

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

**AN ORDER OF THE BOARD**

**NO. P.U. 28(2009)**

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

5  
6 **AND**

7  
8 **IN THE MATTER OF** an application by  
9 Newfoundland and Labrador Hydro (“Hydro”)  
10 pursuant to Subsection 41(3) of the *Act*, for the  
11 approval of a capital expenditure in relation to  
12 a condition assessment and life extension  
13 study for the Holyrood Thermal  
14 Generating Station.

15  
16  
17 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is  
18 a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*; and

19  
20 **WHEREAS** on June 1, 2009 Hydro filed an application with the Board requesting approval of  
21 capital expenditures in the amount of \$1,895,000 in relation to a condition assessment and life  
22 extension study for the Holyrood Thermal Generating Station (the “Application”); and

23  
24 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall not proceed with the  
25 construction, purchase or lease of improvements or additions to its property where:

- 26  
27 a) the cost of construction or purchase is in excess of \$50,000; or  
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29 b) the cost of the lease is in excess of \$5,000 in a year of the lease,

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31 without prior approval of the Board; and

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33 **WHEREAS** in Order No. P.U. 36(2008) issued December 23, 2008 the Board approved, *inter*  
34 *alia*, Hydro’s 2009 Capital Budget of \$47,856,000; and

1 **WHEREAS** the Board approved supplementary 2009 Capital expenditures in:

- 2
- 3 (i) Order No. P.U. 4(2009) in the amount of \$351,000 for the replacement of the  
4 power transformer at the Wiltondale terminal station due to a failure of the  
5 existing transformer;
- 6 (ii) Order No. P.U. 8(2009) in the amount of \$1,092,900 for the replacement of  
7 programmable logic controllers at the Holyrood Thermal Generating Station's  
8 Gas Turbine Plant;
- 9 (iii) Order No. P. U. 10(2009) in the amount of \$703,700 for the upgrade of the  
10 continuous emission monitoring system at the Holyrood Thermal Generating  
11 Station;
- 12 (iv) Order No. P. U. 16(2009) in the amount of \$93,000 for the extension of the  
13 parking lot at Hydro Place;
- 14 (v) Order No. P. U. 19 (2009) in the amount of \$191,600 to install cold reheat  
15 condensate drains and high-pressure heater trip on Unit 2 at the Holyrood  
16 Thermal Generating Station in place of the same project for Unit 1; and
- 17 (vi) Order No. P. U. 23(2009) in the amount of \$160,000 for the development of an  
18 on-line Work Protection Code (WPC) training software program; and  
19

20 **WHEREAS** a condition assessment for the Holyrood Thermal Generating Station was initially  
21 proposed by Hydro in its 2007 Capital Budget Application in the amount of \$3,334,900; and  
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23 **WHEREAS** in Order No. P.U. 35(2006) the Board turned down Hydro's 2007 proposal for a  
24 condition assessment at the Holyrood Thermal Generating Station on the basis that there was  
25 insufficient detail and supporting information provided; and  
26

27 **WHEREAS** on June 10, 2008 Hydro filed an application with the Board again proposing capital  
28 expenditures in relation to a condition assessment and life extension study for the Holyrood  
29 Thermal Generating Station in the amount of \$3,971,600; and  
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31 **WHEREAS** in Order No. P. U. 23(2008), the Board agreed in principle that a condition  
32 assessment of the Holyrood Thermal Generating Station may be appropriate but, because there  
33 was insufficient information provided in support of the application, the Board approved an  
34 expenditure of \$420,000 for the development of a request for proposals, evaluation of the  
35 proposals and the preparation of a detailed scope for the project; and  
36

37 **WHEREAS** in its 2008 Capital Expenditures and Carryover-Year End report Hydro stated that it  
38 did not use the approved \$420,000 and did not carry the expenditure over to the next year and  
39 that it would be making another proposal in 2009; and  
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41 **WHEREAS** on June 1, 2009 Hydro filed the Application again proposing a condition  
42 assessment and life extension study for the Holyrood Thermal Generating Station and setting out  
43 additional information in support of the approval of an expenditure in the amount of \$1,895,000  
44 for Phase 1 of an engineering study, including a Level 1 study as per the guidelines of the  
45 Electrical Power Research Institute; and  
46

1 **WHEREAS** the Application details a comprehensive approach supported with a scope of work  
2 and budget based on a proposal from a professional engineering consulting firm; and

3 **WHEREAS** the Consumer Advocate, Hydro's Island Industrial Customers and Newfoundland  
4 Power were notified of the Application and provided an opportunity to make comments but did  
5 not participate in the matter; and  
6

7 **WHEREAS** the Board has reviewed the supporting documentation filed with the Application  
8 and is satisfied that it is reasonable and prudent to approve the expenditure of \$1,895,000 for the  
9 condition assessment and life extension study for the Holyrood Thermal Generating Station.  
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12 **IT IS THEREFORE ORDERED THAT:**  
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- 14 1. The Board approves the proposed capital expenditure of \$1,895,000 for the Condition  
15 Assessment and Life Extension Study for the Holyrood Thermal Generating Station.  
16  
17 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 9<sup>th</sup> day of July 2009.

\_\_\_\_\_  
Andrew Wells  
Chair & Chief Executive Officer

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Darlene Whalen, P.Eng.  
Vice-Chairperson

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Dwanda Newman, LL.B.  
Commissioner

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Barbara Thistle  
Assistant Board Secretary