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July 9, 2025

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

Attention: Jo-Anne Galarneau  
Executive Director and Board Secretary

Dear Ms. Galarneau:

**Re: Newfoundland and Labrador Hydro (“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 Structure – Newfoundland Power’s Comments**

## **A. Introduction**

On June 3, 2025, Hydro provided written notification to the Board of Commissioners of Public Utilities (the “Board”) of a substantial increase for the projected cost for the approved *2025 Capital Budget Application* project to conduct a Level 2 Condition Assessment of the Stage 1 & 2 Cooling Water Sump Structures at the Holyrood Thermal Generating Station (the “Project”).

Following receipt of the notification from Hydro, the Board issued seven (7) Requests for Information (collectively, the “RFIs”). Hydro provided its answers to the Board’s RFIs on July 2, 2025.

The Board set July 10, 2025 as the deadline for comments from parties respecting Hydro’s justification for proceeding with the Project notwithstanding the materiality of the increase in cost for the Project over the original budget estimate. These are the comments of Newfoundland Power Inc. (“Newfoundland Power” or the “Company”).

## **B. The Project**

The Holyrood Thermal Generating Station is a critical component of the Island Interconnected System (“IIS”), with a total capacity of 490 MW across its three thermal units. Cooling water is supplied through two pumphouses constructed in 1969 and 1979.<sup>1</sup>

As referenced in the caption above, the project and associated capital expenditures of \$891,919 were approved by the Board as part of Hydro’s *2025 Capital Budget Application*, per Order No. P.U. 28 (2024).

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<sup>1</sup> Hydro’s *2025 Capital Budget Application*, Schedule 7, Project 8, page 1.

### **Newfoundland Power Inc.**

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The stated purpose of the Project is to determine the scope of refurbishment required to extend the service life of the pumphouse sumps. Hydro has identified that the reinforced concrete beams supporting the floor slabs have deteriorated to the point of compromised structural integrity, posing a risk of access restrictions and potential failure if not addressed.<sup>2</sup>

Hydro now reports a revised project cost of \$2,802,166 for the Project. Hydro has advised the Board that it became aware of the significant cost increase for the Project following a procurement process that yielded only one bid.

Despite the cost increase, Hydro maintains that the Project's scope, schedule, and critical necessity remain unchanged. The deteriorating condition of the pumphouse support beams continues to restrict access and pose operational risks. Hydro asserts that the Project is essential to accurately define the scope of concrete refurbishment that will be necessary and to develop and execute an appropriate strategy for the remediation of the cooling water sumps to support the continued safe and reliable operation of the Holyrood Thermal Generating Station through the Bridging Period to 2030.<sup>3</sup>

### **C. Newfoundland Power's Comments**

Newfoundland Power purchases approximately 93% of the energy required to supply its customers from Hydro. As such, the continued safe and reliable operation of Hydro's generation assets is essential to maintaining reliable service for Newfoundland Power's customers.

Hydro has identified that the revised project cost is now \$2,802,166, a significant increase from the original estimate of \$891,919. While Newfoundland Power has not conducted an independent engineering review of the pumphouse structures or their current condition, the Company acknowledges that Hydro's assessment is supported by its independent consultant, Hatch.<sup>4</sup>

Until alternative sources of supply can be commissioned, the Holyrood Thermal Generating Station remains a vital component of the IIS. The cooling water pumphouses are essential to the continued operation of Holyrood and failure of these systems could result in a loss of supply. Given the importance of Holyrood to system reliability, it is imperative that the facility be properly maintained to ensure safe and reliable operation until new sources of supply are commissioned.

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<sup>2</sup> Hydro's 2025 Capital Budget Application, Schedule 7, Project 8, page 9.

<sup>3</sup> Hydro Correspondence, *Notification of Change to Project Budget – Perform Level 2 Condition Assessment Stage 1 & 2 Cooling Water Sump Structures*, dated June 3, 2025.

<sup>4</sup> Hydro's 2025 Capital Budget Application – *Notification of Change to Project Budget*, Responses to Requests for Information PUB-NLH-006 and PUB-NLH-007.

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The deterioration of the reinforced concrete beams supporting the sump structures, as described by Hydro, highlights the broader issue of aging infrastructure at Holyrood. Newfoundland Power does not object to the necessity of the revised expenditures since, without new alternative sources of supply, the continued operation of Holyrood is required to ensure reliable service to customers. However, as stated in comments to the Board dated April 12, 2023, Newfoundland Power submits that construction of alternative sources of supply to Holyrood should be an immediate priority for Hydro since an earlier replacement of Holyrood capacity could provide both cost and reliability benefits to customers.

#### **D. Concluding**

We trust this is in order. If you have any questions regarding the enclosed, please contact the undersigned.

Yours truly,



Dominic Foley  
Legal Counsel

Enclosures

cc. Shirley A. Walsh  
Newfoundland and Labrador Hydro

Dennis Browne, KC  
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