

1 **Q. Page 1-8, lines 14-17: Please describe in detail the increased risk for Newfoundland**  
2 **Power and its customers associated with wholesale power supply prior to**  
3 **interconnection with Muskrat Falls and explain the implications for Newfoundland**  
4 **Power.**

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6 A. In each of the past 3 winter seasons, insufficient wholesale power supply from  
7 Newfoundland and Labrador Hydro (“Hydro”) has caused outages affecting between  
8 83,000 and 173,000 Newfoundland Power customers. In each of the past 2 winter  
9 seasons, Newfoundland Power has been required to resort to rotating power available to  
10 its customers to respond to the lack of wholesale power supply.

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12 All power outages are inconvenient to those customers whose electrical service is  
13 interrupted. This is true for Newfoundland Power’s customers. However, routine wide  
14 scale power outages, particularly in winter, present increased risks for Newfoundland  
15 Power’s customers. As the Board’s consultant, The Liberty Consulting Group, has  
16 recently observed that “...electric reliability has substantial public safety implications.  
17 They are, if anything, more significant on the Island, given its harsh winters and high  
18 degree of dependence on electric heat.”<sup>1</sup>

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20 Under the provisions of the *Public Utilities Act*, Newfoundland Power has an obligation  
21 to provide safe, reliable service to its customers. The inadequacy of wholesale power  
22 supply from Hydro compromises Newfoundland Power’s ability to fulfill this obligation.  
23 Hydro has the exclusive right to supply the Company’s wholesale power requirements,  
24 however, this right is subject to exceptions for generation facilities used exclusively in  
25 emergency circumstances.<sup>2</sup>

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27 Up to the interconnection of the Muskrat Falls project and Labrador-Island transmission  
28 link (collectively, the “Muskrat Falls project”), there is little Newfoundland Power could  
29 practically do to improve the sufficiency of its power supply arrangements. Should the  
30 Muskrat Falls project as currently envisaged, or modified, by Hydro and its affiliates not  
31 provide improved wholesale supply reliability, then Newfoundland Power might be  
32 obliged to arrange sufficient emergency generation supply to ensure it can reasonably  
33 fulfill its obligations under the *Public Utilities Act*.

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<sup>1</sup> See The Liberty Consulting Group’s *Review of the Newfoundland and Labrador Hydro March 4, 2015 Voltage Collapse*, October 22, 2015, page 6.

<sup>2</sup> See *Electrical Power Control Act, 1994*, Section 14.1(4).