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December 23, 2015

Board of Commissioners
Of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: The Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System (the "Investigation") – Phase One – Final Written Submissions

A. General

In its letter of November 20, 2015 setting December 23, 2015 as the deadline for final written submissions on Phase One of the Investigation.

This letter contains Newfoundland Power's final written submissions.

B. Assessment of The Liberty Consulting Group

It is Newfoundland Power's submission that the assessment performed by the Board's consultant, The Liberty Consulting Group ("Liberty") into the matter was thorough. In addition, the conclusions drawn by Liberty appear generally sound to Newfoundland Power. Accordingly, in the Company's view, the assessment can be confidently relied upon by the Board.

In its December 17, 2014 *Report on Island Interconnected System to Interconnection with Muskrat Falls addressing Newfoundland Power Inc.*, (the "Newfoundland Power Report") Liberty stated:

"Liberty continues to conclude, as we reported in the Interim Report, that the January 2014 outages stemmed from two differing sets of causes: (a) the insufficiency of supply (generation) resources to meet customer demands, and (b) issues with the operation of key transmission system equipment. Liberty found at the time that a continuing and unacceptably high risk of outages from such causes remain for the 2015-2017 winter seasons.

Newfoundland Power Inc.

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Liberty did not find then that Newfoundland Power operations or conditions contributed to the outages. That remains our view after completing the work leading to this report.”

Liberty’s Interim Report found, and Liberty continues to believe, that there exists a continuing and high risk of supply-related emergencies until Muskrat Falls and the Labrador-Island Link come into service”. (see page 3)

In Newfoundland Power’s view, there has been no evidence produced in the Investigation which casts any doubt on these conclusions by Liberty.

In the Newfoundland Power Report, Liberty assessed the Company’s engineered operations, including its response to outages and system emergencies. Liberty reached the following overall conclusion in respect of these matters:

“Newfoundland Power’s planning and design of its system, its asset management practices, its system operation’s, its outage management and emergency practices and its customer communications processes all conform to good utility practices. Liberty has identified additional opportunities to enhance performance in certain areas as described in this report”. (see page ES-1)

The Company provided a full response to the final conclusions and recommendations contained in the Newfoundland Power Report in its correspondence of February 5, 2015.

C. Newfoundland Power Submission

Based upon the evidence disclosed in the Investigation, including the conclusions of Liberty in the reports filed in respect of this matter, the Board is justified in concluding in its final report on Phase One that:

1. the January 2014 outages resulted from insufficiency of generation resources and issues with operation of Newfoundland and Labrador Hydro transmission system equipment;
2. a high risk of supply-related emergencies will continue until Muskrat Falls and the Labrador-Island Link come into service;
3. Newfoundland Power operations or conditions did not contribute or cause the January 2014 outages; and
4. Newfoundland Power’s planning and design of its system, its asset management practices, its system operations, its outage management and emergency practices and its customer communications processes all conform to good utility practices.

Newfoundland Power Inc.

D. Concluding

We trust that the foregoing is helpful to the Board. If you have any questions, please feel free to contact the Company.

Yours very truly,



Peter Alteen, Q.C.
Vice President,
Regulation & Planning

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Thomas Johnson, Q.C.
O'Dea Earle Law Offices

Danny Dumaresque

Paul Coxworthy
Stewart McKelvey Stirling Scales

Roberta Frampton Benefiel
Grand Riverkeeper Labrador, Inc.