

July 9, 2025

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**Via Electronic Mail**

Newfoundland and Labrador Board  
of Commissioners of Public Utilities  
120 Torbay Road  
P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Jo-Anne Galarneau, Executive Director  
and Board Secretary**

Dear Ms. Galarneau:

**Re: NL Hydro – 2025 Capital Budget Application as per Order No. P.U. 28 (2024) –  
Notification of Change to Project Budget – Perform Level 2 Condition Assessment  
Stage 1 & 2 Cooling Water Sump Structures (the “Project”)  
- Comments of the Island Industrial Customer Group**

1 These are the comments of the Island Industrial Customer (IIC) Group (Corner Brook  
2 Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) LP and Vale  
3 Newfoundland and Labrador Limited) on the above Application.

4 The IIC Group have noted the comments of Newfoundland Power on the above  
5 Application. The IIC Group concur that without alternative sources of supply, the  
6 continued operation of Holyrood is required to ensure reliable service to customers. The  
7 apparent poor condition of the Cooling Water Sump Structures puts that continued  
8 operation at risk. Therefore, despite the very concerning escalation in the estimated cost  
9 of the Project, the IIC Group also do not object to the necessity of incurring that cost.

10 The IIC Group note that, per NL Hydro's original Capital Budget Application filings for  
11 this Project, the Project Schedule called for Project Closeout, i.e. identification of the  
12 scope of the refurbishment work, by December 2025<sup>1</sup>. Given that the value of this work  
13 for customers would appear to be limited to the end of the bridging period in 2030, that  
14 value will be further limited, in terms of mitigation of risk to continued operation of  
15 Holyrood during the bridging period, if the assessment and/or the implementation of the  
16 refurbishment work is delayed. The IIC Group urges NL Hydro to take the necessary  
17 measures to avoid such delays.

18 The IIC Group also queries whether the escalation in the cost estimate, which Hydro  
19 attributes to the Project having only a single bidder, may raise questions as to whether  
20 Hydro's cost estimates for the proposed capital projects for the Avalon Combustion  
21 Turbine and Baie D'Espoir Unit 8 may be subject to similar escalatory risks.

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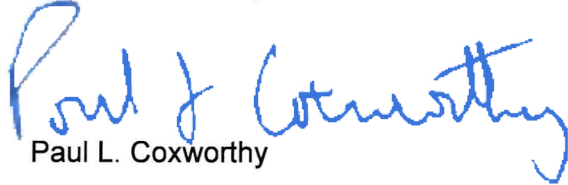
<sup>1</sup> NL Hydro 2025 Capital Budget Application, Schedule 7, Project 8, page 8, Table 3.

1 Finally, the cost escalation for this Project, and the cost and reliability risks to customers  
2 of the aging infrastructure of Holyrood generally, underline the need for an expeditious,  
3 albeit still rigorous, assessment of the proposed Avalon Combustion Turbine project.

4 We trust these comments will be found to be in order.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/tas

5 c: Shirley Walsh, Senior Legal Counsel- Regulatory, Newfoundland & Labrador Hydro  
6 Dennis M. Browne, K.C., Consumer Advocate  
7 Dominic J. Foley, Newfoundland Power Inc.  
8 Senwuk Luk, Olthuis Kleer Townshend LLP  
9 Glen Seaborn, Poole Althouse  
10 Denis Fleming, Cox & Palmer  
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