

HAND DELIVERED

May 2, 2014

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 and Labrador Hydro - Application for Approval of a Capital Project to Supply and Install 100 MW (Nominal) of Combustion Turbine Generation - Request for Comments**

This is in reply to the Board's letter dated April 29<sup>th</sup>, 2014 requesting that comments related to the above-noted application (the "Application") be submitted to the Board by today's date.

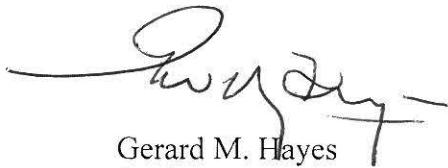
In its report titled *Supply Issues and Power Outages Review, Island Interconnected System, Interim Report* (the "Interim Report"), The Liberty Consulting Group ("Liberty") indicated that "there exists a continuing and unacceptably high risk of supply-related emergencies until Muskrat Falls and the Labrador-Island Link come into service." To mitigate this risk to customers, the Interim Report specifically recommends that Hydro should treat the securing of new generation as a first priority, reach a prompt decision on a preferred option and proceed expeditiously towards an in-service date of December 1, 2014, if possible.

In the circumstances, Newfoundland Power agrees that an expedited approval which would allow Hydro to proceed as quickly as possible with installation of the proposed new generator appears necessary.

Certain of the findings in the Interim Report suggest that the high risk of supply-related emergencies identified by Liberty is attributable to acts or omissions of Hydro related to the planning, maintenance and operation of its generation and transmission assets on the Island Interconnected System. In light of those findings, Newfoundland Power submits it is appropriate that a separate process be undertaken to consider whether or not the costs associated with the Application proposal are prudent and should be recovered from ratepayers.

We trust this is in order.

Yours very truly,



Gerard M. Hayes  
Senior Counsel

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