



Hydro Place, 500 Columbus Drive,  
P.O. Box 12400, St. John's, NL  
Canada A1B 4K7  
t. 709.737.1400 f. 709.737.1800  
www.nlh.nl.ca

February 19, 2019

The 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 Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: An Application by Newfoundland and Labrador Hydro pursuant to Subsection 41 (3) of the Act for approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain improvements and additions to its property ("Application")**

The following is Newfoundland and Labrador Hydro's ("Hydro") reply with regard to the above noted Application.

### **1.0 Application Background**

On February 6, 2019, Hydro filed an Application with the Board of Commissioners of Public Utilities (the "Board") to approve an additional amount of \$600,000 to be added to the Allowance for Unforeseen Items Account as a result of an unforeseen capital project for the replacement of a failed diesel generator in the Town of Rigolet.

### **2.0 Procedure**

On February 7, 2019, the Board set a schedule with respect to this Application. Comments from Parties were due on February 15, 2019.

### **3.0 Hydro's Response**

The Consumer Advocate advised on February 12, 2019 that they would not be intervening in this matter. Newfoundland Power advised on February 13, 2019 that they would not be providing comments in relation to this Application. No other correspondence was received.

Hydro submits its use of the Allowance for Unforeseen Items account has been consistent with the policy as set out in the Capital Budget Guidelines and that it is appropriate to maintain a balance in the Allowance for Unforeseen Items account in the amount of \$1,000,000 to enable Hydro to address any unforeseen events that may arise in the remainder of the year. Hydro respectfully requests that the Board approve Hydro's application, as submitted.

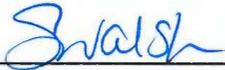
Ms. C. Blundon  
Public Utilities Board

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Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



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Shirley A. Walsh  
Senior Legal Counsel – Regulatory  
SAW/kd

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey  
ecc: Larry Bartlett – Teck Resources Ltd.  
Denis J. Fleming – Cox & Palmer

Dennis Browne, Q.C. – Browne Fitzgerald Morgan & Avis  
Sheryl Nisenbaum – Praxair Canada Inc.  
Dean Porter – Poole Althouse