

April 17, 2013

Ms. G. Cheryl Blundon
Director of Corporate Services & Board Secretary
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 12040
St. John's, NL A1A 5B2

Ladies & Gentlemen:

Re: An Application by Newfoundland and Labrador Hydro pursuant to Subsection 41(3) of the Act for approval of the Restoration of Unit 1 Turbine and Generator at the Holyrood Thermal Generating Station (HTGS)

The Consumer Advocate submits that it is plain and obvious that Hydro must take steps to refurbish its Unit 1 Generator at the HTGS. The Consumer Advocate agrees with Hydro as stated in paragraph 5 of its revised application of April 15, 2013 that the "*completion of these refurbishments to Unit 1 are required to ensure that Hydro can continue to provide safe, reliable and adequate service from the essential facility.*"

While the work to refurbish Unit 1 must proceed, the approval of the expenditure as an inclusion in rate base should be deferred until more information relating to how the damage was caused has been made available to the Board and the parties. Hydro indicates that it expects to file the root cause analysis report with the Board by May 31, 2013 (CA-NLH-1). Hydro states that it has "*not conclusively determined the root cause(s) of the failure of the DC oil pump, as the investigation is ongoing.*" (IC-NLH-1, lines 24-25). As yet, Hydro has not completed a written report on the sequence of events from January 11, 2013, but states that this report is underway and is also expected to be available by May 31, 2013.

Based on the findings of the Unit 1 failure root cause analysis to date, Hydro states (IC-NLH-1, p. 3 of 3, lines 20-22) that it has implemented a modified weekly test procedure – one that is enhanced from the test procedure it previously used and which test procedure failed to identify the particular failure experienced within the pump set which made the pump unable to deliver the required oil flow to the bearings.

The Consumer Advocate respectfully would consider it premature at this juncture to advocate a definitive position one way or the other as regards the inclusion of the project into rate base until the investigation into the event is complete and its findings are duly considered.

We trust the foregoing is found to be in order.

Yours very truly,

O'DEA, EARLE

THOMAS JOHNSON

TJ/cel
Encl.

cc: Newfoundland Power Inc.
Mr. Gerard Hayes/Ian F. Kelly, Q.C.

Newfoundland and Labrador Hydro
Mr. Geoffrey Young

Stewart McKelvey
Mr. Paul Coxworthy

Poole Althouse
Mr. Dean Porter