

May 4, 2020

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Application for Approval of Capital Projects Necessary for the Continued Operation of the Holyrood Thermal Generating Station ("Application") - Hydro's Reply

Please find Newfoundland and Labrador Hydro's ("Hydro") reply to the parties' comments with regard to the Application.

Application Background

On April 7, 2020, Hydro filed an application with the Board of Commissioners of Public Utilities ("Board"), pursuant to Section 41(3) of the *Public Utilities Act*, requesting approval of the capital expenditures for four projects with a total estimated capital cost of approximately \$7.6 million. In light of the material increase of production levels over those originally anticipated, as well as Hydro's extension of the Holyrood Thermal Generating Station ("Holyrood TGS") to March 31, 2022, these projects are necessary for the reliable operation of the Holyrood TGS. The projects, previously identified in the "Reliability and Resource Adequacy Study – 2019 Update"¹ as required should the operation of the Holyrood TGS be extended, are as follows:

- Boiler Condition Assessment and Miscellaneous Upgrades;
- Overhaul Unit 2 Turbine Valves;
- Overhaul Unit 3 Boiler Feed Pump; and
- Overhaul Unit 2 Generator.

Hydro's Response

Hydro received a total of 22 Requests for Information from the Board, Island Industrial Customer Group ("IIC Group"), and the Consumer Advocate on April 17, 2020; Hydro filed its responses on April 24, 2020. On April 29, 2020, the IIC Group advised that it does not object to the four capital projects proposed in the Application and it supports an expedited process for approval of the projects. The IIC Group made an argument for monthly progress update reports beginning in early June 2020 due to the significance of these projects. The Consumer Advocate also did not object to the Application, noting that the capital

¹ "Reliability and Resource Adequacy Study – 2019 Update," Newfoundland and Labrador Hydro, November 15, 2019.

expenditure should ensure the continued operation of the Holyrood TGS for additional years. The Consumer Advocate echoed the IIC Group's position regarding updates pertaining to the capital projects. Newfoundland Power did not have any submissions on the capital projects themselves, but agreed with the IIC Group's position regarding early reporting. No other comments were received on the Application. As there were no objections to the Application from any party, Hydro respectfully requests that the Board approve the Application as submitted.

With respect to the requests from the parties for earlier reporting on the progress of the capital projects, Hydro does not object to monthly correspondence as proposed by the parties. Hydro will file correspondence beginning June 10, 2020 containing updates on the status of the capital projects. This correspondence will continue to be filed on the 10th of each month thereafter until October 10, 2020 when Hydro will include the updates in the Winter Readiness reports filed on October 10, 2020, November 10, 2020, and December 10, 2020.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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cc: **Board of Commissioners of Public Utilities**

Jacqui Glynn
PUB Official Email

Newfoundland Power

Gerard M. Hayes
Kelly C. Hopkins
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Consumer Advocate

Dennis M. Browne, Q.C, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis

Industrial Customer Group

Paul L. Coxworthy, Stewart McKelvey
Denis J. Fleming, Cox & Palmer
Dean A. Porter, Poole Althouse

Iron Ore Company of Canada

Gregory A.C. Moores, Stewart McKelvey

Labrador Interconnected Group

Senwung Luk, Olthuis Kleer Townshend LLP
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