



January 11, 2016

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon, Director of Corporate Services and Board Secretary

Ladies and Gentlemen:

Re: The Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System (the "Investigation") – Phase One – Final Written Submission

This letter contains the Consumer Advocate's final written submission on Phase One of the Investigation. These submissions are in addition to the Consumer Advocate's submissions of April 27, 2015.

This letter coincidentally comes in the immediate wake of a Power Watch which spanned from Wednesday, January 6th to the morning of Saturday, January 9th, brought on as a consequence of Holyrood's Unit 2 being taken offline for repairs. On January 8th Hydro's Website update stated:

January 8, 2016 – Newfoundland and Labrador (Hydro) is advising customers on the island that the generating unit at the Holyrood Thermal Generating Station, which was taken offline on January 6, 2016 is now undergoing repair and is expected to be back online and fully available by next week. Hydro confirms that, based on the current electricity load forecast, it can meet customer requirements for the period.

Hydro issued a Power Watch for the Avalon Peninsula on Wednesday, January 6 due to the colder temperatures leading to high electricity demand. The Power Watch remains in effect for the evening and is expected to end following the system peak tonight and will be lifted for tomorrow morning.

This recent Power Watch re-confirms Liberty's statement in its Final Report of December 17, 2014:

Our Interim Report found, and we continue to believe, that there exists a continuing and high risk of supply-related emergencies until Muskrat Falls and the Labrador-Island Link come into service.

The Board has imposed reporting obligations on Hydro pertaining to load forecasting accuracy (Board letter of 14 August, 2015), and winter readiness (Board letter of 8 October, 2015). Hydro has also committed to filing an annual report with the Board on generation adequacy. The Consumer Advocate would reiterate that Hydro should remain subject to these requirements until such time as the risk of outages on the Island Interconnected system is not a concern.

Likewise, there is a continued need for Board monitoring of Hydro's preventative maintenance performance. In its Interim Report, the Board stated (p. 26) that it was satisfied that Hydro's asset management decisions contributed to the nature, extent and duration of the outages and the Board stated that it had *"particular concerns in relation to the deferral of preventative maintenance and testing, especially given that at least two of the equipment failures in January 2014 are associated with deferred maintenance and testing."*

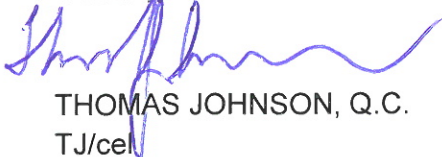
Hydro's Reply Evidence in the Prudence Review of August 7, 2015 (p. 4) stated that Hydro's current preventative maintenance backlog was *"being closely monitored and Hydro's program is on track to fully catch up on the maintenance work that is outside our general maintenance cycle by the end of 2015."* Hydro also stated in its Reply *"The regular backlog will continue to be closely monitored going forward and adjustments to work and resources made where warranted to ensure reliable and cost effective service to Hydro's customers."*

The Board in its Interim Report (p. 56) stated that its final report will set out any additional actions that will be required of the utilities to address any concerns or issues identified. Hydro has identified its regular back log as requiring close monitoring within Hydro. It would be appropriate in the Consumer Advocate's submission for the Board to continue to monitor Hydro's performance in this important area.

We trust the foregoing is found to be in order.

Yours very truly,

O'DEA, EARLE



THOMAS JOHNSON, Q.C.

TJ/cel

Encl.



cc: Newfoundland and Labrador Hydro
Attention: Mr. Geoffrey Young

Newfoundland Power
Attention: Gerard Hayes

Island Industrial Customers
Attention: Paul Coxworthy

Grand Riverkeeper Labrador Inc.
Attention: Ms. Roberta Frampton Benefiel

Mr. Danny Dumaresque