

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

AN ORDER OF THE BOARD

NO. P.U. 24(2014)

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*, RSNL
4 1990, Chapter P-47 (the "*Act*"), as amended,
5 and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. for approval of
9 capital expenditures to proceed with
10 refurbishment of thermal generation
11 assets, pursuant to section 41 of the *Act*.
12
13

14 **WHEREAS** Newfoundland Power Inc. ("Newfoundland Power") is a corporation duly
15 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
16 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** subsection 41(3) of the *Act* states that a public utility shall not proceed with the
19 construction, purchase or lease of improvements or additions to its property where:
20

- 21 a) the construction or purchase is in excess of \$50,000; or
22 b) the cost of the lease is in excess of \$5,000 in a year of the lease
23

24 without prior approval of the Board; and
25

26 **WHEREAS** in Order No. P.U. 27(2013) the Board approved Newfoundland Power's 2014
27 Capital Budget in the amount of \$84,462,000; and
28

29 **WHEREAS** the Board approved supplementary 2014 capital expenditures in:
30

- 31 (i) Order No. P.U. 43(2013) in the amount of \$14,520,000 to replace the
32 submarine cable system that supplies electricity to Bell Island; and
33 (ii) Order No. P.U. 14(2014) in the amount of \$2,892,000 for distribution feeder
34 improvements and substation refurbishment; and
35

36 **WHEREAS** on June 16, 2014 Newfoundland Power filed an application (the "Application")
37 with the Board requesting approval of capital expenditures in the amount of \$1,698,000 for the
38 refurbishment of its Wesleyville and Greenhill gas turbine systems; and
39

1 **WHEREAS** Newfoundland Power explains that, based on engineering assessments completed in
2 2014, refurbishment of the Wesleyville and Greenhill gas turbines is necessary to ensure
3 continued safe and reliable operation in the immediate term; and
4

5 **WHEREAS** Newfoundland Power states that the proposed work is expected to ensure the
6 availability of these systems to provide capacity support to the Island Interconnected system for
7 at least the next two to three years; and
8

9 **WHEREAS** Newfoundland Power submits that maintenance of existing generation on the Island
10 Interconnected system for the near term is prudent if it can be done at reasonable cost and that, in
11 Newfoundland Power's view, Hydro's planned addition of the 100 MW gas turbine will not fully
12 address the increased near term vulnerabilities of the Island Interconnected system revealed by
13 the events of the winter of 2013/3014; and
14

15 **WHEREAS** Newfoundland Power states that with reasonable expenditure the Wesleyville and
16 Greenhill gas turbine can offer reasonable back-up generating capacity for the Island
17 Interconnected system for the immediate term; and
18

19 **WHEREAS** Newfoundland Power provides evidence that the estimated benefit associated with
20 the project justifies the cost of refurbishment; and
21

22 **WHEREAS** the Application was copied to Newfoundland and Labrador Hydro, the Consumer
23 Advocate, Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited, Teck
24 Resources Limited, Vale Newfoundland and Labrador Limited, Praxair Canada Inc., Mr. Danny
25 Dumaresque and Grand Riverkeeper Labrador Inc.; and
26

27 **WHEREAS** the Board, the Consumer Advocate and Mr. Dumaresque issued Requests for
28 Information which were answered by Newfoundland Power on June 27, 2014; and
29

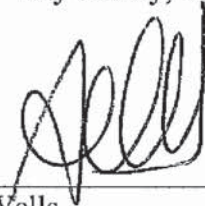
30 **WHEREAS** the Board did not receive any comments or submissions on the Application; and
31

32 **WHEREAS** the Board is satisfied the proposed 2014 supplemental capital expenditures to
33 refurbish the Wesleyville and Greenhill gas turbine systems is necessary for Newfoundland
34 Power to provide service and facilities which are reasonably safe and adequate and just and
35 reasonable.
36

37
38 **IT IS THEREFORE ORDERED THAT:**
39

- 40 1. The capital expenditure of \$1,698,000 for the refurbishment of the Wesleyville and
41 Greenhill gas turbine systems is approved.
42
- 43 2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 11th day of July, 2014.



Andy Wells
Chair & Chief Executive Officer



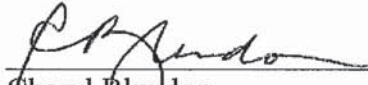
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blurdon
Board Secretary