

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

AN ORDER OF THE BOARD

NO. P.U. 28(2016)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 "*EPCA*") and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the "*Act*"), as amended, and regulations
5 thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 to refurbish Unit 4 at Bay d'Espoir
10 pursuant to section 41 of the *Act*.
11

12
13 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and
14 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the
15 *Act*, and is also subject to the provisions of the *EPCA*; and
16

17 **WHEREAS** subsection 41(3) of the *Act* requires that a public utility not proceed with the
18 construction, purchase or lease of improvements or additions to its property where:
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- 20 a) the cost of construction or purchase is in excess of \$50,000; or
21 b) the cost of the lease is in excess of \$5,000 in a year of the lease,
22

23 without prior approval of the Board; and
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25 **WHEREAS** in Order No. P.U. 33(2015) the Board approved Hydro's 2016 Capital Budget in
26 the amount of \$183,082,800; and
27

28 **WHEREAS** the Board approved supplementary 2016 capital expenditures:
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- 30 (i) in Order No. P.U. 8(2016) in the amount of \$1,000,000 to supplement the
31 Allowance for Unforeseen Items;
32 (ii) in Order No. P.U. 17(2016) in the amount of \$6,300,000 to purchase 12 MW of
33 generating capacity at the Holyrood Thermal Generating Station;
34 (iii) in Order No. P.U. 19(2016) in the amount of \$11,800,000 to replace lower
35 reheater tubes on the Unit 1 and 2 boilers and to complete reliability
36 improvements at the Holyrood Thermal Generation Plant;
37 (iv) in Order No. P.U. 20(2016) in the amount of \$717,000 to reroute transmission line
38 TL 227 and distribution line Sally's Cove L1, a multi-year project with capital
39 expenditures of \$1,533,000 in 2017 which were also approved in this Order; and

- 1 (v) in Order No. P.U. 22(2016) in the amount of \$3,047,100 for the refurbishment of
2 gas generator End A engine, serial number 202205, at the Hardwoods Gas
3 Turbine Plant and gas generator End A engine, serial number 202204, at the
4 Stephenville Gas Turbine Plant; and
5

6 **WHEREAS** on June 28, 2016 Hydro applied to the Board for approval of a capital expenditure
7 in the amount of \$1,977,300 to refurbish the seals of Unit 4 at Bay d'Espoir and to complete
8 overhaul work on the unit which was scheduled for 2019 (the "Application"); and
9

10 **WHEREAS** Hydro requested that the Application be addressed in an expedited manner; and
11

12 **WHEREAS** the Application states that on June 5, 2016 Unit 4 was removed from service for
13 annual maintenance and during inspection it was determined that the upper and lower primary
14 seal clearances were less than acceptable for reliable operation; and
15

16 **WHEREAS** the Application further states that returning the unit to service without rectifying
17 the reduced clearances would expose the unit to a high risk of mechanical damage and a forced
18 outage; and
19

20 **WHEREAS** the Application explains that to avoid dismantling the unit again in 2019 Hydro
21 proposes to complete the full scope of the planned 2019 refurbishment while the unit is
22 dismantled; and
23

24 **WHEREAS** the Application states that the proposed refurbishment of Unit 4 at Bay d'Espoir
25 is necessary to ensure that Hydro can continue to provide service which is safe and adequate
26 and just and reasonable; and
27

28 **WHEREAS** the Application was copied to: Newfoundland Power Inc. ("Newfoundland
29 Power"); the Consumer Advocate, Mr. Thomas Johnson; Corner Brook Pulp and Paper Limited
30 and NARL Refining Limited Partnership ("the Industrial Customer Group"); Teck Resources
31 Limited; Vale Newfoundland and Labrador Limited; and Praxair Canada Inc.; and
32

33 **WHEREAS** on June 29, 2016 Newfoundland Power advised that it supports the Application,
34 on July 5, 2016 the Industrial Customer Group advised it had no comment, and on July 8, 2016
35 Hydro filed a submission noting that no other party filed comments; and
36

37 **WHEREAS** the Board is satisfied that the proposed capital expenditure for the refurbishment
38 and overhaul of Unit 4 at Bay d'Espoir is necessary to allow Hydro to provide service and
39 facilities which are reasonably safe and adequate and just and reasonable.
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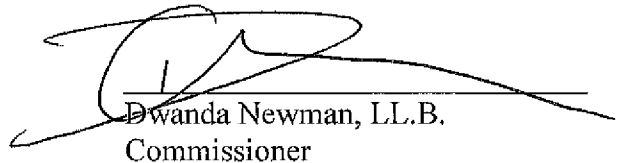
41
42 **IT IS THEREFORE ORDERED THAT:**
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- 44 1. The proposed capital expenditure in the amount of \$1,977,300 for the refurbishment and
45 overhaul of Unit 4 at Bay d'Espoir is approved.
46
47 2. Hydro shall pay all expenses of the Board arising from this Application.

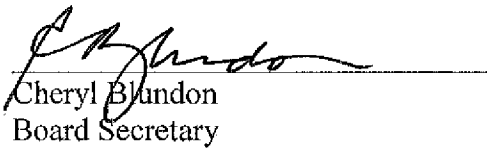
DATED at St. John's, Newfoundland and Labrador, this 8th day of July, 2016.



Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



Cheryl Blundon
Board Secretary