

October 17, 2024

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 Additions for Load Growth – Rigolet Unit 2065 Replacement and Fuel Storage Upgrades – Hydro's Reply**

On August 9, 2024, Newfoundland and Labrador Hydro ("Hydro") filed an application with the Board of Commissioners of Public Utilities ("Board") requesting approval of capital expenditures for the replacement of Rigolet Unit 2065 and fuel storage upgrades.

Newfoundland Power Inc. ("Newfoundland Power") filed comments regarding the application on October 11, 2024, noting that the cost of providing electricity to isolated Labrador communities is significantly higher than the revenue collected from those customers and that the additional revenue is largely funded by Newfoundland Power customers through Hydro's Rural Deficit. Newfoundland Power referenced Hydro's responses to Requests for Information PUB-NLH-019 and PUB-NLH-020 of this proceeding, which detail policies in other Canadian jurisdictions to manage the cost of providing service in isolated communities, and Hydro's continuing work to refine existing and develop new Conservation and Demand Management ("CDM") programming to promote non-electric heating alternatives in its isolated systems. Newfoundland Power submitted that Hydro should continue to prioritize efforts to minimize costs on isolated systems by prioritizing its efforts to develop new CDM programming and evaluating the appropriateness of policies used in other jurisdictions to minimize the inefficient use of electricity. Newfoundland Power also submitted that Hydro should endeavor to identify new loads on isolated systems as early as possible to ensure the cost to supply the load is minimized.

**Hydro's Response**

Hydro, as was recognized by Newfoundland Power in its submission, has a legislated obligation to provide reliable electricity service to its customers, including those in Rigolet and other isolated communities. As noted in Hydro's response to PUB-NLH-020 of this proceeding, Hydro is in the process of refining existing CDM programming and developing new programs to promote non-electric heating alternatives in isolated systems. Additionally, as noted in the same response, Hydro engages with municipalities, Indigenous governments or organizations, and community organizations on service requirements, and where anticipated substantial future load growth is identified, Hydro will collaborate with those organizations to establish load growth working groups, like the load growth working group with Nunatsiavut Government related to this project. Hydro has had substantive discussions with this particular customer regarding general energy efficiency and alternative heating opportunities for Nunatsiavut Government facilities and is continuously considering alternatives to ensure that customers are provided safe, reliable service that is the least cost. Hydro continually works to identify policies or programs that could assist in achieving that; if feasible alternatives were identified, Hydro would work

with customers, the Board, and any other necessary entity to determine if those policies or programs could be implemented for Hydro's customers.

The purchase and installation of the 545 kW unit at this time allows for increased capacity to be achieved for significantly less cost than if Hydro were to proceed with a unit that strictly met the present needs and left any future increased capacity to be met separately. The proposed replacement of Rigolet Unit 2065 and fuel storage upgrades are necessary to allow Hydro to meet the growing load in the community and ensure that Hydro can connect new services in a timely and cost-effective manner. Hydro notes that Newfoundland Power did not object to the project, and there were no other comments filed regarding the application. Hydro respectfully requests that the Board approve Hydro's application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



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ecc:

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**Newfoundland Power Inc.**

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