



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

2011 12 14

**CORRESPONDENCE COVER**

<b>Party</b>	<b>Address</b>	<b>E-Mail</b>
<b><u>Newfoundland and Labrador Hydro</u></b> Mr. Geoffrey Young Senior Legal Counsel	P.O. Box 12400 St. John's, NL A1B 4K7	<a href="mailto:gyoung@nlh.nl.ca">gyoung@nlh.nl.ca</a>
<b><u>Newfoundland Power Inc.</u></b> Mr. Gerard Hayes Senior Counsel	55 Kenmount Road P. O. Box 8910 St. John's, NL A1B 3P6	<a href="mailto:ghayes@newfoundlandpower.com">ghayes@newfoundlandpower.com</a>
<b><u>Industrial Customers</u></b> Mr. Paul Coxworthy Counsel  Mr. Dean Porter Counsel	Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P. O. Box 5038 St. John's, NL A2H 6H7  Poole Althouse 49-51 Park Street P. O. Box 812 Corner Brook, NL A2H 6H7	<a href="mailto:pcoxworthy@smss.com">pcoxworthy@smss.com</a>  <a href="mailto:dporter@pa-law.ca">dporter@pa-law.ca</a>
<b><u>Consumer Advocate</u></b> Mr. Thomas Johnson	323 Duckworth Street P.O. Box 5955 St. John's, NL A1C 5X4	<a href="mailto:tjohnson@odeacarle.ca">tjohnson@odeacarle.ca</a>

**Re: Newfoundland and Labrador Hydro's 2012 Capital Budget Application  
– Phase III**



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador  
Canada, A1A 5B2

2011 12 14

Newfoundland and Labrador Hydro  
Mr. Geoffrey Young  
Senior Counsel

**Re: Newfoundland and Labrador Hydro's 2012 Capital Budget Application  
– Phase III**

Dear Sir:

In relation to Hydro's December 7, 2011 request to have Phase III of its 2012 Capital Budget Application held in abeyance, the Board has decided to remove the proposed project *Upgrade Transmission Line Corridor – Bay d'Espoir to Western Avalon* from the 2012 Capital Budget Application.

The Board has determined that, to ensure the timely conclusion of Hydro's 2012 Capital Budget Application, it is appropriate to strike this proposal from the 2012 Capital Budget Application and require Hydro to re-file the application when it is ready to proceed. Based on the record to date it appears that it was premature for Hydro to include this proposal in its 2012 Capital Budget Application which was filed on August 4, 2011. The engineering report filed in relation to this proposal was not filed until September 22, 2011. Requests for information were sent to Hydro by October 17, 2011 but have not yet been answered. In its December 7, 2011 correspondence Hydro states that when compared to the Muskrat Falls Review, Phase III of Hydro's 2012 Capital Budget is of a lower priority in that an Order from the Board is not required for that aspect of Hydro's 2012 Capital Budget Application until much later in 2012. Hydro states that it is aware that deferring the process in relation to this proposal could result in a delay in an Order being issued and it is making this decision to defer this process advisedly.

Hydro will be required to file for approval of the project *Upgrade Transmission Line Corridor – Bay d'Espoir to Western Avalon* as a separate stand alone application when it is ready to proceed. The Board notes that this proposal is the largest single expenditure that Hydro has proposed since becoming fully regulated in 1996. Given the magnitude of the proposed expenditure the Board would expect that Hydro will ensure that, when the application is filed, it is fully justified with detailed and comprehensive information addressing the further information that was requested in relation to this project as well as updated information in relation to load, capacity, alternatives and costs. Hydro should be advised that the Board anticipates an extremely busy regulatory calendar in 2012 and an

application proposing such a large expenditure may involve significant processes which may include a technical conference and a hearing. Therefore it is likely that, depending on the timing of the filing of the application, approval in 2012 may not be possible.

Yours truly,



Cheryl Blundon  
Board Secretary

c.c. Newfoundland Power Inc.  
Mr. Gerard Hayes, Senior Counsel

Consumer Advocate  
Mr. Thomas Johnson

Industrial Customers  
Mr. Paul Coxworthy  
Mr. Dean Porter