

July 17, 2017

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: An Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the Act for approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain improvements and additions to its property.

Following is Newfoundland and Labrador Hydro's (Hydro) reply with regard to the above noted Application.

1.0 Application Background

On June 30, 2017, Hydro filed an Application with the Board of Commissioners of Public Utilities (the Board) to supplement the Allowance for Unforeseen Items Account by \$540,000. As a result of an unforeseen capital project for the emergency repairs required as a result of a fire that occurred in the Northeast corner of the Unit 2 boiler at the Holyrood Thermal Generating Plant on May 1, 2017, Hydro's existing Allowance for Unforeseen Items account has been depleted by approximately \$540,000.

2.0 Procedure

On July 5, 2017, the Board set a schedule with respect to this Application. Comments from the Parties were due by July 12, 2017.

3.0 Hydro's Response

Hydro notes that the Parties did not file comments in relation to this Application.

Hydro submits its use of the Allowance for Unforeseen Items account has been consistent with the policy as set out in the Capital Budget Guidelines and that it is appropriate to maintain a balance in the Allowance for Unforeseen Items account in the amount of \$1,000,000 to enable Hydro to address any unforeseen events that may arise in the remainder of the year. Hydro respectfully requests that the Board approve Hydro's application, as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

Newfoundland & Labrador Hydro



Michael Ladha
Legal Counsel & Assistant Corporate Secretary

ML/bs

Encl.

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Thomas O'Reilly – Cox & Palmer
Sheryl Nisemnaum – Praxair Canada Inc.
ecc: Roberta Frampton Benefiel – Grand Riverkeeper Labrador

Dennis Browne, Q.C. – Consumer Advocate
Danny Dumaresque
Larry Bartlett – Teck Resources Limited