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February 26, 2018

The Board of Commissioners of Public Utilities
Ms. G. Cheryl Blunden, Board Secretary
Prince Charles Building
210 - 120 Torbay Road,
St. John's, NL, A1A 2G8

Re: NLH Capital Application (2018) – Labrador Interconnected Group Reply to Hydro's Submissions of February 22, 2018

Dear Ms Blunden,

On behalf of the Labrador Interconnected Group, we intend to make a brief reply to the submissions of Newfoundland and Labrador Hydro ("Hydro") of February 22, 2018 regarding the Revised Information Pursuant to Board Order PU 43 (2017) and the Requests for Intervenor Status of the Labrador Interconnected Group and the Iron Ore Company of Canada ("IOC").

The Labrador Interconnected Group consists of the communities of Labrador City, Wabush, Happy Valley-Goose Bay, and Sheshatshiu, who altogether make up all but one of the communities on the Labrador Interconnected system, and whose interests will be directly impacted by the Board's decision on the Muskrat Falls – Happy Valley Interconnection Project (the "Project").

The Labrador Interconnected Group and IOC are the only Labrador-based ratepayers who have applied for intervention in this proceeding. Unless the Board accepts the Labrador Interconnected Group and IOC as interveners, it will be forced to make a decision with significant impacts that fall almost exclusively on Labrador customers but with no input from Labrador interveners.

The submissions of the Labrador Interconnected Group rely on no new evidence, and are based entirely on the existing record. Hydro is fully able to respond by making reply submissions. As Hydro states in its submissions of February 22, 2018, the proposed interventions of the Labrador Interconnected Group and IOC "raise no new issues for the Board to consider". As such, it is difficult to see how Hydro can be prejudiced by our participation.

Moreover, the Labrador Interconnected Group's submissions touch on one issue only: whether there is sufficient information on the record for the Board to make a decision to approve the Project. This issue was first raised by the Board itself, in PU 43 (2017), at pp12-13. Our submission is that the evidence before the Board remains insufficient to make a decision.

Hydro's submissions of February 22, 2018 cite the previous steps in the 2018 Capital Application calendar, and notes that the Labrador Interconnected Group did not participate in those steps. However, it is unclear how our participation could have made a difference in regards to the only live issue at present: whether Hydro presented sufficiently detailed evidence in response to the Board's decision in PU 43 (2017), which was only rendered on December 22, 2017.

Hydro correctly notes that the costs of the Project are relevant to rate impacts to be addressed at the NL Hydro 2017 General Rate Application ("GRA"). However, if the Board does approve the construction of the Muskrat Falls – Happy Valley Interconnection Project, and the costs for the Project have already been expended, the ability of the Board and the Parties in the GRA to address the rate impact of the project will be severely constrained.

We trust you will find the foregoing satisfactory.

Respectfully,
Olthuis, Kloor, Townshend LLP
PER:



SENWUNG LUK
PARTNER

SL/tw

cc: Gerard Hayes —Newfoundland Power

Geoff Young – NL Hydro

Paul Coxworthy —Stewart McKelvey

Dean Porter —Poole Althouse

Dennis Browne, Q.C. —Browne Fitzgerald Morgan &Avis

Denis J. Fleming —Cox &Palmer

ecc: Benoit Pepin —Rio Tinto