

January 7, 2013

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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, Director of Corporate Services
and Board Secretary**

Dear Ms. Blundon:

Re: 2013 Hydro Capital Budget Application – Proposed Phase I and Phase II

The Island Industrial Customers have reviewed Hydro's correspondence dated December 23, 2012 and December 28, 2012, in relation to the above matter.

The Island Industrial Customers have the following comments on Hydro's submissions on the procedure for approval of the proposed Phase I projects:

1. The role of the Board with respect to projects which have not been commented on by the Intervenor

It is the view of the Island Industrial Customers that the Board, by virtue of its responsibility under section 41 of the *Public Utilities Act* to approve Hydro's annual capital budget and, in doing so, its responsibility to give effect to the power policy of the Province as contemplated by the *Electrical Power Control Act, 1994*, is statutorily mandated to engage in its own review of all capital projects proposed by Hydro. In the view of the Island Industrial Customers, the Board's responsibility to review the annual capital budget is not limited to those projects on which the Intervenor have commented. Therefore, the Island Industrial Customers cannot agree with the implication of the statement made in Hydro's correspondence dated December 23, 2012 that projects on which the Intervenor have made no comment may be approved by the Board "without further consideration or analysis" by the Board.

2. The Board giving priority consideration to the proposed Phase I projects

Subject to the comments above regarding the Board's role in reviewing the annual capital budget, the Island Industrial Customers have no objection to the Board reviewing the proposed Phase I projects on a priority basis. While the lack of Intervenor comment on a capital project ought not to obviate the Board's own review responsibility, the Board in exercising that responsibility could, as the Board deems appropriate, take into account the lack of Intervenor comment on a capital project as one of the factors to be

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considered in determining the degree of further Board consideration or analysis that may be required in relation to such a project.

We trust this is in order.

Yours truly,

Stewart McKelvey

A handwritten signature in cursive script, appearing to read "Paul L. Coxworthy".

Paul L. Coxworthy

PLC/kmcd

- c. Mr. Geoffrey P. Young, Senior Legal Counsel, Newfoundland and Labrador Hydro
Mr. Thomas J. Johnson, Consumer Advocate
Mr. Gerard Hayes, Newfoundland Power
Mr. Dean A. Porter, Poole Althouse