

July 7, 2014

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

ATTENTION: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

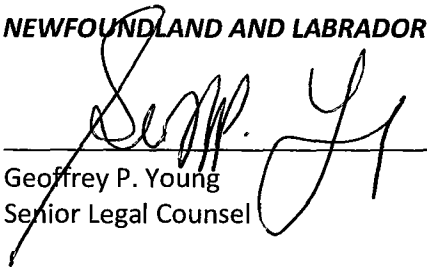
Re: The Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System – Notice of Motion regarding Requests for Information.

Further to Hydro's letter of June 26, 2014, please find Hydro's Notice of Motion to strike Requests for Information filed by Mr. Danny Dumaresque and Grand Riverkeeper Labrador Inc.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Senior Legal Counsel

GPY/cp

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Roberta Frampton Benefiel – Grand Riverkeeper Labrador

Thomas Johnson – Consumer Advocate
Danny Dumaresque

IN THE MATTER OF the Public Utilities Act,
RSNL c.P-47 (the Act); and

IN THE MATTER OF an Investigation
and Hearing by the Board of Commissioners of
Public Utilities for Newfoundland and Labrador
(the Board) into the Supply Issues and Power
Outages on the Island Interconnected System

TO: The Board of Commissioners of Public Utilities (the Board)

**NOTICE OF MOTION of NEWFOUNDLAND AND LABRADOR HYDRO to strike Requests for
Information filed by Mr. Danny Dumaresque and Grand Riverkeeper Labrador Inc.**

1. Newfoundland and Labrador Hydro (Hydro) is a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. Hydro is in receipt of Requests for Information filed by various parties with respect to the current process. Having reviewed the Requests for Information, Hydro believes that a number of the Requests for Information filed by Mr. Danny Dumaresque and by Grand Riverkeeper Labrador Inc. are outside the scope of the Board's current review.
3. In Order No. P.U. 3(2014) the Board stated as follows:

Whereas the Board has considered the list of issues, submissions, written comments and presentations and has determined that it is appropriate and necessary to address how Hydro and Newfoundland Power will ensure adequacy and reliability on the

Island Interconnected system over the short, medium and long-term, which will require analysis of the adequacy and reliability of the system after the commissioning of the Muskrat Falls generating facility and the Labrador Island Link.

4. In Order No. P.U. 15(2014) dealing with the request for Intervenor status made by Grand Riverkeeper Labrador, Inc., the Board also noted as follows:

The Board has determined that it would address adequacy and reliability of the Island Interconnected system following the interconnection with Muskrat Falls. The Board agrees with Newfoundland Power, Hydro and the Consumer Advocate that the issues in the matter should not be extended to the construction, legal, contractual and physical risks of the Muskrat Falls development, as raised by Grand Riverkeeper Labrador, Inc.

5. The Board then went on in that Order to state as follows:

To ensure an efficient and effective proceeding all parties must respect the parameters and scope of the issues which have been established and must restrict the evidence in submissions filed to matters which may be of assistance to the Board in determining these issues. The investigation and hearing cannot be allowed to be complicated by issues and evidence which are not relevant and helpful to the Board in its determination. To that end the Board will be diligent in ensuring that only matters that are relevant are raised and will exercise its discretion, either on its own or in response to motion from a party, to strike out any matters which are irrelevant or may tend to prejudice, embarrass or delay the proceeding upon its merits.

With the Board's Orders in mind, Hydro states the following with respect to certain specific Requests for Information from Mr. Danny Dumaresque and from Grand Riverkeeper Labrador Inc., as Intervenors in this Inquiry.

Mr. Danny Dumaresque

6. Mr. Dumaresque filed Requests for Information numbered DD-NLH-1 through DD-NLH-90 by way of three filings dated March 31, April 4, and April 7, 2014. Requests for Information numbered DD-NLH-1 through DD-NLH-23, DD-NLH-28, DD-NLH-45, DD-NLH-48 and DD-NLH-49 all deal with the issue of fuel oil supply in 2013. Hydro submits that the prior issues of fuel supply are not germane to the continuing issues of reliability under review by the Board in this proceeding. Hydro notes that it has already reported on this matter to the Board as part of its application for cost recovery in this regard, and further that in its Interim Report dated April 24, 2014, the Liberty Consulting Group ("Liberty") determined as follows:

Liberty has not identified a nexus between these fuel issues and the capacity circumstances in early January of 2014. Moreover, the causes of Holyrood Generating Station unavailability described above (Unit 1 breaker, Unit 2 turbine valve, and Unit 3 FD fan motor) are not related to fuel. Accordingly, in the absence of any further evidence, we conclude that the fuel problems of 2013 did not bear on the events of January 2014. (p. 26)

Liberty also noted that:

Hydro developed a new fuel specification to address alumina and silicate content. The vendor has since followed it. It therefore appears that this problem was largely resolved by the start of the winter season in December 2013, and did not contribute to loss of capacity at that time.
(pp. 25/26)

7. Request for Information DD-NLH-42 asked that Hydro provide the contact information of the Insurance Company that covers the Holyrood Generating Plant. Hydro does not believe it is appropriate to provide contact information of a third party service provider to Intervenors. It would be inappropriate for an Intervenor to contact Hydro's Insurance Company directly and it is unclear how the contact information of the Insurance Company that covers the Holyrood Generating Plant relates to matters before the Board with respect to "adequacy and reliability on the Island Interconnected system over the short, medium and long-term".
8. Request for Information DD-NLH-44 asked that Hydro provide results of any insurance claims made concerning the cost of repairing Unit 1 at the Holyrood Generating Plant in 2013. Hydro submits that any insurance claim made by Hydro in respect of the cost of repairing Unit 1 in 2013 is not required for the Board to gain an understanding of the matters it has identified as relevant to the present proceeding.
9. Request for Information DD-NLH-50 is too broad and unfocused and a response would require providing a volume of information that is not required by the Board or the

parties to gain an understanding of the matters before the Board in this Inquiry. In addition, this Request for Information appears to pertain to the planning, design and construction of the Labrador-Island Transmission Link rather than to the reliability issue before the Board.

10. Request for Information DD-NLH-52 pertains to the planning, design, construction and physical risks of the Labrador-Island Transmission Link rather than to the reliability issue before the Board. These are issues that the Board has ruled upon in Order No. P.U. 15(2014) as being outside of the scope of the present Inquiry.
11. Request for Information DD-NLH-54 asked that Hydro provide a copy of the Agreement with the FFAW concerning the no fishing zone in the Strait of Belle Isle ("SOBI"). Hydro submits that the terms of the Agreement with the FFAW concerning a no fishing zone in the SOBI are not relevant to the issues of reliability before the Board in this proceeding.
12. Request for Information DD-NLH-56 pertains to the planning, design, construction and physical risks of the Labrador-Island Transmission Link rather than to the reliability issue before the Board. These are issues that the Board has ruled upon in Order No. P.U. 15(2014) as being outside of the scope of the present Inquiry.
13. Requests for Information DD-NLH-57 and DD-NLH-58 deal with the issue of the North Spur. As the Board noted in its Order No. P.U. 15(2014) noted above: "... the issues in the matter should not be extended to the construction, legal, contractual and physical

risks of the Muskrat Falls development, as raised by Grand Riverkeeper Labrador, Inc.”.

Hydro submits that Requests for Information DD-NLH-57 and DD-NLH-58 clearly deal with physical risks of the Muskrat Falls development, which are outside of the scope of the current proceeding.

14. Request for Information DD-NLH-59 asks Hydro to provide a copy of all insurance policies for the Muskrat Falls Project. Hydro submits that the terms of insurance policies contain commercial compensation terms and do not in any way deal with the reliability of the Hydro system and are outside of the scope of the current proceeding.

15. Request for Information DD-NLH-61, which asks Hydro to explain why Nalcor has accepted Emera as a 35% owner of the LIL transmission line, deals with issues of a commercial and financial nature and not issues referable to the reliability of Hydro’s system. It is clear from the sub-questions in this Request for Information that the issues being raised do not deal with the reliability of the Hydro system and are outside the scope of the current proceeding.

16. Requests for Information DD-NLH-62 and DD-NLH-63 deal with the Water Management Agreement and legal processes affecting water management or power supply from Churchill Falls Power Station. As noted above, the Board in its Order No. P.U. 15(2014) confirmed that issues in this matter should not be extended to legal or contractual risks of the Muskrat Falls development. Hydro submits that the issues that are raised in

Requests for Information DD-NLH-62 and DD-NLH-63 clearly fall within this exception and are therefore outside the scope of the current proceeding. Moreover, the Water Management Agreement was established by this Board by Order No. P.U. 8(2010) after an application and public hearing. Hydro submits that this issue has been addressed by this Board and that further inquiry into this issue in the present matter will cause prejudice to the parties, will delay the proceeding, and is not conducive to efficient regulatory processes.

17. Request for Information DD-NLH-64 asks Hydro to provide a list of all contracts awarded to date for work on the SOBI, the bidders involved and the cost of the successful bid. This question goes to the issue of the value of contracts already awarded and not the question of system reliability, and is outside the scope of the current proceeding.
18. Requests for Information DD-NLH-69, DD-NLH-71 through DD-NLH-73, DD-NLH-75 through DD-NLH-84, and DD-NLH-87 through DD-NLH-90, are all referable to the option of constructing a tunnel for the SOBI crossing. This is not the option being undertaken with respect to the SOBI crossing and Hydro thus submits that these Requests for Information are not relevant to the issue of the reliability of the system post-Muskrat Falls. Hydro submits that the current process should not allow a review of options that have not been chosen to be utilized for the project. Also, Request for Information DD-NLH-90 asks Hydro to explain the internal competence and confidence that can be leveraged for future SOBI or other interconnected projects. Again, Hydro submits that

the issue of leveraging experience for future projects is not relevant to the current review of system reliability.

19. Requests for Information DD-NLH-70, DD-NLH-74, and DD-NLH-86 raise issues pertaining to alleged construction and physical risks and costing of the Muskrat Falls Project. These are issues that the Board has ruled upon in Order No. P.U. 15(2014) as being not relevant to the current review of system reliability and therefore outside of the scope of the present Inquiry.

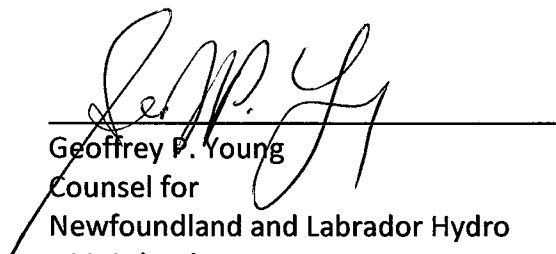
Grand Riverkeeper Labrador Inc.

20. Hydro submits that, contrary to the spirit of Order No. P.U. 15(2014), a majority of the Requests for Information filed by the Grand Riverkeeper Labrador Inc. (“Grand Riverkeeper”) pertain to the costing, construction, legal, contractual and physical risks of the Muskrat Falls development.
21. Requests for Information GRK-NLH-5 through GRK-NLH-7, and in part GRK-NLH-3, pertain to the costs to Hydro under the Muskrat Falls Power Purchase Agreement. Hydro submits that the issue of Hydro’s power purchase costs is outside the scope of the current review of system reliability.

22. Requests for Information GRK-NLH-8 through GRK-NLH-15 and GRK-NLH-27 pertain to the Water Management Agreement between Nalcor Energy and Churchill Falls (Labrador) Corporation Limited. This agreement was established by this Board by Order No. P.U. 8(2010) after an application and public hearing. The issues raised by these Requests for Information comprise forecast data in the absence of the Water Management Agreement. Hydro submits that this issue has been addressed by this Board and that further inquiry into this issue in the present matter will cause prejudice to the parties, will delay the proceeding, and is not conducive to efficient regulatory processes.
23. Requests for Information GRK-NLH-16 through GRK-NLH-26, GRK-NLH-28 and GRK-NLH-29 pertain to the enforceability of the Water Management Agreement established by this Board by Order No. P.U. 8(2010) and raise speculative questions as to the circumstances that might arise were the Water Management Agreement found to be beyond this Board's jurisdiction. Hydro submits that these are not issues that this Board can properly decide upon, they will cause prejudice to the parties, will delay the proceeding, and are not conducive to efficient regulatory processes.
24. Request for Information GRK-NLH-40 raises issues of power purchase costs, which are not required for the Board to gain an understanding of the matters it has identified as relevant to the present proceeding.

25. Requests for Information GRK-NLH-42 through GRK-NLH-50 raise issues pertaining to alleged construction and physical risks of the Muskrat Falls Project. These are issues that the Board has ruled upon in Order No. P.U. 15(2014) as being not relevant to the current review of system reliability and therefore outside of the scope of the present Inquiry.
26. For the reasons stated, Hydro respectfully submits that the Requests for Information noted above are beyond the parameters and scope of the issues which have been established by the Board and the requirement to provide responses to those Requests for Information will act to complicate the hearing and would not be relevant or helpful to the Board in making its final determination. Hydro respectfully requests that the Board so determine.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 7th day of July, 2014.



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