

May 2, 2014

Paul L. Coxworthy
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pcoxworthy@stewartmckelvey.com**Via Electronic Mail and Courier**Newfoundland and Labrador Board
of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2**Attention: Ms. G. Cheryl Blundon, Board Secretary**

Dear Ms. Blundon:

**Re: Investigation and Hearing into Supply Issues and Power Outages on the Island
Interconnected System**

We write further to the Intervenor's Submission of the Island Industrial Customers in the above proceeding, and to the Board's correspondence of April 29, 2014, inviting the comments of intervenors on the Liberty Consulting Group Report.

Our comments below reference the recommendations made by the Liberty Consulting Group, as summarized in Appendix A of their Report.

Liberty Recommendations regarding Hydro's Forecasting

With respect to the Liberty recommendations regarding Hydro's forecasting process, which Liberty states should be in place by September 1, 2014 or December 1, 2014 (**Recommendations # 1, 2, 3, 4, 5 and 6**), we would comment that the Board should require Hydro to identify, by a comprehensive plan filed with the Board and made available to the parties, the measures necessary and scheduled steps to be taken to meet those deadlines. The Board should also implement a process for monitoring Hydro's progress towards achieving those goals, perhaps as frequently as on a monthly basis, as is proposed by Liberty in relation to their maintenance program / winter preparation recommendations.

Liberty Recommendations regarding Hydro's maintenance program / winter preparations for December 1, 2014

With respect to the Liberty recommendations regarding Hydro's maintenance program / winter preparations (**Recommendations # 10, 11, 12, and 13**), the Island Industrial Customers request that the monthly updates referred to in recommendation # 13 be made available contemporaneously to the parties.

As well, we would suggest that the action plan referred to in **recommendation # 14(d)** with respect to procuring spares for critical components by November 30, 2014, and the schedules for implementing testing recommendations (**Recommendations # 17, 18, 20, and 21**) should also be made the subject of monthly updates by Hydro, with the aim of assuring maximum implementation of these recommendations by December 1, 2014.

Given the concerns expressed by Liberty with respect to Hydro's difficulties in implementing previous years' maintenance and winter (December 1) preparations (e.g. as expressed at pages 6, 23-24, and 46 of the Liberty Report), the Island Industrial Customers believe that "learning the lessons" of January 2013 and January 2014, and acting upon those lessons, in time for December 1, 2014 implementation, should be a clear priority for Hydro. In the view of the Island Industrial Customers, the recommended enhancements of Hydro's maintenance program / winter preparations is (or ought to be) the most achievable of the Liberty recommendations, and should be as much a "first priority" (if not more so) as securing new generation. It is evident that any new generation (if indeed necessary) will be for naught if Hydro's transmission infrastructure is not appropriately upgraded, maintained and winter-ready.

We would therefore further suggest that the Board set a firm date, in late summer / early Fall, for the Board to closely evaluate the progress Hydro has actually made to that point in implementing **recommendations # 1, 2, 3, 4, 5, 6, 10, 11, 12, 13, 14, 17, 18, 20, and 21**. Such evaluation would ensure that there remains the timely opportunity, well before December 1, 2014, to refocus efforts towards achieving these goals by that critical date, if such refocused efforts are needed.

Liberty Recommendations regarding longer term maintenance and operational practices and planning

Recommendations # 22 - 35 identify a number of measures Hydro should be implementing, as we interpret it in the longer term (which is not to say that progress should not be made towards their implementation as soon as possible). All of these recommendations call for Hydro to have prepared by June 15, 2014, a detailed plan and schedule for their implementation. We suggest that these plans should be filed with the Board, and made available to the parties. We further suggest that Hydro's implementation of these plans should be monitored by requiring Hydro to file with the Board periodic status updates.

Liberty Recommendations regarding Communications with Customers

In our reading, **recommendations # 36 - 46** focus primarily on communications between Hydro and Newfoundland Power, and by them with their respective retail customers. The Liberty Report's emphasis on the need for enhancement of those communications is appropriate. However, given that only one recommendation (# 16) refers expressly to the industrial customers, the Island Industrial Customers believe it is appropriate to reiterate that power disruptions, in particular ones which are unplanned and / or of which industrial customers only receive short notice, are disruptive to their operations, potentially damaging to their equipment, and in any event economically costly to them, their employees, the communities in which they operate and the Province as a whole. The Board has recently upheld Hydro's view that it should be able to limit claims for damages from its industrial customers arising from such disruptions. Surely, if that is to be the case, then there should be all the more the expectation that Hydro will take timely and effective steps to avoid such disruptions, and will provide timely and accurate information to its industrial customers, when (due to truly supervening events) power disruptions are reasonably anticipated to be a possibility.

We trust you will find these comments to be in order.

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Yours truly,

Stewart McKelvey

A handwritten signature in black ink, appearing to read "Paul L. Coxworthy". The signature is fluid and cursive, with the first name "Paul" being more prominent than the last name "Coxworthy".

Paul L. Coxworthy

PLC/mmd

- c. Geoffrey P. Young, Senior Legal Counsel, Newfoundland and Labrador Hydro
- Thomas J. Johnson, Consumer Advocate
- Gerard Hayes, Newfoundland Power
- Dean A. Porter, Poole Althouse
- Ian Kelly, Q.C., Curtis Dawe
- Mr. Danny Dumaresque