

February 22, 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 – Revised
Information pursuant to Board Order P.U. 43(2017)
Hydro's Reply re: Hydraulic Generation Refurbishment and Modernization Project**

Application Background

Newfoundland and Labrador Hydro ("Hydro") filed its 2018 Capital Budget Application (the "Application") with the Board of Commissioners of Public Utilities (the "Board") on July 28, 2017 seeking approval under Section 41 of the *Public Utilities Act* (the "Act") of its proposed capital expenditures for 2018. Hydro subsequently made several revisions to, and withdrew one project from its Application.

The Board issued order P.U. 43(2017) on December 22, 2017 approving the Application with the exception of the Muskrat Falls to Happy Valley Interconnection Project and the Hydraulic Generation Refurbishment and Modernization Project (the "Projects"), on which the Board requested Hydro file additional information – in effect deferring the Board's decision on these Projects. Hydro filed the revised information requested by the Board pursuant to Order P.U. 43(2017) on January 29, 2018.

Hydro's Reply re: Hydraulic Generation Refurbishment and Modernization Project

On February 16, 2018, comments were received from Newfoundland Power indicating it was of the opinion that the Hydraulic Generation Refurbishment and Modernization Project should be approved. Also on February 16, 2018, applications for Intervenor Status were received from Iron Ore Company of Canada ("IOC") and the Labrador Interconnected Group. The applications from IOC and the Labrador Interconnected Group did not contain any comment on the Hydraulic Generation Refurbishment and Modernization project. Therefore, Hydro submits that the Hydraulic Generation Refurbishment and Modernization project should be approved as submitted. The applications for Intervenor Status from IOC and the Labrador Interconnected Group and the comments contained therein on the Muskrat Falls to Happy Valley Interconnection Project are being dealt with under separate correspondence.

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
Dean Porter – Poole Althouse

ecc: Senwung Luk – Olthuis Kleer Townshend LLP

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