From: Andy Wells
Date: October 29, 2019 at 7:30:12 AM NDT
To: Cheryl Blundon <cblundon@pub.nl.ca>
Subject: Mitigation matters.

Darlene Whalen,
Chair & CEO,
Public Utilities Board.

Dear Madame Chair:

I write in response to the recently concluded rate mitigation hearings. The proceedings were a grave disappointment. Both NP and the Consumer Advocate failed in their responsibilities to consumers. Cross examination of Nalcor was non-existent,trivial and silly at best. The 'Ball govt.estimate' of

$729 million is a serious underestimation of what will be truly required for rate mitigation to meet 'the Ball commitment' of no increases in taxes or electricity rates to pay for Muskrat Falls.

I am therefore writing to the Board seeking a commitment that the matters raised in my presentation of Oct.18 will be considered in calculating the final rate mitigation costs. A brief summation of these matters with some additions follows:

1.The Board must clarify that project economics do not get better over time.They get much worse.

2.The additional costs associated with the fact that there is no contractual agreement to supply power to NL in the event of an extended break in the LIL.

3.The cost implications of replacing the 'free 76MW' of recall power to fill the LIL to its rated capacity of 900MW.(824-MF capacity plus 76MW of
free recall for 50 years.)
A.The cost of replacing this 'free' 76MW.
B.The impact on potential export sales.

4.Synapse has noted that contrary to Nalcor's forecast of flat Labrador demand to 2030,renewed activity in Wabush has increase demand by 55MW
and there is anticipated increases of a further 160MW in the immediate future.The cost implications of this increased demand must be

considered for the Island System.

5..The revenue implications of a reduction in energy demand i.e: the implications of demand elasticities.

6..The cost implications of keeping HGS operating both as a source of baseloand and winter backup.

7.The cost implications of a complete replacement of HGS.

8.The additional costs associated with a two/three year delay in getting the LIL in service.
A.Penalty payments to Emera for non-supply to Nova Scotia of the NS block.
B.Penalty payments to Emera for their guaranteed return on equity in the LIL.

9.The increase in capacity when the system is fully operational.

10.The increased IDC resulting from multi-year delays in project completion.

11.Capital structure:The Board must address the optimal capital structure of non-LIL assets given that debt is cheaper than equity.

In conclusion we are entitled to a full and complete calculation of the costs associated with any rate mitigation measures that may materialize.
It is clear than only the Board can provide same.

I thank you in advance for your consideration of the matters raised herein.

I remain your humble supplicant,
Andy Wells.