

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

AN ORDER OF THE BOARD

NO. P.U. 2(2023)

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

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for an Order
9 pursuant to sections 41 and 78 of the **Act**: (a) approving
10 capital expenditures for 2023 projects and multi-year
11 projects commencing in 2023; (b) approving its 2023
12 Capital Budget; and (c) fixing and determining its average
13 rate base for 2021.
14
15

16 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
17 under the **Hydro Corporation Act, 2007**, is a public utility within the meaning of the **Act**, and is
18 also subject to the provisions of the **EPCA**; and
19

20 **WHEREAS** section 41 of the **Act** requires a public utility to submit an annual capital budget of
21 proposed improvements or additions to its property for approval of the Board no later than
22 December 15th in each year for the next calendar year, as well as an estimate of contributions
23 toward the cost of improvements or additions to its property which the utility intends to demand
24 from its customers; and
25

26 **WHEREAS** subsection 41(3) of the **Act** prohibits a utility from proceeding with the construction,
27 purchase or lease of improvements or additions to its property without the prior approval of the
28 Board where (a) the cost of the construction or purchase is in excess of \$50,000, or (b) the cost
29 of the lease is in excess of \$5,000 in a year of the lease; and
30

31 **WHEREAS** section 78 of the **Act** gives the Board the authority to fix and determine the rate base
32 for the service provided or supplied to the public by the utility and gives the Board the power to
33 revise the rate base; and
34

35 **WHEREAS** Hydro filed its 2023 Capital Budget Application (the “Application”) on July 13, 2022
36 requesting the Board make an order:

- 1 (a) approving its 2023 Capital Budget in the amount of \$90,828,700;
- 2 (b) approving capital expenditures for 2023 projects and multi-year projects
3 commencing in 2023; and
- 4 (c) fixing and determining its average rate base for 2021 at \$2,321,756,000; and
5

6 **WHEREAS** the Board has been advised by Hydro that an order of the Board is required by the end
7 of January 2023 to avoid execution risks for certain projects proposed in the Application; and
8

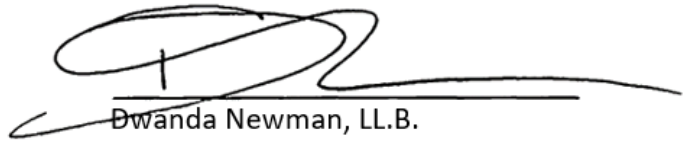
9 **WHEREAS** the Board has reviewed evidence and submissions and is satisfied that the proposed
10 capital expenditures are reasonable and necessary to ensure the continued provision of a safe
11 and reliable electricity supply to customers and should be approved with reasons for decision to
12 be issued separately.
13

14
15 **IT IS THEREFORE ORDERED:**
16

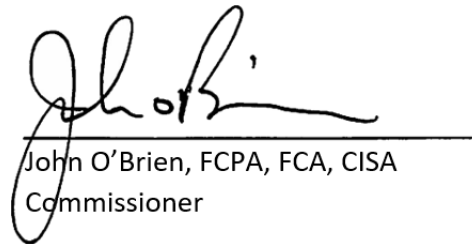
- 17 1. **Hydro's proposed construction and purchase of improvements or additions to its
18 property in excess of \$50,000 to be completed in 2023, as set out in Schedule A to this
19 Order, are approved.**
20
- 21 2. **Hydro's proposed multi-year proposed construction and purchase of improvements or
22 additions to its property in excess of \$50,000, as set out in Schedule B to this Order, are
23 approved.**
24
- 25 3. **Hydro's 2023 Capital Budget for improvements or additions to its property in an amount
26 of \$90,828,700, as set out in Schedule C to this order, is approved.**
27
- 28 4. **Hydro's average rate base for the year ending December 31, 2021 is hereby fixed and
29 determined at \$2,321,756,000.**
30
- 31 5. **Unless otherwise directed by the Board Hydro shall file, with its 2024 Capital Budget
32 Application, a report in relation to the Holyrood Thermal Generating Station addressing
33 the continued operation of the facility until the later of March 31, 2030 or the anticipated
34 conclusion of generation operations.**
35
- 36 6. **Unless otherwise directed by the Board, Hydro shall file an annual report to the Board on
37 its 2023 capital expenditures by March 1, 2024.**
38
- 39 7. **Unless otherwise directed by the Board Hydro shall provide, in conjunction with its 2024
40 capital budget application, a status report on the 2023 capital budget expenditures
41 showing for each project:**
 - 42 i) **the approved budget for 2023;**
 - 43 ii) **the expenditures prior to 2023;**
 - 44 iii) **the 2023 expenditures to the date of application;**

- 1 iv) the remaining projected expenditures for 2023;
- 2 v) the variance between the projected total expenditures and the approved budget;
- 3 and
- 4 vi) an explanation of the variance.
- 5
- 6 8. Hydro shall pay all costs and expenses of the Board incurred in connection with the
- 7 Application.


DATED at St. John's, Newfoundland and Labrador, this 26th day of January 2023.




Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
2023 CAPITAL BUDGET
SINGLE YEAR PROJECTS OVER \$50,000
(\$000)

PROJECT DESCRIPTION 2023

GENERATION

GAS TURBINES

Gas Turbine In-Service Failures	344.2	
Replace Human Machine Interface - Happy Valley Gas Turbine	138.6	
TOTAL GAS TURBINES		<u>482.8</u>

HYDRAULIC PLANT

Hydraulic Unit Overhauls Program	975.7	
Hydraulic In-Service Failures	1,500.0	
Upgrade Public Safety Around Dams and Waterways	482.1	
Unit 7 Condition Assessment - Bay d'Espoir	597.5	
TOTAL HYDRAULIC PLANT		<u>3,555.3</u>

THERMAL PLANT

Thermal In-Service Failures	3,300.0	
Boiler Condition Assessment and Miscellaneous Upgrades - Holyrood	2,926.6	
Overhaul Pumps - Holyrood	742.4	
Overhaul Unit 2 Turbine and Valves - Holyrood	9,701.8	
Refurbish Workshop Roof - Holyrood	243.7	
Refurbish BioGreen Sewage System - Holyrood	256.6	
TOTAL THERMAL PLANT		<u>17,171.1</u>

TOOLS AND EQUIPMENT

Purchase Tools and Equipment Less than \$50,000 - Hydraulic Plants	144.9	
Purchase Tools and Equipment Less than \$50,000 - Thermal Plants	55.1	
TOTAL TOOLS AND EQUIPMENT		<u>200.0</u>
TOTAL GENERATION		<u>21,409.2</u>

GENERAL PROPERTIES

ADMINISTRATION

Purchase Office Equipment Less Than \$50,000	75.6	
Remove Safety Hazards	198.2	
TOTAL ADMINISTRATION		<u>273.8</u>

INFORMATION SYSTEMS

Perform Software Upgrades and Minor Enhancements	451.2	
Purchase Personal Computers	221.6	
Replace Peripheral Infrastructure	187.4	
Upgrade Core OT Infrastructure	171.7	
Refresh Cyber Security Infrastructure	232.1	
TOTAL INFORMATION SYSTEMS		<u>1,264.0</u>

TELECONTROL

Replace Network Communications Equipment	189.0	
Purchase Mobile Devices	83.4	
Replace Remote Terminal Units	179.7	
Replace 48 V Battery Banks and Chargers	439.7	
Replace Standalone PBX Phone Systems	175.5	
TOTAL TELECONTROL		<u>1,067.3</u>
TOTAL GENERAL PROPERTIES		<u>2,605.1</u>

PROJECT DESCRIPTION 2023

TRANSMISSION AND RURAL OPERATIONS

TRANSMISSION

Wood Pole Line Management Program	2,824.4	
Transmission In-Service Failures	151.7	
TOTAL TRANSMISSION		2,976.1

DISTRIBUTION

Provide Service Extensions	3,964.0	
Distribution System In-Service Failures, Miscellaneous Upgrades, and Street Lights	3,986.0	
TOTAL DISTRIBUTION		7,950.0

METERING

Purchase Meters and Metering Equipment	226.6	
TOTAL METERING		226.6

TOOLS AND EQUIPMENT

Purchase Tools and Equipment Less than \$50,000 - Central Region	281.4	
Purchase Tools and Equipment Less than \$50,000 - Northern Region	355.2	
Purchase Tools and Equipment Less than \$50,000 - Labrador Region	372.3	
TOTAL TOOLS AND EQUIPMENT		1,008.9

TERMINAL STATIONS

Terminal Station In-Service Failures	1,300.0	
TOTAL TERMINAL STATIONS		1,300.0

GENERATION

Overhaul Diesel Units	1,502.0	
Diesel In-Service Failures	480.4	
TOTAL GENERATION		1,982.4
TOTAL TRANSMISSION and RURAL OPERATIONS		15,444.0

TOTAL SINGLE YEAR PROJECTS OVER \$50,000 **39,458.3**

NEWFOUNDLAND AND LABRADOR HYDRO
2023 CAPITAL BUDGET
PROJECTS OVER \$50,000
MULTI-YEAR PROJECTS
(\$000)

Multi-year Projects Commencing in 2023

PROJECT DESCRIPTION	2023	2024	2025	Total
Install Fire Protection in 230 kV Stations (2023-2024)	79.2	535.3	-	614.5
Replace Light- and Heavy-Duty Vehicles (2023-2025)	1,308.1	2,584.6	473.3	4,366.0
Water System Condition Assessment and Upgrades (2023) - Bay d'Espoir	161.0	504.9	-	665.9
Replace Building Exterior (2023-2024) - Postville	124.6	558.7	-	683.3
Replace HVAC System (2023-2024) - Bishop's Falls	43.4	128.8	-	172.2
Upgrade Water and Fire Suppression Systems (2023-2024) - Bishop's Falls	353.7	2,886.3	-	3,240.0
Replace Diesel Shop Building (2023-2025) - Bishop's Falls	168.0	1,254.1	889.9	2,312.0
Replace Mobile Equipment (2023-2024)	541.2	187.3	-	728.5
Replace Terminal Station Lighting (2023-2024)	323.3	594.1	-	917.4
Terminal Station Renewal Program (2023-2024)	1,733.7	5,584.5	-	7,318.2
Circuit Breakers Renewal Program (2023-2024)	216.9	5,061.0	-	5,277.9
Install Breaker Failure Protection (2023-2024) - Sunnyside	73.5	216.2	-	289.7
Diesel Genset Replacement Program (2023-2025)	819.1	2,333.6	223.4	3,376.1
Replace Diesel Genset 1 (2023-2024) - Ebbegunbaeg	298.0	728.3	-	1,026.3
Refurbish Superstructure (2023-2024) - Salmon River Spillway	328.3	2,500.0	-	2,828.3
Replace Powerhouse Station Service Panel (2023-2024) - Upper Salmon	591.8	976.7	-	1,568.5
Replace Oil Mist Separator (2023-2024) - Happy Valley Gas Turbine	138.5	262.1	-	400.6
Major Condition Assessment and Miscellaneous Refurbishments Synchronous	577.2	516.1	-	1,093.3
Replace Data Alarm System Annunciators (2023) - Buchans	61.2	104.8	-	166.0
Replace Circuit Breaker Reclosing Controllers (2023-2024) - Hardwoods	81.6	149.6	-	231.2
Replace Intermediate Fuel Storage Tanks (2023-2024) - Nain	127.4	593.7	-	721.1
Replace Power Line Carrier (2023-2024) - TL223 and TL224	105.3	852.4	-	957.7
Upgrade of Worst-Performing Distribution Feeders (2023-2024)	73.4	1,372.6	-	1,446.0
Install Oil Spill Containment Transformer T1S (2023-2024) - Cat Arm	155.1	426.5	-	581.6
Additions for Load Growth - Upgrade Transformer Capacity (2023-2024) - Jean Lake Terminal Station	580.0	5,436.1	-	6,016.1
Total Multi-Year Projects over \$50,000 commencing in 2023	9,063.5	36,348.3	1,586.6	46,998.4

NEWFOUNDLAND AND LABRADOR HYDRO
2022 CAPITAL BUDGET
PROJECTS OVER \$50,000
MULTI-YEAR PROJECTS
(\$000)

Multi-year Projects Commencing in 2022

PROJECT DESCRIPTION	2022 and				Total
	Prior Years	2023	2024	2025	
Purchase 85' Material Handler Aerial Device on Track Unit	20.4	1,265.7	67.8	-	1,353.9
Purchase 46' Material Handler Aerial Device on Track Unit	20.4	698.8	38.8	-	758.0
Replace Light- and Heavy-Duty Vehicles (2022-2024)	569.0	593.2	2,319.6	-	3,481.8
Replace Underground Fire Water Distribution System - Holyrood	128.3	1,578.0	-	-	1,706.3
Unit 3 Generator Components Condition Assessment and Miscellaneous Upgrades	153.0	338.8	-	-	491.8
Control System Replacement - Holyrood Gas Turbine	146.0	41.0	-	-	187.0
Upgrade Circuit Breakers (2022-2023) - Various	2,121.9	7,361.8	-	-	9,483.7
Labrador City L22 Voltage Conversion (2022-2023)	486.8	1,004.4	-	-	1,491.2
Diesel Genset Replacement Unit 2039 - St. Lewis	397.0	1,583.8	134.9	-	2,115.7
Diesel Genset Replacement Unit 2012 - L'Anse-Au-Loup	339.9	2,513.2	210.2	-	3,063.3
Terminal Station Refurbishment & Modernization(2022-2023)	2,497.4	6,109.7	-	-	8,607.1
Hydraulic Refurbishment and Modernization (2022-23)	1,285.9	3,788.9	-	-	5,074.8
Install Infrared Scanning Ports - Happy Valley Gas Turbine	39.6	25.6	-	-	65.2
Replace Metering System	515.6	4,365.6	994.6	-	5,875.8
Install Recloser Remote Control (2021-2022) - Various	174.6	149.1	-	-	323.7
Install Fire Protection in Diesel Plants (2022-2023) - Ramea	90.7	1,838.1	-	-	1,928.8
Upgrade of Worst-Performing Distribution Feeders (2022-2023)	850.0	1,922.9	-	-	2,772.9
Additions for Load (2022) - Mary's Harbour Service Conductor	307.8	51.3	-	-	359.1
Total Multi-Year Projects over \$50,000 commencing in 2022	10,144.3	35,229.9	3,765.9	-	49,140.1

Multi-year Projects Commencing in 2021

PROJECT DESCRIPTION	2022 and				Total
	Prior Years	2023	2024	2025	
Refurbish Ebbegunbaeg Control Structure	6,475.1	3,470.1	3,674.7	-	13,619.9
Upgrade Circuit Breakers (2021-2022) - Various	9,712.4	820.3	-	-	10,532.7
Wabush Terminal Station Upgrades	7,237.2	1,632.9	2,702.8	-	11,572.9
Additions for Load - Wabush Substation Upgrades	7,439.7	-	1,894.1	-	9,333.8
Total Multi-Year Projects over \$50,000 commencing in 2021	30,864.4	5,923.3	8,271.6	-	45,059.3

**NEWFOUNDLAND AND LABRADOR HYDRO
2023 CAPITAL BUDGET**

Projects Over \$50,000 to be completed in 2023	\$	39,458,300
Multi-Year Projects over \$50,000 commencing in 2023		9,063,500
Multi-Year Project over \$50,000 commencing prior to 2023 (previously approved)		41,153,200
Projects under \$50,000 ¹		153,700
Allowance for Unforeseen Items		<u>1,000,000</u>
Approved 2023 Capital Budget	\$	<u>90,828,700</u>

¹ Approval of projects under \$50,000 is not required but these expenditures are part of the total 2023 Capital Budget