

April 30, 2018

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

**Attention: Ms. Cheryl Blundon**  
**Director Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – 2018 Capital Budget Application –  
Hydro's Proposal Regarding the Muskrat Falls to Happy Valley-Goose Bay Interconnection  
Project (MF to HVY Project) in Compliance with Order No. P.U. 9(2018), item 2.**

The enclosed is in response to item 2 of Board Order P.U. 9(2018), which states "Hydro shall file on or before April 30, 2018 a proposal in relation to the process and timelines for further consideration of the Muskrat Falls to Happy Valley-Goose Bay Interconnection project."

**1. Labrador Interconnected System Expansion Study**

Hydro committed to completing an expansion study for both Labrador East and West (the Expansion Study) by November 30, 2018.<sup>1</sup> Hydro is accelerating the completion date of this study to October 31, 2018.

**2. Network Addition Policy**

Hydro committed to a completion date for a Network Addition Policy of February 2019.<sup>2</sup> This was based on the premise that any new Network Addition Policy would need to be informed by, and consequently follow, the Expansion Study. Upon further review, Hydro does not anticipate any negative consequences in completing the Network Addition Policy in advance of the Expansion Study and, therefore, has revised the completion date to October 1, 2018.

**3. Plan for Proposed Muskrat Falls to Happy Valley-Goose Bay Interconnection Project**

Given the revised completion dates for the Expansion Study and Network Addition Policy, Hydro is proposing that the Muskrat Falls to Happy Valley-Goose Bay Interconnection Project remain on the record for further consideration by the Board as part of Hydro's 2018 Capital Budget Application.

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<sup>1</sup> Please refer to Hydro's response to 2018 Capital Budget Application – Revised Information pursuant to Board Order P.U. 43(2017) – Muskrat Falls to Happy Valley Interconnection Project – Responses to Requests for Information LAB-NLH-005.

<sup>2</sup> Ibid.

Enhancing the Labrador-Interconnected System to improve service reliability for customers is a priority. Hydro is scheduled to meet with the town councils in Labrador East on May 7, 2018 with respect to the implications of the proposed project on reliability and customer rate impacts. Hydro is available for further discussion on this proposal as the Board deems appropriate.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Michael S. Ladha  
Legal Counsel and Assistant Corporate Secretary  
MSL/skc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey  
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