

1 **Q. Pages 22-23: Dr. Cleary refers to weather related risk in his assessment of**  
2 **Newfoundland Power's business risk but does not refer to power supply reliability**  
3 **risk referred to by Newfoundland Power on page 4-30 of its Application and by Mr.**  
4 **Coyne on page 16 of his evidence. How did Dr. Cleary consider this risk in his**  
5 **assessment of Newfoundland Power's business risk?**

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7 A. As noted in the response to PUB-CA-022, Dr. Cleary evaluated this factor and  
8 found conflicting evidence from NP regarding whether or not supply risk has in fact  
9 increased, stayed the same, or decreased. Like Mr. Coyne, I do not claim to be an expert  
10 in transmission reliability or weather-related risks. Therefore, I have to rely on evidence  
11 provided by such experts. The evidence is conflicting since NLH has claimed that supply  
12 risk will be reduced, while NP is claiming it will be increased. Since the matter is  
13 currently under review, Dr. Cleary has no way of knowing whether supply risk has  
14 increased, decreased or stayed the same. Therefore, Dr. Cleary assumes that supply risk  
15 has not increased, at least not in any material way. The basis for this conclusion is  
16 provided below.

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18 Mr. Coyne's evidence, Appendix A: Capital Structure: On page 15, lines 21 to 24, states:

19 *"The new electricity supply will be served by a new 1,100 kilometer transmission*  
20 *line, which will cross eight different climactic zones to reach St. John's, thereby*  
21 *increasing potential weather-related risk to Newfoundland Power's electricity*  
22 *supply".*

23  
24 However, the response to CA-NP-173, which asked Mr. Coyne to provide all  
25 documentation supporting the premise that the new electricity supply will increase the  
26 weather related risk to Newfoundland Power's electricity supply, stated that:

27 *"Mr. Coyne is not an expert in transmission reliability or weather-related risk of*  
28 *electricity supply."*

29  
30

1 And further stated:

2 *“the necessary studies to address commissioning, start-up and integration of the*  
3 *Muskrat Falls project are incomplete and that Hydro’s belief that **reliability of***  
4 ***supply will be improved** is currently untested.”*

5  
6 And then concludes saying:

7 *“Mr. Coyne understands that matters related to the reliability of Newfoundland*  
8 *Power’s power supply following commissioning of the Muskrat Falls project are*  
9 ***currently being studied** by the Board as part of Phase II of its Investigation and*  
10 *Hearing into the Supply Issues and Power Outages on the Island Interconnected*  
11 *System. This proceeding is **not yet complete**. The results of the Board’s*  
12 *investigation into the reliability of power supply following commissioning of the*  
13 *Muskrat Falls project, including its assessment of the future reliability of power*  
14 *supply, are therefore **currently uncertain**.”*

15  
16 Further, CA-NP- 175 asks Mr. Coyne to reconcile his statement regarding increased  
17 supply risk with the response to CA-NLH-115 (for the Board’s Outage Inquiry) where it  
18 is stated:

19 *“Hydro does not believe there would be any scenarios where the post-Muskrat*  
20 *Falls power system would be less reliable than the power system currently in*  
21 *place. In fact, the reliability of supply to customers will be improved”.*

22  
23 In its response, Hydro goes on to provide the reasons why reliability of supply will be  
24 improved.

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26 Mr. Coyne’s response to CA-NP-175 goes on to say:

27 *“Mr. Coyne understands that matters related to the reliability of Newfoundland*  
28 *Power’s power supply following commissioning of the Muskrat Falls project are*  
29 *currently being studied by the Board as part of Phase II of its Investigation and*  
30 *Hearing into the Supply Issues and Power Outages on the Island Interconnected*  
31 *System. **This proceeding is not yet complete**. The results of the Board’s*  
32 *investigation into the reliability of power supply following commissioning of the*  
33

1            *Muskrat Falls project, including its assessment of the future reliability of power*  
2            *supply, are therefore currently uncertain.”*

3

4            Obviously, Mr. Coyne cannot say for certain whether or not supply risk has increased,  
5            decreased or remained the same while the matter is currently being reviewed, nor can Dr.  
6            Cleary. In fact, given NLH’s response to CA-NLH-115, it could at least be equally  
7            possible that supply reliability will be improved; however, Dr. Cleary does not speculate  
8            on the outcome of the current review.