



January 3, 2014

Ms. G. Cheryl Blundon
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 12040
St. John's, NL A1A 5B2

Ladies & Gentlemen:

Re: An Application by Newfoundland and Labrador Hydro for approval of the terms and conditions applicable to the supply of electricity to North Atlantic Refinery Limited (NARL)

The Consumer Advocate wishes to comment on Hydro's Application filed on November 29, 2013, now that Hydro has replied to NARL's requests for information.

At paragraph 20 of its Application, Hydro requests that the Board make an order approving the revision of the contract with NARL to include Clause 9.04, a clause which limits Hydro's liability for direct loss or damage to the physical property of the customer caused by any negligent act or omission of Hydro or its servants to a maximum of \$1,000,000 for any single occurrence.

Not only are all the province's other industrial customers subject to such contract language, but as Hydro states in its application, it is industry standard to include such limitation of liability clauses in Industrial Customer Power Contracts.

Of more immediate concern is the fact identified by Hydro in its application (at paragraph 22) that "*due to lack of coverage, either through insurance or contract, Hydro's risk exposure has increased substantially should another incident occur for which Hydro is found liable.*" (emphasis added)

The Consumer Advocate agrees with Hydro that it is inappropriate for Hydro to bear the risk. Accordingly, the Consumer Advocate respectfully recommends that the Board approve Hydro's application as soon as practicable.

Yours very truly,

O'DEA, EARLE

A handwritten signature in blue ink, appearing to read 'Thomas Johnson', is written over the printed name.

THOMAS JOHNSON
TJ/cel

cc: Newfoundland & Labrador Hydro
P.O. Box 12400
500 Columbus Drive
St. John's, NL A1B 4K7
Attention: Geoffrey P. Young, Senior Legal Counsel

Newfoundland Power
P.O. Box 8910
55 Kenmount Road
St. John's, NL A1B 3P6
Attention: Gerard Hayes, Senior Legal Counsel

Vale Newfoundland and Labrador Limited
c/o Cox & Palmer
Suite 1000, Scotia Centre
235 Water Street
St. John's, NL A1C 1B6
Attention: Thomas J. O'Reilly, Q.C.

Island Industrial Customers
c/o Stewart McKelvey
Cabot Place, 100 New Gower Street
P.O. Box 5038
St. John's, NL A1C 5V3
Attention: Paul Coxworthy

North Atlantic Refinery Limited
c/o Stewart McKelvey
Cabot Place, 100 New Gower Street
P.O. Box 5038
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Attention: Mr. Stephen Penney