NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P.U. 46(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 and Labrador Hydro for approval to purchase critical spares for the Holyrood Thermal Generating 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 issues of costs and 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;

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

(iv) Order No. P.U. 38(2014) in the amount of $320,600 to replace an air compressor at the Holyrood Thermal Generating Station; and

(v) Order No. 45(2014) in the amount of $608,900 for 2014 and $1,238,200 for 2015 to complete the Labrador City Voltage Conversion; and

WHEREAS on November 4, 2014 the Board received an application from Hydro for approval to purchase four motors as critical spares for the Holyrood Thermal Generating Station (the “Application”); and

WHEREAS Hydro states that the availability of these critical spares will contribute significantly to the expedited return to service of affected generating equipment and the reinstatement of maximum generating capacity; and

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

WHEREAS the Board did not receive any Requests for Information or submissions relating to the Application;

WHEREAS the Board is satisfied that the 2014 supplemental capital expenditure for the approval to purchase critical spares for the Holyrood Thermal Generating Station is necessary to
allow 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 in the amount of $491,753 to purchase critical spares for 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 27th day of November 2014.

Andy Wells  
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.  
Vice-Chair

James Oxford  
Commissioner

Cheryl Blundon  
Board Secretary