

HAND DELIVERED

November 28, 2013

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

Attention: G. Cheryl Blundon  
Director of Corporate Services  
and Board Secretary

Ladies and Gentlemen:

**Re: Newfoundland & Labrador Hydro – Application for approval of a capital project for the installation of diesel units at Holyrood for the purposes of blackstarting the generating units, and for the deferral of lease costs.**

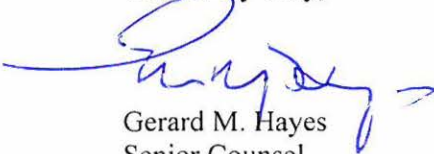
This will follow up on the Board's letter of November 25, 2013 requesting comments by November 28, 2013 on this application.

With respect to the question of whether the option recommended by Hydro for providing blackstart capability at Holyrood is the least cost option, the time allotted for review of the application has been insufficient to enable Newfoundland to fully consider the options. As a result, Newfoundland Power cannot comment as to whether the recommended option is the least cost solution.

With respect to the matter of cost recovery, the costs associated with this application will be incurred by Hydro in 2014 and 2015. These costs are forecast to benefit customers only until the installation of a 60 MW combustion turbine currently planned for late 2015. Accordingly, to ensure timely consideration of the costs involved, any order the Board makes should clearly indicate that cost matters will be considered as part of Hydro's currently outstanding general rate application.

We trust the foregoing is found to be in order.

Yours very truly,



Gerard M. Hayes  
Senior Counsel

c. Geoffrey Young  
Newfoundland and Labrador Hydro

Thomas Johnson  
O'Dea Earle Law Offices

Paul Coxworthy  
Stewart McKelvey

Thomas O'Reilly, QC  
Vale Newfoundland and Labrador Limited

