

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

**AN ORDER OF THE BOARD**

**NO. P.U. 23(2018)**

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 Newfoundland  
8 and Labrador Hydro for approval of a capital expenditure  
9 to complete Level 2 condition assessments on penstocks  
10 at the Bay d’Espoir Hydroelectric 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 where:  
20

- 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  
25

26 **WHEREAS** in Order No. P.U. 43(2017) the Board approved Hydro's 2018 Capital Budget in the  
27 amount of \$170,868,300; and  
28

29 **WHEREAS** in Order No. P.U. 5(2018) the Board approved additional 2018 capital expenditures  
30 and an amended 2018 Capital Budget for Hydro in the amount of \$181,193,700; and  
31

32 **WHEREAS** the Board approved supplementary 2018 capital expenditures

- 33 (i) in Order No. P.U. 6(2018) in the amount of \$719,400 to complete voltage  
34 conversion of the Labrador City Feeder VA26; and  
35 (ii) in Order No. P.U. 19(2018) in the amount of \$1,000,000 to be added to the  
36 Allowance for Unforeseen Items; and

1 **WHEREAS** on June 8, 2018 Hydro filed an application with the Board requesting approval of a  
2 capital expenditure of approximately \$1,120,600 to complete Level 2 condition assessments on  
3 penstocks 1 and 2 and a report on penstocks 1, 2 and 3 at the Bay d’Espoir Hydroelectric  
4 Generating Station (the “Application”); and

5  
6 **WHEREAS** the Application stated that refurbishment projects were completed on penstocks 1  
7 and 2 at the Bay d’Espoir Hydroelectric Generating Station in 2016 and 2017 and a  
8 recommendation was made to perform Level 2 condition assessments on penstocks 1, 2, and 3;  
9 and

10  
11 **WHEREAS** the Application further explained that an initial inspection on penstock 3 was  
12 undertaken in May 2018 which identified cracks in the existing seam welds and, due to the  
13 significant number of cracks in the welds, it was determined that refurbishment was necessary;  
14 and

15  
16 **WHEREAS** a condition assessment of penstock 3 was not included in this Application as most of  
17 the scope of work of a condition assessment is included in the ongoing refurbishment of penstock  
18 3; and

19  
20 **WHEREAS** to evaluate various alternatives and to ensure the long term reliability of the penstocks  
21 the Application proposed Level 2 condition assessments of penstocks 1 and 2 and reporting in  
22 relation to all three penstocks; and

23  
24 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);  
25 the Consumer Advocate, Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited, NARL  
26 Refining Limited Partnership and Vale Newfoundland & Labrador Limited (the “Industrial  
27 Customer Group”); Teck Resources Limited and Praxair Canada Inc.; and

28  
29 **WHEREAS** on June 19, 2018 Newfoundland Power advised the Board that it supported the  
30 Application and that Hydro should proceed as soon as possible with the proposed condition  
31 assessments and file the resulting report, together with cost benefit analysis of the alternatives, and  
32 further, that the Board should require Hydro to bring forward a plan for future investment in the  
33 penstocks; and

34  
35 **WHEREAS** on June 20, 2018 Hydro filed a reply requesting the Board approve the Application  
36 as submitted; and

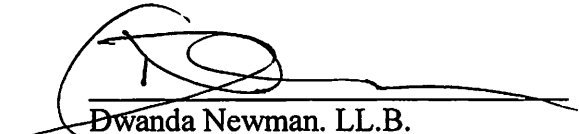
37  
38 **WHEREAS** no other comments were received by the Board; and


39  
40 **WHEREAS** the Board is satisfied that the proposed 2018 supplemental capital expenditure for  
41 approval to complete Level 2 condition assessments on penstocks 1 and 2 and report on penstocks  
42 1, 2 and 3 at the Bay d’Espoir Hydroelectric Generating Station is necessary to ensure the  
43 continued provision of a safe and reliable electricity supply to Hydro’s customers and that Hydro  
44 should file a copy of the condition assessment reports with the Board by December 15, 2018.

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

- 3 1. The proposed capital expenditure in the amount of \$1,120,600 to complete Level 2 condition  
4 assessments on penstocks 1 and 2 and report on penstocks 1, 2 and 3 at the Bay d'Espoir  
5 Hydroelectric Generating Station is approved.  
6  
7 2. Hydro shall file a copy of the condition assessment reports with the Board by December 15,  
8 2018.  
9  
10 3. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 4<sup>th</sup> day of July, 2018.

  
Dwanda Newman. LL.B.  
Vice Chair

  
John O'Brien, FCPA, FCA, CISA  
Commissioner



Sara Kean  
Assistant Board Secretary