

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

AN ORDER OF THE BOARD

NO. P.U. 20(2017)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the “*Act*”), as amended, and regulations
5 thereunder; and
6

7 **IN THE MATTER OF** an application by Newfoundland
8 and Labrador Hydro for approval of a capital expenditure
9 to refurbish and replace critical systems and equipment
10 at the Holyrood Thermal Generating Station
11 pursuant to section 41 of the *Act*.
12
13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the
16 *Act*, and is also subject to the provisions of the *EPCA*; and
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18 **WHEREAS** section 41 of the *Act* states that a public utility shall not proceed with the
19 construction, purchase or lease of improvements or additions to its property where:
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- 21 a) the cost of construction or purchase is in excess of \$50,000; or
- 22 b) the cost of the lease is in excess of \$5,000 in a year of the lease

23
24 without prior approval of the Board; and
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26 **WHEREAS** in Order No. P.U. 45(2016) the Board approved Hydro's 2017 Capital Budget in
27 the amount of \$271,265,600; and
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29 **WHEREAS** the Board approved supplementary 2017 capital expenditures:
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- 31 (i) in Order No. P.U. 5(2017) in the amount of \$3,045,000 to construct a
32 distribution feeder at the Bottom Waters Terminal Station;
- 33 (ii) in Order No. P.U. 7(2017) in the amount of \$3,168,944 to lease, sublease and
34 purchase transmission lines and electrical equipment to serve Labrador West;
- 35 (iii) in Order No. P.U. 10(2017) in the amount of \$1,349,200 to replace the exciter
36 controls for Units 1 and 2 at the Holyrood Thermal Generating Station;
- 37 (iv) in Order No. P.U. 11(2017) in the amount of \$2,585,200 to replace equipment
38 and complete a level 2 condition assessment of the synchronous condensers at
39 Wabush Terminal Station;

- 1 (v) in Order No. P.U. 13(2017) in the amounts of \$9,063,700 and \$2,361,500
2 respectively to inspect and refurbish Bay d'Espoir Penstock 2 and to complete a
3 major overhaul on Bay d'Espoir Unit 3 Turbine; and
4 (vi) in Order No. P.U. 15(2017) in the amount of \$500,000 to be added to the 2017
5 Allowance for Unforeseen Items; and
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7 **WHEREAS** on April 18, 2017 Hydro filed an application with the Board requesting approval
8 of a capital expenditure in the amount of \$2,610,000 to refurbish and replace critical systems
9 and equipment at the Holyrood Thermal Generating Station (the "Application"); and
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11 **WHEREAS** the Application stated that Hydro requires the Holyrood Thermal Generating
12 Station to continue to operate reliably to provide capacity and energy to Island Interconnected
13 customers until after interconnection to the North American grid; and
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15 **WHEREAS** the Application also stated that air leakage on the boiler air heaters and on
16 expansion joints is a significant contributor to the de-rating of Units 1 and 2; the Unit 3 boiler
17 air heaters have reached end of life due to erosion and corrosion and require replacement; and a
18 number of critical pieces of equipment at the Holyrood Generating Thermal Station have
19 reached or are reaching the end of their useful life and are at risk for failure; and
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21 **WHEREAS** Hydro proposed to improve the reliability at the Holyrood Thermal Generating
22 Station by refurbishing and replacing critical systems and equipment that are necessary for the
23 safe and reliable operation of the plant, including:
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- 25 (i) boiler air flow and heat transfer equipment refurbishments and replacements
26 including boiler air heaters and expansion joints;
27 (ii) piping, valves, and heat tracing replacements related to boiler feed water, steam,
28 and cooling water systems; and
29 (iii) turbine and generator lubrication and control system replacements including DC
30 lube oil, pump motor starters, and speed probes and cables; and
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32 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer
33 Advocate, Dennis Browne, Q.C.; a group of Island Industrial customers: Corner Brook Pulp
34 and Paper Limited and NARL Refining Limited Partnership; Vale Newfoundland and Labrador
35 Limited; Praxair Canada Inc.; and Teck Resources Limited; and
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37 **WHEREAS** the Board issued requests for information which were answered by Hydro on May
38 12, 2017; and
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40 **WHEREAS** on May 23, 2017 Hydro filed a written submission which noted that the Board did
41 not receive comments on the Application and stated that the proposed capital works are
42 necessary to ensure that Hydro can continue to provide service which is safe and adequate and
43 just and reasonable and requested that the Board approve the Application; and
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45 **WHEREAS** the Board is satisfied that the proposed 2017 supplemental capital expenditure to
46 refurbish and replace critical systems and equipment at the Holyrood Thermal Generating
47 Station is reasonable and necessary to ensure the continued provision of a safe and reliable
48 electricity supply to Hydro's customers.

IT IS THEREFORE ORDERED THAT:

- 1. The proposed capital expenditure in the amount of \$2,610,000 to refurbish and replace critical systems and equipment at the Holyrood Thermal Generating Station including:
 - (i) boiler air flow and heat transfer equipment refurbishments and replacements including boiler air heaters and expansion joints;
 - (ii) piping, valves, and heat tracing replacements related to boiler feed water, steam, and cooling water systems; and
 - (iii) turbine and generator lubrication and control system replacements including DC lube oil, pump motor starters, and speed probes and cables
- is approved.
- 2. Hydro shall pay all expenses of the Board arising from this Application.

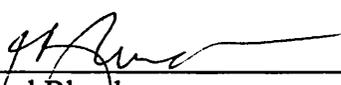
DATED at St. John’s, Newfoundland and Labrador, this 30th day of May, 2017.



 Darlene Whalen, P.Eng.
 Vice-Chair



 James Oxford
 Commissioner



 Cheryl Blundon
 Board Secretary