

November 30, 2011

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: Hydro's 2012 Capital Budget Application - Phase III Schedule**

This is further to our letter of October 24, 2011 concerning the schedule for this phase of the Hydro's 2012 Capital Budget. The project under consideration in this phase, the proposed third 230 kV transmission line from Bay d'Espoir to Western Avalon, is a large project in terms of cost and Hydro understands that the Board and the intervenors will require an ample opportunity to analyze and consider Hydro's project filing to date and the responses to RFI's that will be filed. We also understand from conversations with the parties and Board staff that technical conferences and perhaps a hearing will be required.

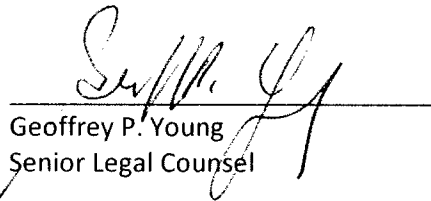
Hydro believes that the resources and effort associated with this phase of its 2012 Capital Budget should be coordinated with the several other challenging matters on the regulatory schedule so that an appropriate opportunity exists to hear and consider this matter and so that it does not unduly affect other matters before the Board or that will come before the Board. In this connection, we would reiterate that the amount of work that is anticipated to be performed in 2012 under this transmission line project is minimal and that Hydro will not require an Order from Phase III until early in the third quarter of 2012.

The Board and the parties are aware of (1) the Muskrat Falls Review that is before the Board at present; and (2) Hydro's General Rate Application that is to be filed by the end of the present calendar year. In particular, Hydro believes it to be important that Phase III not interfere with or cause undue scheduling pressures on the Board, Hydro, or any of the parties in relation to the Muskrat Falls Review. We propose, therefore, that responses to the RFI's for Phase III be further deferred until greater clarity

is achieved in the overall regulatory schedule. At this time, we anticipate that the remaining aspect of Phase III (responses to RFI's and any further processes the Board deems appropriate) can quite properly and sensibly commence in March or April, leaving more than sufficient time for an Order to be rendered within the timeframe of Hydro's needs. No doubt, we will all have greater clarity as to this and other scheduling issues in the coming weeks or months as the schedules for the various other matters before the Board get set. We look forward to discussing this with the Board and the parties soon, once we have that information, so that we can align our activities in accordance with the Board's schedule.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power (2)  
Paul Coxworthy – Stewart McKelvey Stirling Scales

Thomas Johnson – Consumer Advocate (2)  
Dean Porter – Poole Althouse