

April 21, 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 March 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 \$500,000. As a result of an unforeseen capital project for the emergency replacement and restoration of structures on transmissions lines TL 212 and TL 201 resulting from the March 11, 2017 Wind Storm, Hydro's existing Allowance for Unforeseen Items account has been depleted by approximately \$500,000.

2.0 Procedure

On April 4, 2017, the Board set a schedule with respect to this Application. On April 10, 2017, Newfoundland Power issued a Request for Information (RFI). Hydro filed its response to this RFI on April 12, 2017. Comments from the Parties were due by April 19, 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.

Ms. C. Blundon
Public Utilities Board

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Should you have any questions, please contact the undersigned.

Yours truly,

Newfoundland & Labrador Hydro



Tracey L. Pennell
Senior Counsel, Regulatory

TLP/lb

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Sheryl Nisenbaum – Praxair Canada Inc.
ecc: Larry Bartlett – Teck Resources Limited

Dennis Browne, Q.C. – Consumer Advocate
Thomas J. O'Reilly, Q.C. – Cox & Palmer