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November 25, 2022

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: Long-Term Supply for Southern Labrador – Phase 1 – Update

In consideration of Newfoundland and Labrador Hydro's ("Hydro") application for approval of the construction of Phase 1 of Hydro's long-term supply plan for southern Labrador ("Southern Labrador Application"),¹ Hydro provides this correspondence to update the Board of Commissioners of Public Utilities ("Board") on the expected timelines for completion of the additional review and analysis by the independent expert as requested by the Board.

On April 7, 2022, the Board provided correspondence to Hydro with respect to Hydro's Southern Labrador Application. In its correspondence, the Board requested that Hydro provide additional information and analysis to supplement the information on the record and that Hydro should engage an independent expert to assist in the analysis of the options and approach for the provision of service in southern Labrador.²

Following further correspondence with the Board,³ as well as a meeting with Board Staff on June 22, 2022 to discuss the information gaps and intended scope of work for an expert, Hydro developed a Request for Proposal ("RFP") package and initiated the RFP process to retain an external expert to provide independent review of Hydro's Southern Labrador Application proposal and address the identified information gaps. Once the RFP process was completed the contract was awarded, on October 4, 2022, to Midgard Consulting Inc. ("Midgard"). Hydro has begun discussions with Midgard to complete the required scope of work. Hydro is expecting to receive Midgard's report, including appropriate assessment of the application of renewable fuels in Southern Labrador,⁴ in the first quarter

¹ "Long-Term Supply for Southern Labrador – Phase 1," Newfoundland and Labrador Hydro, July 16, 2021.

² "Newfoundland and Labrador Hydro - 2021 Capital Budget Supplemental Application Approval of the Construction of Phase 1 of Hydro's Long-term Supply Plan for Southern Labrador - To NLH - Further Information Required Before Schedule is Resumed," Board of Commissioners of Public Utilities, April 7, 2022.

³ "Newfoundland and Labrador Hydro - 2021 Capital Budget Supplemental Application Approval of the Construction of Phase 1 of Hydro's Long-term Supply Plan for Southern Labrador – Response to Hydro's Letter dated April 26, 2022," Board of Commissioners of Public Utilities, May 16, 2022.

⁴ In "Long-Term Supply for Southern Labrador – Phase 1 – Supplemental Information," Newfoundland and Labrador Hydro, March 17, 2022, Hydro committed to submit a report to the Board with its findings related to understanding the cost and operational considerations associated with biofuel applications by end of 2022. At that time of that commitment, Hydro had not contemplated engaging an independent expert on its proposal; however, this assessment is now included in the scope of work awarded to Midgard and will be part of their final report to Hydro.

of 2023. Following Hydro's receipt and review of Midgards's final report, Hydro will provide the report to the Board. At that time, Hydro will be able to provide further comment on the implications for the timeline of the proposed long-term solution for the region.

In the interim, in order to meet peak demand and support the provision of reliable service for the residents of Charlottetown and Pinsent's Arm, Hydro submitted a supplemental application to the Board on approval of capital expenditures necessary to address supply in Charlottetown and Pinsent's Arm, Labrador, which was subsequently approved by the Board in Order No. P.U. 32(2022).⁵ Hydro continues to meet regularly with the impacted municipalities.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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⁵ *Public Utilities Act*, RSNL 1990, c-P47, Board Order No. P.U. 32(2022), Board of Commissioners of Public Utilities, November 7, 2022.