

April 6, 2018

Via Email & Courier

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: 2017 General Rate Application – Response to RFIs – Cost of Service – Additional Information in Compliance with Board Order No. P.U. 2(2018) – Confidential RFIs

Hydro is enclosing to the Board RFIs PUB-NLH-149 and CA-NLH-254, which contain confidential information. These confidential attachments are not being provided to the public or to Intervenor at this time pursuant to the Rules of Procedure set by the Board under procedural Order No. P.U. 30(2017) Amended. The remainder of the RFIs will be filed today under separate cover.

Hydro will ask the Intervenor's counsel, and any Intervenor's consultants who wish to receive the confidential documents, to execute the enclosed confidentiality Undertaking document. Upon the receipt of completed and executed signing page of the Undertaking document (i.e. the front page of the undertakings), the delivery of which to Hydro which may be effected by electronically transmitting it as a pdf document to the undersigned, Hydro will release the confidential attachments to those signatories.

The confidential nature of these documents arises from questions concerning energy purchases accessed over the Maritime Link. It is necessary to withhold this commercially sensitive trading information from public distribution to protect the interests of Hydro's customers. Such information could be in the form of contracts and/or actual or projected trading experience and strategies.

To explain, while the financially cleared ("spot") markets in Ontario, New York and New England provide an element of price discovery (i.e. an indication of what bulk traded electricity is worth at particular times), this is but one element of the overall value of these transactions. The strategies and experiences of trading companies that combine spot market activity and bilateral trade activity are necessarily held confidential in the highly competitive energy marketplace to protect the respective commercial interests of the trading companies. Disclosure of such

information would provide competitors with information that could prejudice Hydro's ability, through its marketing affiliate Nalcor Energy Marketing (NEM), to procure the most cost effective energy. For example, if information related to what NEM was willing to pay for energy under a bilateral deal with one company was made public (a "deal" could have a duration as short as an hour and could be negotiated as little as 45 minutes before the hour of flow), then it would impair NEM's ability to negotiate a better price with other competitors.

Maintaining competition amongst energy suppliers is essential in order to achieve greatest value for the purchaser, and thereby, lowest energy costs for Hydro's customers. Disclosure of trading strategies and experiences would have the opposite effect by removing competitive pricing, thereby increasing ratepayer costs. An additional factor in this analysis is the fact that NEM has entered into non-disclosure agreements with the counter parties to these sales.

We thank the Board and Intervenors for their understanding and cooperation in this matter. If you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Corporate Secretary & General Counsel

GPY/bds

cc: Gerard Hayes - Newfoundland Power
Paul Coxworthy - Stewart McKelvey
Denis J. Fleming - Cox & Palmer
ecc: Van Alexopoulos - Iron Ore Company
Senwung Luk - Olthius Kler Townshend LLP

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