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August 27, 2018

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: Timing of the Labrador Island Link (LIL) and the Labrador Transmission Assets (LTA), and 2017 GRA forecast customer rate impacts for 2019**


On July 20, 2018, Hydro filed supplemental evidence reflecting the April 11, 2018 and the July 16, 2018 GRA settlement agreements (the Settlement Agreement Filing). The basis for the 2018 and 2019 Test Year supply costs reflected in the Settlement Agreement Filing assumed a material ramp-up in off-island purchases over the LIL beginning October 1, 2018 and a monopole commissioning date for the LIL in late October 2018 (assuming available supply of 225 MW at Muskrat Falls). The LIL monopole commissioning date is the date upon which Hydro would be required to begin paying the operating and maintenance costs for the LIL and the LTA.

Hydro has been informed that due to HVdc control equipment software issues, the LIL monopole commissioning date must be revised. Based on discussions with Nalcor Power Supply, Hydro believes a January 1, 2019 date is more probable with a ramp-up in off-island purchases beginning in early December 2018 (i.e. with 110 MW available supply at Soldier's Pond in December 2018 and 170 MW available during 2019). Hydro plans to file an update late next week providing a revised forecast of off-island purchases for 2018 and 2019, and the revised 2017 GRA customer rate projections for 2019 reflecting the revised monopole commissioning date.

Should you have any questions, please contact the undersigned.

Yours truly,

**Newfoundland & Labrador Hydro**

  
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Geoffrey P. Young  
Corporate Secretary & General Counsel  
GPY/sk

cc: Gerard Hayes - Newfoundland Power  
Paul Coxworthy - Stewart McKelvey  
Denis J. Fleming - Cox & Palmer  
ecc: Van Alexopoulos - Iron Ore Company  
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