

June 26, 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: **The Board's letter of June 16, 2014 concerning *Supply Issues and Power Outages Investigation and Hearing – Daily Supply and Demand Status Reports***

This is in response to the subject letter and the inaccuracies in reporting the statuses of Hydro's Hardwoods and Stephenville gas turbines during the period of June 7-15, 2014. Please be assured that Hydro also recognises that the accuracy of the *Daily Supply and Demand Status Reports* is critical to the Board for monitoring the Island electrical generation system.

Hydro carried out an internal investigation into this matter to determine why the statuses of these gas turbines were incorrectly reported and has determined that a gap exists in the process for internally reporting updated statuses for generation outages, capacity de-ratings, and return to service dates. The *Daily Supply and Demand Status Reports* are completed by the System Operations department using the Energy Control Centre's (ECC) daily log as a reference tool for generation statuses. In this particular case however, the daily log did not accurately reflect the gas turbine generation statuses for the given dates. Hydro believes that that the inaccurate information initially resulted from miscommunication between the ECC and field staff. The information was not corrected on subsequent days because reporting of gas turbine generation status with Hydro's ECC did not occur on a routine daily basis.

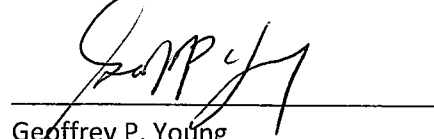
To address this, Hydro will implement a procedure whereby all the Generation areas of Hydro will submit a daily generation status report. This will be similar to the daily outage reporting that Hydro currently has in place for its Regional areas. This procedure will provide more rigour to the previous practice of reporting on an exceptional basis and will ensure a consistent and reliable communication of information. We are confident that this process improvement will improve the accuracy of reporting in the future.

Ms. C. Blundon
Public Utilities Board

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Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

A handwritten signature in black ink, appearing to read 'GPY', is written over a horizontal line.

Geoffrey P. Young
Senior Legal Counsel

GPY/cp

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Roberta Frampton Benefiel – Grand Riverkeeper Labrador

Thomas Johnson – Consumer Advocate
Danny Dumaresque