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 and Labrador Hydro for approval of capital expenditures for replacement of an air compressor at the Holyrood Thermal Generation Station pursuant to section 41 of the Act.

WHEREAS Newfoundland and Labrador Hydro ("Hydro") is a corporation continued and existing under the Hydro Corporation Act, is a public utility within the meaning of the Act, and is 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 cost of 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. 42(2013) the Board approved Hydro’s 2014 Capital Budget in the amount of $97,805,300; and

WHEREAS in Order No. P.U. 16(2014) the Board approved Hydro’s proposal to proceed with the purchase and installation of 100 MW of combustion turbine generation at the Holyrood Thermal Generating Station, with cost recovery to be determined by the Board in a future Order; and

WHEREAS in Order No. P.U. 23(2014) the Board approved a supplementary amount of $580,000 to the Allowance for Unforeseen Items related to expenditures for the Holyrood Unit 3 east forced draft fan motor and the Sunnyside and Holyrood breaker overhauls and ordered that recovery of these expenditures would be addressed upon receipt of a further application from Hydro; and
WHEREAS the Board approved supplementary 2014 capital expenditures in:

(i) Order No. P.U. 29(2014) in the amount of $7,197,800 in 2014 and $1,266,400 in 2015 for the purchase and replacement of the Sunnyside T1 transformer and associated equipment, modification to the protection relay system and addition of a 230 kV breaker at the Sunnyside Terminal Station; and

(ii) Order No. P.U. 32(2014) in the amount of $1,452,500 to replace the tap changer on the T5 transformer at the Western Avalon Terminal Station;

and ordered that recovery of these expenditures would be addressed in a subsequent order of the Board following a further application by Hydro; and

WHEREAS the Board also approved supplementary 2014 capital expenditures in:

(i) Order No. P.U. 33(2014) in the amount of $3,632,200 to replace insulators on transmission lines TL-201 and TL-203;

(ii) Order No. P.U. 34(2014) in the amount of $636,700 in 2014 and $360,000 in 2015 for the replacement of the excitation transformers at the Bay d’Espoir generating station; and

(iii) Order No. P.U. 36(2014) in the amount of $958,800 for the installation of additional transformer capacity at the Wabush Substation; and

WHEREAS on August 14, 2014 Hydro applied to the Board for approval of supplementary 2014 capital expenditures in the amount of S320,600 to replace air compressor No. 1 at the Holyrood Thermal Generating Station (the “Application”); and

WHEREAS Hydro states that the long term asset plan for the Holyrood Thermal Generating Station identified the requirement to replace the air compressor in 2015; and

WHEREAS a failure of the air compressor in early 2014 and a subsequent inspection resulted in the determination that the air compressor should be replaced prior to the 2014/2015 winter season; and

WHEREAS Hydro submits that the air compressor system is a critical auxiliary system necessary for power generation at Holyrood Thermal Generating Station; and

WHEREAS the Application was circulated to Newfoundland Power Inc. (“Newfoundland Power”), the Consumer Advocate, a group of three Island Industrial customers: Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources Limited (the “Industrial Customer Group”), Vale Newfoundland and Labrador Limited (“Vale”), Praxair Canada Inc. (“Praxair”); Mr. Danny Dumaresque and Grand Riverkeeper Labrador, Inc.; and

WHEREAS the Board did not receive any comments on the Application; and
WHEREAS the Board is satisfied that the proposed supplementary 2014 capital expenditure to replace air compressor No. 1 at the Holyrood Thermal Generating Station is necessary for Hydro to provide service and facilities which are reasonably safe and adequate and just and reasonable.

IT IS THEREFORE ORDERED THAT:

1. The proposed 2014 capital expenditure of $320,600 to replace an air compressor at the Holyrood Thermal Generating Station is approved.

2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador this 9th day of September 2014.

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

Colleen Jones
Assistant Board Secretary