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November 3, 2022

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

Attention: Ms. Cheryl Blundon
Director of Corporate Services and Board Secretary

Dear Ms. Blundon:

Re: Newfoundland Power Inc. – 2023 Capital Budget Application – Newfoundland and Labrador Hydro's Submission

On June 29, 2022, Newfoundland Power Inc. ("Newfoundland Power") filed its 2023 Capital Budget Application ("CBA") with the Board of Commissioners of Public Utilities ("Board"). Newfoundland and Labrador Hydro ("Hydro") filed its Notice of Intention to Participate on July 18, 2022, and subsequently issued Requests for Information ("RFIs") for additional detail on certain aspects of the CBA. The following are Hydro's comments with respect to Newfoundland Power's 2023 CBA.

Transmission Line 55L Rebuild

Newfoundland Power proposes to rebuild Transmission Line 55L, a 66 kV radial line running between Blaketown Substation on the Trans-Canada Highway, and Clarkes Pond Substation in Placentia.¹ The rebuild is proposed under Newfoundland Power's Transmission Line Rebuild Strategy, filed as part of its 2006 Capital Budget Application. Newfoundland Power notes that rebuild projects are prioritized based on physical condition, risk of failure, and the potential impact on customers in the event of a failure. Newfoundland Power noted in its response to CA-NP-176 that it does not rely on reliability indices, referred to as "lagging indicators," to justify capital upgrades on its transmission system. They stated that doing so would result in poor quality of service being experienced by a large numbers of customers. Later in that same response, Newfoundland Power confirmed that the justification for the project is not based on forecast reliability performance. Newfoundland Power confirmed in CA-NP-139 that the decision to no longer defer the capital upgrades was based on the increase in the number of work requests in recent years.²

In Newfoundland Power's response to Hydro's question, posed in NLH-NP-030, regarding whether Newfoundland Power considers the level of service provided by Transmission Line 55L in 2021 to be reliable, Newfoundland Power stated that "The reliability performance of Transmission Line 55L can be attributed to the Company's Transmission Inspection and Maintenance Practices. In accordance with these practices, transmission lines are maintained to operate to a high standard of reliability and, as a

¹ "Newfoundland Power's 2023 Capital Budget Application," Newfoundland Power Inc., June 29, 2022, supporting materials, 3.1, sec. 3.0, p. 1.

² Newfoundland Power did note, in its response to CA-NP-109, that Annual Maintenance Costs have averaged less than \$30,000 annually since 2018.

result, have not had a material impact on the average service reliability provided to customers in recent years.” Further in that same response, Newfoundland Power noted that it “considers the level of service provided by Transmission Line 55L to have been reasonably reliable in 2021”;³ however, Newfoundland Power asserts that the line’s “sub-standard design and deteriorated condition pose a risk to the delivery of reliable service to customers.”

Based on the information presented by Newfoundland Power in its CBA and RFI responses, particularly those noted above, Hydro does not believe that the risk to reliability and customer service presented by Transmission Line 55L is such that it justifies such a substantial expenditure at this time. In Hydro’s view, this project should be further deferred.

Conclusion

Aside from the Transmission Line 55L Rebuild project, Hydro does not object to the approval of Newfoundland Power’s 2023 CBA and the remaining projects contained therein; however, as noted above, Hydro believes that there is not sufficient justification to support a rebuild of Transmission Line 55L at this time.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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³ Table 1 of Newfoundland Power’s response to NLH-NP-030 indicated that 2021 saw 334 outage minutes/customer related to Transmission Line 55L.