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February 16, 2017

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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: Supply Issues and Power Outages Investigation and Hearing - Phase Two - 2017
Process and GRK Motion dated February 2, 2017**

We are writing in response to the Board's correspondence dated February 6, 2017, requesting comments on the Grand River Keeper (GRK) motion, dated February 2, 2017, seeking to rescind or amend Order No. P.U. 2(2017).

The Island Industrial Customers Group have refrained from commenting on the merits of the GRK's submissions in support of the admission into evidence of the GRK expert reports which are the subject of the GRK motion. We continue to be of the view that this is a matter that can be sufficiently addressed by the Board based on the submissions of GRK and any response by Hydro. We have noted that Newfoundland Power and the Consumer Advocate have made no, or in the case of the Consumer Advocate what we understand to be neutral, comment on the merits of the GRK motion.

However, the Island Industrial Customers Group are concerned about the potential impact of the GRK motion, and a potentially ensuing appeal, on the overall Phase 2 Review process.

We note that the Board, in its correspondence dated January 31, 2017, stated, *inter alia*, the following:

The Board has reviewed the information filed to date and believes that, in the circumstances, it is necessary to address the issue of whether continued risks to the adequacy and reliability of supply on the Island Interconnected system prior to interconnection with Muskrat Falls requires further work at this time. The Board is also of the view that this issue must be addressed on an urgent basis to ensure that the opportunity to take appropriate steps, if necessary, is not lost. Given the urgency the Board plans to address the following question on a priority basis with a view to reaching a conclusion this spring:

Are immediate steps necessary to reduce the risks to the adequate and reliable supply on the Island Interconnected system, as currently configured?

This will involve the consideration of the existing circumstances, including the information filed by Hydro in relation to its supply risk analysis and recent actions taken, but will not address the supply alternatives that may be available should further actions be required. Should the Board determine that further actions are required, Hydro will be immediately directed to provide further information in relation to alternatives and recommended actions.

We also note that the GRK, in its February 2, 2017 motion, stated the following:

GRK is cognizant of the pressing issues before the Board with respect to IIS reliability prior to interconnection, and has no desire to complicate this proceeding. However, the issues that motivated GRK's request to intervene and that were deemed relevant by the Board when it allowed GRK to intervene will eventually have to be addressed, and the Board will then need to rely on relevant and credible evidence, such as the reports the Order wrongfully excluded.
[underlining added]

The Board identified, in its January 31, 2017 correspondence, that a pre-interconnection focused review of the IIS, as currently configured, was needed on an urgent basis, to identify whether Hydro should be directed to provide further information in relation to alternatives and recommended actions. We respectfully submit that given the identified urgency of completing a pre-interconnection focused review of the IIS (with the intent, we understand, for that review to be completed in the spring of this year), it is advisable to consider whether the GRK motion could complicate (with the resultant delay) that focused review, and if so, what reasonable steps can be taken to avoid or mitigate such delay. We acknowledge that the next step in the pre-interconnection focused review of the IIS is the delivery of the Liberty Group report, anticipated for next week. We respectfully suggest that it may be helpful to convene a meeting of legal counsel for the Board and parties, following delivery of the Liberty Group report, to consider whether there is consensus on how to proceed with the focused review.

We trust this is in order.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/kmcd

- c. Tracey L. Pennell, Senior Counsel, Newfoundland and Labrador Hydro
- Gerard Hayes, Newfoundland Power
- Dennis M. Browne Q.C., Consumer Advocate
- Larry Bartlett, Teck Resources Limited
- Dean Porter, Poole Althouse
- Danny Dumaresque
- Roberta Frampton Benefiel, Grand Riverkeeping Labrador Inc.