

	<b>Impact</b>	<b>Likelihood</b>	<b>Score</b>
Pre-Implementation	3	5	<b>15</b>
Post-Implementation	3	1	<b>3</b>
	<b>Risk Mitigated</b>		<b>12</b>
	<b>Risk Mitigated per \$1 Million</b>		<b>11.2</b>

**5.0 Scope of Work**

This project involves the completion of the interior renovations required to reinstate a functional workspace on the fourth floor, Zone 1.

The scope of work includes the following:

- Development of material specifications;
- Removal, disposal and reinstatement of smoke damaged interior finishing including carpeting, trim, ceiling tiles, drywall, and kitchenette furnishings and appliances;
- Conversion of the existing file room to more functional meeting space;
- Removal, disposal and replacement of smoke-damaged assets including workstation panels, desktops, cabinets, and shelves;
- Construction of approximately 15 additional workspaces through reduction of the footprint of the average cubicle;

- 1       • Removal and disposal of smoke-damaged furnishings including phones, personal computers, and
- 2       chairs;<sup>3</sup> and
- 3       • Completion of testing to confirm that the area has been cleared of contaminants.

**4    5.1   Project Budget**

5    The estimate for this project is shown in Table 2. Costs associated with this capital project will be  
 6    incurred by Hydro as the owner of the building and recovered in part from other unregulated lines of  
 7    business as part of the administration fee for Hydro Place, which is allocated per the approved  
 8    Intercompany Transaction Costing Guidelines.<sup>4</sup>

**Table 2: Project Estimate (\$000)<sup>5</sup>**

<b>Project Cost</b>	<b>2024</b>	<b>2025</b>	<b>Beyond</b>	<b>Total</b>
Material Supply	30.0	0.0	0.0	<b>30.0</b>
Labour	83.1	60.3	0.0	<b>143.3</b>
Consultant	33.9	1.7	0.0	<b>35.6</b>
Contract Work	530.2	226.9	0.0	<b>757.0</b>
Other Direct Costs	0.0	0.0	0.0	<b>0.0</b>
Interest and Escalation	0.0	0.0	0.0	<b>0.0</b>
Contingency	73.0	28.9	0.0	<b>101.9</b>
<b>Total</b>	<b>750.2</b>	<b>317.7</b>	<b>0.0</b>	<b>1,067.9</b>

**9    5.2   Project Schedule**

10   The schedule for this project is shown in Table 3.

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<sup>3</sup> Costs associated with the replacement of phones, personal computers, and chairs will be captured under separate capital programs.

<sup>4</sup> As approved by the Board in Order No. P.U. 49(2016). In the guidelines, office space is allocated across lines of business based on a square footage rental rate, which is calculated as follows: (Hydro Place Operating Costs + Return on Rate Base + Annual Depreciation)/ Hydro Place Total Square Footage

<sup>5</sup> Numbers may not add due to rounding.



**Table 3: Project Schedule**

<b>Activity</b>	<b>Start Date</b>	<b>End Date</b>
Planning: Budget Review, Scope Statement, Schedule, HSE Plan, Risk Assessment.	September 2024	September 2024
Design: Engage Architectural Support Consultant. Prepare Level 4 Restoration Tender Package.	September 2024 September 2024	September 2024 October 2024
Procurement: Tender and Award Level 4 Fire Restoration Contract.	October 2024	November 2024
Construction: Complete Level 4 Fire Restoration.	November 2024	February 2025
Closeout: Project Completion.	February 2025	April 2025

## 1 **6.0 Conclusion**

- 2 Fire damage, sustained on the fourth floor of Hydro Place in November 2023, disrupted building
- 3 operations and displaced the employees stationed there. The proposed project is necessary to restore
- 4 fourth floor, Zone 1, and reinstate a functional workspace for employees.

# Affidavit



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

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) for approval of capital expenditures for completion of fire restoration at Hydro Place, pursuant to Subsection 41(3) of the *Act*.

### AFFIDAVIT

I, Dana Pope, of St. John’s in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice President, Regulatory and Stakeholder Relations for Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

**SWORN** at St. John’s in the province of Newfoundland and Labrador this 6th day of August 2024, before me:



Barrister, Newfoundland and Labrador  
Witnessed through the use of audio-visual technology  
in accordance with the *Commissioners for Oaths Act*  
and *Commissioners for Oaths Regulations*



Dana Pope, CPA (CA), MBA