

February 12, 2014

Paul L. Coxworthy
Direct Dial: 709.570.8830
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 Intervenors' Submission of the Island Industrial Customers in the above proceeding, and our participation on their behalf in the pre-hearing conference held on February 5, 2014.

As noted at the pre-hearing conference, we have had the benefit of the opportunity to review the proposed issues lists filed by the Consumer Advocate and Newfoundland Power. All of the issues raised by them merit consideration by the Board.

However, in the view of the Island Industrial Customers, priority should be given, in the current review process initiated by the Board, to identifying those measures that would enhance the security and reliability of Hydro generation and transmission, and which could be reasonably implemented, before the next winter season.

The example of Hydro's November 2013 application, with respect to the "black start" issue at the Holyrood generation plant, is an unfortunate precedent, as it addressed a problem which had been clearly identified in January-February of that year (and indeed had been recognized by Hydro even before that) but in respect of which Hydro did not file an application for approval of its proposed solution until November 22, 2013.

We respectfully submit that reasonable steps should be taken to ensure that appropriate measures, that can be implemented by Hydro in time for next winter, are identified and subjected to due scrutiny by the Board and the parties well before Fall 2014, and are implemented by Hydro before next winter.

While the Island Industrial Customers defer to the Board on the ultimate priority to be placed on the various issues presented by the parties to the Board, we do wish to submit that the Board give consideration to prioritizing the following issues:

- (a) The early filing by Hydro with the Board of Hydro's comprehensive maintenance and repair plan for its Island generation and transmission assets, with special consideration being given to what steps have been taken to ensure that the plan can be executed, with

due scrutiny by the Board and at the least possible cost consistent with reliability of service, before the potential winter peak season. Given the experiences of this past January 2014, we submit that "potential winter peak season" should be given an expansive definition, rather than relying upon historical weather averages.

- (b) Hydro's communication and consultation with its major customers (Newfoundland Power, its industrial customers) about means of mitigating the impact of the possibility of another loss of generation or transmission capacity or functionality in the potential winter peak season, and formulating protocols to address that contingency. In particular, there is a need for a protocol for early communication to customers, once the potential for disruptions in supply is identified.

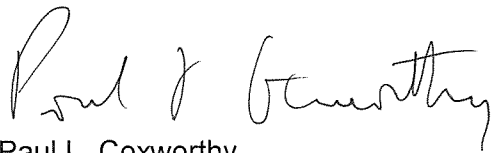
We respectfully submit that the foregoing measures could, and should, be addressed by an expedited process before the Board, to ensure their implementation before next winter.

In saying this, we do not mean to suggest that the Board should not also consider the issues raised by the Consumer Advocate and Newfoundland Power, or that the Island Industrial Customers may not also wish to make submissions on those other issues. However, we would respectfully suggest that the process to arrive at findings, recommendations and solutions in respect of those other issues is unlikely to be concluded in time for those recommendations and solutions to be implemented or fully implemented for the next winter. While we anticipate the Board's overall review process will proceed with due dispatch, we respectfully submit that prioritizing those measures (which may not be limited to those specifically identified above) that can be clearly be made subject to due scrutiny by the Board and the parties, and fully implemented by Hydro before December 2014, is the most reliable path to avoiding or mitigating a repetition next winter of supply disruptions experienced in January 2014.

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

Yours truly,

Stewart McKelvey



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
Thomas O'Reilly, Q.C., Vale Newfoundland and Labrador Limited