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October 4, 2023

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

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Application for Approval of Capital Expenditures for the Purchase of a Spare Generator Step-Up Transformer – Hydro's Reply

On September 21, 2023, Newfoundland and Labrador Hydro ("Hydro") filed an application with the Board of Commissioners of Public Utilities ("Board") requesting approval of capital expenditures of approximately \$7,466,900 for the purchase of a spare generator step-up ("GSU") transformer that can be utilized at any of the Holyrood Thermal Generating Station ("Holyrood TGS"), the Bay d'Espoir Hydroelectric Generating Facility ("Bay d'Espoir Facility"), the Upper Salmon Hydroelectric Generating Station ("Upper Salmon Station"), and the Granite Canal Hydroelectric Generating Station ("Granite Canal Station").

Party Comments

In comments filed on September 29, 2023, the Consumer Advocate indicated his acceptance of the need for obtaining a spare GSU transformer. Newfoundland Power Inc. ("Newfoundland Power") advised they do not object to the application, and submits that Hydro procure a spare GSU transformer as expeditiously as possible. Newfoundland Power also suggested that Hydro assess the implications of a further GSU transformer failure in its upcoming Near-Term Reliability Report. No comments were received from any other parties.

Hydro intends to take all necessary steps to obtain the spare GSU transformer as soon as possible; the removal of the project from Hydro's 2024 Capital Budget Application to allow for a more expedient supplemental capital application was the first step. Hydro will include the loss of a transformer at the Holyrood TGS as a sensitivity in the Near-Term Reliability Report.

In light of the foregoing, Hydro respectfully requests that the Board approve Hydro's application for the purchase of a spare GSU transformer, specifically one that can be utilized at any of the Holyrood TGS, the Bay d'Espoir Facility, the Upper Salmon Station, and the Granite Canal Station, as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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