

November 20, 2014

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: Application of Newfoundland and Labrador Hydro for Approval of Agreement with Corner Brook Pulp and Paper Limited for Capacity Assistance – Submission**

On October 28, 2014, Newfoundland and Labrador Hydro (Hydro) submitted an application (the Application) to the Board of Commissioners of Public Utilities (the Board) for approval of an executed agreement for winter capacity assistance (the Capacity Assistance Agreement) between Hydro and Corner Brook Pulp and Paper (CBPP).

The Capacity Assistance Agreement provides Hydro with the ability to access up to 60 MW of capacity assistance in 20 MW increments from CBPP. Hydro submits that the Capacity Assistance Agreement with CBPP provides Hydro with increased flexibility, on a cost effective basis, for Hydro to deal with unanticipated generation or load events that may occur throughout the winter seasons and maintain system integrity. Hydro has reviewed the submissions of the Intervenors to this Application and notes that the Intervenors are generally supportive of the Capacity Assistance Agreement and have not taken issue with the implementation of this Agreement.

In relation to the submissions from Newfoundland Power and the Consumer Advocate regarding the recovery of the costs associated with the Capacity Assistance Agreement, Hydro does not object to cost recovery being deferred for consideration as part of Hydro's 2013 General Rate Application, which is currently before the Board.

Please contact the undersigned should you have any questions.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
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Tracey L. Pennell

Legal Counsel

TLP/jc

cc: Gerard Hayes – Newfoundland Power Thomas Johnson – Consumer Advocate  
Paul Coxworthy – Stewart McKelvey Stirling Scales Thomas O'Reilly, QC – Cox & Palmer  
ecc: Sheryl Nisenbaum – Praxair Canada Inc. Roberta Frampton Benefiel – Grand Riverkeeper Labrador Danny Dumaresque