NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.U. 24(2014)

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

IN THE MATTER OF an application by Newfoundland Power Inc. for approval of capital expenditures to proceed with refurbishment of thermal generation assets, pursuant to section 41 of the Act.

WHEREAS Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is also subject to the provisions of the EPCA; and

WHEREAS subsection 41(3) of the Act states that a public utility shall not proceed with the construction, purchase or lease of improvements or additions to its property where:

a) the construction or purchase is in excess of $50,000; or

b) the cost of the lease is in excess of $5,000 in a year of the lease

without prior approval of the Board; and

WHEREAS in Order No. P.U. 27(2013) the Board approved Newfoundland Power’s 2014 Capital Budget in the amount of $84,462,000; and

WHEREAS the Board approved supplementary 2014 capital expenditures in:

(i) Order No. P.U. 43(2013) in the amount of $14,520,000 to replace the submarine cable system that supplies electricity to Bell Island; and

(ii) Order No. P.U. 14(2014) in the amount of $2,892,000 for distribution feeder improvements and substation refurbishment; and

WHEREAS on June 16, 2014 Newfoundland Power filed an application (the “Application”) with the Board requesting approval of capital expenditures in the amount of $1,698,000 for the refurbishment of its Wesleyville and Greenhill gas turbine systems; and
WHEREAS Newfoundland Power explains that, based on engineering assessments completed in 2014, refurbishment of the Wesleyville and Greenhill gas turbines is necessary to ensure continued safe and reliable operation in the immediate term; and

WHEREAS Newfoundland Power states that the proposed work is expected to ensure the availability of these systems to provide capacity support to the Island Interconnected system for at least the next two to three years; and

WHEREAS Newfoundland Power submits that maintenance of existing generation on the Island Interconnected system for the near term is prudent if it can be done at reasonable cost and that, in Newfoundland Power’s view, Hydro’s planned addition of the 100 MW gas turbine will not fully address the increased near term vulnerabilities of the Island Interconnected system revealed by the events of the winter of 2013/2014; and

WHEREAS Newfoundland Power states that with reasonable expenditure the Wesleyville and Greenhill gas turbine can offer reasonable back-up generating capacity for the Island Interconnected system for the immediate term; and

WHEREAS Newfoundland Power provides evidence that the estimated benefit associated with the project justifies the cost of refurbishment; and

WHEREAS the Application was copied to Newfoundland and Labrador Hydro, the Consumer Advocate, Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited, Teck Resources Limited, Vale Newfoundland and Labrador Limited, Praxair Canada Inc., Mr. Danny Dumaresque and Grand Riverkeeper Labrador Inc.; and

WHEREAS the Board, the Consumer Advocate and Mr. Dumaresque issued Requests for Information which were answered by Newfoundland Power on June 27, 2014; and

WHEREAS the Board did not receive any comments or submissions on the Application; and

WHEREAS the Board is satisfied the proposed 2014 supplemental capital expenditures to refurbish the Wesleyville and Greenhill gas turbine systems is necessary for Newfoundland Power to provide service and facilities which are reasonably safe and adequate and just and reasonable.

IT IS THEREFORE ORDERED THAT:

1. The capital expenditure of $1,698,000 for the refurbishment of the Wesleyville and Greenhill gas turbine systems is approved.

2. Newfoundland Power shall pay all expenses of the Board arising from this Application.
DATED at St. John's, Newfoundland and Labrador, this 11th day of July, 2014.

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwandu Newman, LL.B.
Commissioner

James Oxford
Commissioner

Cheryl Blundon
Board Secretary