

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

AN ORDER OF THE BOARD

NO. P.U. 10(2017)

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

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval
9 to replace the exciter controls for Units 1 and 2
10 at the Holyrood Thermal 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
16 *Act*, and is also subject to the provisions of the *EPCA*; and
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18 **WHEREAS** subsection 41(3) of the *Act* requires that a public utility not proceed with the
19 construction, purchase or lease of improvements or additions to its property where:
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- 21 a) the cost of 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
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26 **WHEREAS** in Order No. P.U. 45(2016) the Board approved Hydro's 2017 Capital Budget in
27 the amount of \$271,265,600; and
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29 **WHEREAS** the Board approved supplementary 2017 capital expenditures:
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- 31 (i) in Order No. P.U. 5(2017) in the amount of \$3,045,000 to construct a
32 distribution feeder at the Bottom Waters Terminal Station; and
- 33 (ii) in Order No. P.U. 7(2017) in the amount of \$3,168,944 to lease, sublease and
34 purchase transmission lines and electrical equipment to serve Labrador West;
35 and
36

37 **WHEREAS** on February 28, 2017 Hydro applied to the Board for approval of a capital
38 expenditure in the amount of \$1,349,200 to replace the exciter control modules for Units 1 and
39 2 at the Holyrood Thermal Generating Station (the “Application”); and

1 **WHEREAS** the Application stated that the excitation systems on Units 1 and 2 have been in
2 the obsolete phase since 2015 and that the manufacturer cannot guarantee the availability of
3 spare parts and technical support; and
4

5 **WHEREAS** the Application stated that the future reliable operation of Units 1 and 2 will be
6 impacted by limited parts and technical support in the future; and
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8 **WHEREAS** the Application stated that there have been multiple electronic controller card
9 failures which have resulted in planned outages to the generators and have impacted Hydro's
10 ability to maintain reliable operation of Units 1 and 2; and
11

12 **WHEREAS** the Application stated that the proposed capital expenditure is required to ensure
13 that Hydro can continue to provide service which is safe and adequate and just and reasonable;
14 and
15

16 **WHEREAS** the Application stated that the same replacement controller was installed in Unit 3
17 at the Holyrood Thermal Generating Station in 2013; and
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19 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer
20 Advocate, Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited and NARL Refining
21 Limited Partnership; Vale Newfoundland and Labrador Limited; Praxair Canada Inc.; and Teck
22 Resources Limited; and
23

24 **WHEREAS** the Board issued Requests for Information ("RFIs") which were answered by
25 Hydro on March 21, 2017; and
26

27 **WHEREAS** no comments on the Application were filed with the Board; and
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29 **WHEREAS** Hydro filed a submission on March 28, 2017 stating that the capital expenditure is
30 necessary to provide service which is safe and adequate and just and reasonable; and
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32 **WHEREAS** in Order No. P.U. 42(2013) a proposed capital expenditure to replace the control
33 section of the exciters on Units 1 and 2 at the Holyrood Thermal Generating Station, in the
34 amount of \$1,110,900, was not approved but the Board stated that Hydro could subsequently
35 apply for approval and that it would like to see additional evidence in the form of specific
36 documentation or correspondence from the manufacturer demonstrating that all options,
37 including increasing spare parts inventory, were fully explored, taking into account the future
38 limited operation and eventual decommissioning of Units 1 and 2; and
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40 **WHEREAS** the responses to RFIs filed in relation to the Application set out that:

- 41 (i) Hydro has been working to manage the excitation systems with spare parts and
42 both internal and external expertise; however, failures have continued and that
43 even with spare parts available, failures result in downtime for generating units
44 (PUB-NLH-004);
- 45 (ii) Hydro has spare parts available for the control section of the excitation system
46 only and that going forward there is limited spare part availability and long
47 delivery time for all aspects of the excitation system (PUB-NLH-005); and


(iii) Hydro's capital plan for the Holyrood Thermal Generating Station was changed and reliable operation is required to 2021 as a result of the delayed in-service date for the Muskrat Falls generating station (PUB-NLH-001); and

WHEREAS the Board is satisfied that that the proposed capital expenditure to replace the exciter control modules on Units 1 and 2 is appropriate and necessary to allow Hydro to provide service and facilities which are reasonably safe and adequate and just and reasonable given that the equipment is beyond its useful life and that reliable service of the Holyrood Generating Station, which will now be required to 2021, may be impacted by the limited availability of parts and service for this equipment.

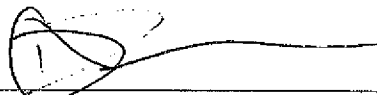
IT IS THEREFORE ORDERED THAT:

1. The proposed capital expenditure in the amount of \$1,349,200 to replace the exciter control modules for Units 1 and 2 at the Holyrood Thermal Generating Station is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

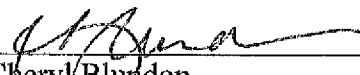
DATED at St. John's, Newfoundland and Labrador, this 3rd day of April, 2017.



 Darlene Whalen, P.Eng.
 Vice-Chair



 Dwanda Newman
 Commissioner



 Cheryl Blundon
 Board Secretary