

November 10, 2014

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: Application for the construction of a new 230 kV transmission line between Bay d'Espoir and Western Avalon Terminal Stations – Final Submission

On April 30, 2014, Newfoundland and Labrador Hydro (Hydro) submitted a Supplemental Capital Application (the Application) to the Board of Commissioners of Public Utilities (the Board) requesting approval to construct a new 230 kV transmission line between the Bay d'Espoir and Western Avalon Terminal Stations to provide ongoing, reliable electrical service on the Island Interconnected System. As noted in Hydro's application and project report, the line will be approximately 188 km in length with estimated capital costs of \$ 291.7 million and an in-service date of May 1, 2018.

The Muskrat Falls Project will result in a number of changes to the Island Interconnected System following the addition of the HVdc interconnection. A transmission analysis was undertaken to test the robustness of the power system for various electrical fault conditions once the HVdc interconnection is complete. The analysis confirmed that once the Labrador-Island HVdc link is connected to the Island Interconnected System, the existing 230 kV transmission system on the island portion of the province must be enhanced to provide acceptable levels of performance following system disturbances. The analysis also showed that the new transmission line would be necessary for both the isolated island system scenario and the island-Labrador interconnection scenario. In the analysis, Hydro examined several possible alternatives and determined that only the construction of a new 230kV transmission line between Bay d'Espoir and the Western Avalon Terminal Stations will ensure that the transmission planning criteria are met following completion of the HVdc interconnection.

On October 31, 2014, Newfoundland Power (NP) commented on Hydro's Application and submitted that the Board should approve the Application. NP commented the evidence shows that the ability of the Island Interconnected bulk transmission system to distribute energy east of Bay d'Espoir is constrained by existing transmission capacity between Hydro's Bay d'Espoir and Western Avalon

terminal stations. NP also commented that transient stability issues will be an issue following the planned interconnection of Muskrat Falls under a number of fault scenarios. NP noted the proposed 230 kV transmission line between Bay d'Espoir and Western Avalon appears to be the least cost alternative.

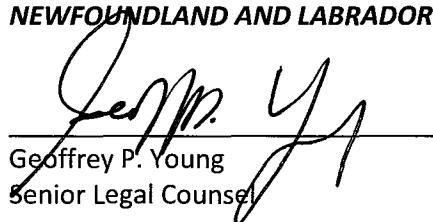
On November 5, 2014, the Consumer Advocate indicated that he recommends the Board approve the construction of the proposed 230 kV transmission line because the need for the project has been clearly established, the project is the preferred alternative to meet system need, and the project will ensure stability following system disturbances.

Based on the foregoing, Hydro submits that the Board approve the construction of the 230 kV transmission line from Bay d'Espoir to the Western Avalon Terminal Stations.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Scott Parsons – Anemos Energy Corporation

Thomas Johnson – Consumer Advocate
Thomas O'Reilly, QC – Cox & Palmer
Danny Dumaresque