

March 22, 2013

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: Newfoundland and Labrador Hydro's (Hydro) Application for a Capital Project to Refurbish the Marine Terminal at the Holyrood Thermal Generating Station

The following are Hydro's comments and submissions in response to the points raised by the Consumer Advocate in his submission of March 20, 2013.

The Consumer Advocate's primary concern appears to be that Hydro has not provided a specific standard or industry experience which points to the marine terminal fendering system requirements. The absence of such a standard is not within the control of Hydro or its consultants. Hydro suggests that the "standards" which are being breached in the current state of the Holyrood Marine Terminal are far more basic than any published standards or guidelines. The basic physics involved when fuel laden vessels dock at the jetty has indicated that the current fendering is inadequate. Hydro's internal and consulting professional engineers have expressed their professional opinions. The response to Request for Information CA-NLH-4 clearly shows the professional opinion of Hydro and its consultants. Sound engineering judgment and experience requires two functional fenders on each of the north and south ends of the terminal—presently, none of the fenders can be considered fully functional.

With respect to industry experience, as stated in Section 6.3 of the report submitted with its Application, Hydro knows of no other 40 year old marine terminal that is located in a high energy sea state. The Holyrood jetty is in a high energy sea state as a result of its exposure to the Atlantic Ocean and prevailing onshore winds in the area. Typically, marine terminals are located in a sheltered bay.

Hydro submits that the Consumer Advocate:

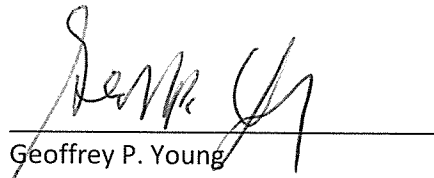
- has submitted no evidence that the fender work Hydro is proposing is in contravention of any standard;
- that the standard which the Consumer Advocate seeks from Hydro as justification does not, to Hydro's knowledge, exist; and
- that the Consumer Advocate has submitted no expert evidence to refute the assertions of Hydro's internal and external professional engineers that the fendering work is a critical requirement.

None of the other parties have submitted arguments that this project should not be approved as proposed by Hydro. Hydro maintains that this project is essential to provide a safe docking environment for vessels that use the marine terminal to offload fuel oil.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

A handwritten signature in black ink, appearing to read 'Geoffrey P. Young', is written over a horizontal line.

Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales

Thomas Johnson – Consumer Advocate
Dean Porter – Poole Althouse