

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

**AN ORDER OF THE BOARD**

**NO. P.U. 12(2022)**

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

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro for approval  
9 of a capital expenditure for the roof replacement  
10 of the Makkovik Diesel Generating Station  
11 pursuant to section 41 of the *Act*.  
12  
13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
16 and is also subject to the provisions of the *EPCA*; and  
17

18 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,  
19 purchase or lease of improvements or additions to its property without prior approval of the Board  
20 where a) the cost of construction or purchase is in excess of \$50,000, or b) the cost of the lease is  
21 in excess of \$5,000 in a year of the lease; and  
22

23 **WHEREAS** in Order No. P.U. 37(2021) the Board approved Hydro’s 2022 Capital Budget in the  
24 amount of \$84,163,400; and  
25

26 **WHEREAS** the Board approved supplementary 2022 capital expenditures in Order No. P.U.  
27 9(2022) to reset Hydro’s 2022 Allowance for Unforeseen Items to \$1,000,000; and  
28

29 **WHEREAS** on March 21, 2022 Hydro filed an application (the “Application”) with the Board  
30 requesting approval of a capital expenditure in the amount of \$634,000 to replace the roof of the  
31 Makkovik Diesel Generating Station (the “Makkovik Generating Station”); and  
32

33 **WHEREAS** the Application stated that the Makkovik Generating Station, commissioned in 1980,  
34 contains three units with a total capacity of 2,075 kW serving approximately 230 customers; and

1 **WHEREAS** the Application stated that the portion of the original roof over the main engine hall,  
2 storage room and porch area is now 42 years old and, although annual repairs have been made to  
3 prevent leaks, the roof has deteriorated to the point that it requires intervention; and  
4

5 **WHEREAS** the Application stated on August 15, 2021, during a heavy rain event, water from a  
6 roof leak pooled in a manual pull station for the fire suppression system, short-circuiting the system  
7 causing the nitrogen-water mist system to discharge in the engine hall; and  
8

9 **WHEREAS** the Application stated the original portion of the existing roof of the Makkovik  
10 Generating Station has exceeded its useful life and without intervention the risk of further water  
11 ingress remains high; and  
12

13 **WHEREAS** the Application stated that, due to long material acquisition lead times, the project to  
14 replace the roof should begin in 2022 so that it can be completed in the 2023 construction season  
15 to ensure the risk of further equipment damage is mitigated as soon as reasonably possible; and  
16

17 **WHEREAS** the Application stated that Hydro evaluated several alternatives and determined the  
18 least-cost alternative to address the deterioration of the existing roof is replacement with a new  
19 standing seam metal roof over the main engine hall, the storage room and the porch; and  
20

21 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,  
22 Dennis Browne, Q.C.; Hydro's Island Industrial customers: Corner Brook Pulp and Paper Limited,  
23 Braya Renewable Fuels (Newfoundland) GP Inc. (formerly known as NARL Refining Limited  
24 Partnership), Vale Newfoundland and Labrador Limited; the communities of Sheshatshiu, Happy  
25 Valley-Goose Bay, Wabush, and Labrador City; and  
26

27 **WHEREAS** the Board issued requests for information which were answered by Hydro on April  
28 1, 2022; and  
29

30 **WHEREAS** on April 7, 2022 Hydro filed a submission which noted that no parties commented  
31 on the Application and requested that the Board approve the Application as submitted; and  
32

33 **WHEREAS** the Board is satisfied that the proposed 2022 supplemental capital expenditure to  
34 replace the Makkovik Generating Station roof is necessary to enable the continued supply of  
35 reliable power to Makkovik; and  
36

37 **WHEREAS** the Board is satisfied that the proposed 2022 supplemental capital expenditure to  
38 replace the Makkovik Generating Station roof capital should be approved but finds that the events  
39 and circumstances surrounding the onset and persistence of leaks in the roof require further  
40 examination and, as such, no determination will be made at this time as to how the costs of the  
41 proposed project should be treated from a regulatory perspective; and  
42

43 **WHEREAS** Hydro will be required to separate and record the costs associated with the proposed  
44 roof repair project in a separate account and Hydro may subsequently file an application for the  
45 recovery of these costs.

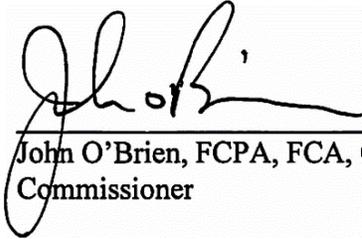
1 **IT IS THEREFORE ORDERED THAT:**  
2

- 3 1. The proposed capital expenditure in the amount of \$634,000 for the roof replacement of the  
4 Makkovik Generating Station is approved.  
5  
6 2. Hydro shall establish a separate account to record the capital expenditure for the Makkovik  
7 Generating Station for the roof replacement project, with the recovery of the expenditure to be  
8 addressed in a subsequent order of the Board following a further application by Hydro.  
9  
10 3. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 22<sup>nd</sup> day of April, 2022.



Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



Cheryl Blundon  
Board Secretary