

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

AN ORDER OF THE BOARD

NO. P.U. 32(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**, 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 and Labrador Hydro for
9 approval of capital expenditures necessary
10 to address supply in Charlottetown and
11 Pinsent’s Arm, Labrador, pursuant to section
12 41(3) of the **Act**.
13
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
16 under the **Hydro Corporation Act, 2007**, is a public utility within the meaning of the **Act**, and is
17 also subject to the provisions of the **EPCA**; and
18

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 where:
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- 22 a) the cost of construction or purchase is in excess of \$50,000, or
23 b) the cost of the lease is in excess of \$5,000 in a year of the lease,
24

25 without prior approval of the Board; and
26

27 **WHEREAS** in Order No. P.U. 37(2021) the Board approved Hydro’s 2022 Capital Budget in the
28 amount of \$84,163,400; and
29

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

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

- 1 (iv) Order No. P.U. 17(2022) in the amount of \$1,578,900 to purchase one set of last
2 stage blades to serve as capital spares for Units 1 and 2 at the Holyrood Thermal
3 Generating Station;
- 4 (v) Order No. P.U. 18(2022) in the amount of \$3,999,800 for rotor rim shrinking and
5 stator recentering at the Upper Salmon Hydroelectric Generating Station; and
- 6 (vi) Order No. P.U. 26(2022) in the amount of \$443,800 to construct a three-phase line
7 in Hampden; and
- 8 (vii) Order No. P.U. 30(2022) in the amount of \$4,989,300 to refurbish the Day Tank,
9 refurbish Tank 2, replace the Tank Farm Underground Firewater Distribution
10 System and upgrade the Unit 2 Turbine Control System at the Holyrood Thermal
11 Generating Station; and
12

13 **WHEREAS** on October 7, 2022 Hydro filed an application for approval of capital expenditures in
14 the amount of \$1,314,700 to address supply in Charlottetown and Pinsent's Arm, Labrador (the
15 "Application"); and
16

17 **WHEREAS** the Application stated that a fire in July 2022 at the Charlottetown Diesel Generating
18 Station destroyed a winterized genset resulting in a shortage of winterized units in
19 Charlottetown; and
20

21 **WHEREAS** the Application proposed the winterization of an existing mobile genset, Unit 2102, to
22 allow it to function properly during the winter months and ensure reliable service; and
23

24 **WHEREAS** the Application further stated that, to mitigate the significant reliability risks
25 associated with mobile generation, Hydro proposed to increase the level of firm capacity in
26 Charlottetown from N-1 to N-2 redundancy which will allow Hydro to meet peak demand even if
27 the largest two generating units on the system are unavailable; and
28

29 **WHEREAS** the Application stated that the lowest cost solution to facilitate N-2 redundancy is the
30 installation of a fourth mobile genset; and
31

32 **WHEREAS** the Application proposed the purchase and repair of a used 1,825 kW mobile genset
33 from the Lower Churchill Project to replace an existing unit (Unit 2082), which will then be
34 relocated from L'Anse-au-Loup to Charlottetown, as the least-cost and most expeditious
35 solution; and
36

37 **WHEREAS** the Application also stated that economic analysis shows that operating Unit 2082 in
38 Charlottetown during the summer peak season in the place of several smaller gensets will result
39 in a significant reduction in genset operating hours, with associated estimated savings of
40 approximately \$257,000 in overhaul costs and \$247,000 in fuel costs over the next four years;
41 and
42

43 **WHEREAS** the Application was copied to: Newfoundland Power Inc. ("Newfoundland Power");
44 the Consumer Advocate, Dennis Browne, K.C.; a group of Island Industrial customers: Corner

1 Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale
2 Newfoundland and Labrador Limited; the communities of Sheshatshiu, Happy Valley-Goose Bay,
3 Wabush, and Labrador City; Praxair Canada Inc.; and Teck Resources Limited; and
4

5 **WHEREAS** on October 18, 2022 the Board and Newfoundland Power issued Requests for
6 Information which were answered by Hydro on October 24, 2022; and
7

8 **WHEREAS** on October 27, 2022 Newfoundland Power stated that the Application shows that the
9 provision of reliable service to Hydro's customers in Charlottetown and Pinsent's Arm is
10 diminished and that it did not object to the Application but requested that Hydro keep parties
11 informed of any future reliability issues that may require a variance from the N-1 criteria; and
12

13 **WHEREAS** no comments were received from any of the other parties; and
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15 **WHEREAS** on October 31, 2022 Hydro filed its reply submission and requested the Application
16 be approved; and
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18 **WHEREAS** based on the information provided the Board is satisfied that the proposed capital
19 expenditures to address supply concerns in Charlottetown and Pinsent's Arm, Labrador, are
20 necessary to ensure that Hydro can continue to provide service that is safe and adequate and
21 just and reasonable; and
22

23 **WHEREAS** the Board agrees that Hydro should advise the Board and parties of any further
24 variations from the N-1 reliability criteria that may be required but finds that no order is required
25 in this respect.
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28 **IT IS THEREFORE ORDERED THAT:**
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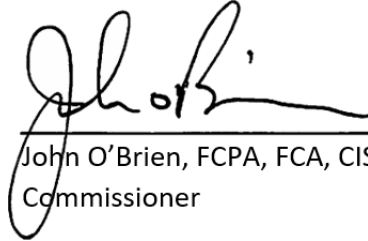
30 1. The proposed capital expenditures in the amount of \$1,314,700 for i) Hydro's acquisition and
31 repair of the Lower Churchill Project genset for use in L'Anse-au-Loup; ii) relocation of Unit
32 2082 from L'Anse-au-Loup to Charlottetown; and iii) the winterization of Unit 2102 at
33 Charlottetown are approved.
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35 2. Hydro shall pay all expenses of the Board arising from this Application.

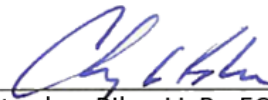
DATED at St. John's, Newfoundland and Labrador, this 7th day of November, 2022.



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



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary