

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

AN ORDER OF THE BOARD

NO. P.U. 17(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 to purchase one set of last stage blades to serve
10 as capital spares for Units 1 and 2 at the Holyrood
11 Thermal Generating Station, pursuant to section 41
12 of the *Act*.
13
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
16 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
17 and is also subject to the provisions of the *EPCA*; and
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19 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the construction,
20 purchase or lease of improvements or additions to its property without prior approval of the Board
21 where a) the cost of construction or purchase is in excess of \$50,000, or b) the cost of the lease is
22 in excess of \$5,000 in a year of the lease; and
23

24 **WHEREAS** in Order No. P.U. 37(2021) the Board approved Hydro’s 2022 Capital Budget in the
25 amount of \$84,163,400; and
26

27 **WHEREAS** the Board approved supplementary 2022 capital expenditures in:

- 28 (i) Order No. P.U. 9(2022) to reset Hydro’s 2022 Allowance for Unforeseen Items to
29 \$1,000,000;
- 30 (ii) Order No. P.U. 12(2022) in the amount of \$634,000 to replace the roof of the
31 Makkovik Diesel Generating Station;
- 32 (iii) Order No. P.U. 14(2022) in the amount of \$137,700 to purchase and install a new
33 diesel engine for the Mary’s Harbour Diesel Generating Station; and
34

35 **WHEREAS** on April 26, 2022 Hydro filed an application requesting approval of a capital
36 expenditure in the amount of \$1,578,900 for the purchase of one set of last stage blades to serve

1 as capital spares for Units 1 and 2 at the Holyrood Thermal Generating Station (the “Application”);
2 and

3
4 **WHEREAS** the Application stated that the results of major inspections and non-destructive
5 examinations performed on the various stages of the Unit 1 turbine rotor blades as part of the 2021
6 Unit 1 major turbine overhaul project identified a 3/8” linear crack on one of the last stage blades;
7 and

8
9 **WHEREAS** the Application stated that cracking of turbine blades could lead to unacceptable
10 operational vibration in the turbine forcing the unit offline for an extended period of time and
11 possibly leading to extensive damage to the unit with potential steam release into the powerhouse
12 creating a major safety hazard; and

13
14 **WHEREAS** the Application stated that the procurement of the spare last stage blades at this time
15 is necessary to reduce the length of outage time if replacement of defective last stage blades is
16 required by removing the 30-week delivery time for the last stage blades; and

17
18 **WHEREAS** the Application stated that, as the Holyrood Thermal Generating Station Unit 2 is of
19 an identical design and has been subjected to near-identical operating conditions, procurement of
20 the spare last stage blades will also mitigate the risk of failure related to that unit; and

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

28
29 **WHEREAS** on May 5, 2022 Newfoundland Power advised that it had no comment on the
30 Application; and

31
32 **WHEREAS** on May 10, 2022 Hydro requested that the Board approve the Application as
33 submitted; and

34
35 **WHEREAS** the Board is satisfied that the proposed 2022 supplemental capital expenditure to
36 purchase one set of last stage blades to serve as capital spares for Units 1 and 2 at the Holyrood
37 Thermal Generating Station is necessary to ensure that Hydro can continue to provide service that
38 is safe and adequate and just and reasonable.

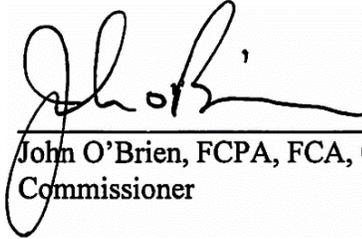
39
40 **IT IS THEREFORE ORDERED THAT:**

- 41
42 1. The proposed capital expenditure in the amount of \$1,578,900 to purchase one set of last stage
43 blades to serve as capital spares for Units 1 and 2 at the Holyrood Thermal Generating Station
44 is approved.
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46 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 20th day of May, 2022.



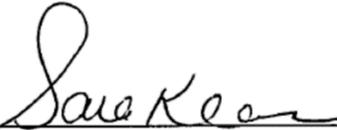
Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Sara Kean
Assistant Board Secretary