

January 16, 2015

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

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

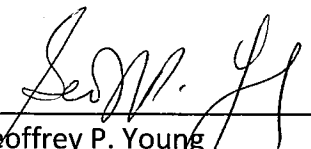
Re: Newfoundland and Labrador Hydro - the Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System - Request for Generation Availability Additional Reporting

Please find attached Hydro's monthly update regarding the status of capital projects as requested by the Board in its letter of August 13, 2014.

We trust the foregoing is satisfactory. If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Sheryl Nisenbaum – Praxair Canada Inc.
ecc: Roberta Frampton Benefiel – Grand Riverkeeper Labrador

Thomas Johnson – Consumer Advocate
Thomas O' Reilly – Cox & Palmer
Danny Dumaresque

Hydro 2014 Capital Program Status

(1) Generation; and (2) Transmission & Rural Operations

January 16, 2015 (Year End 2014)

Boundless Energy



Hydro 2014 Capital Program Completions Forecast*

Project Portfolio	Number of Projects in 2014	Number of Projects with Planned Completion in 2014	Number of Projects Forecast for Substantial Completion in 2014
Generation	44	36	28
Transmission & Rural Operations	31	18	15
TOTAL	75	54	43

* Excludes supplemental projects, non PETS managed projects and General Properties projects; includes projects carried into 2014.

Projects with Substantial Completion Delayed to 2015 (previously reported)

- Happy Valley Upgrade Gas Turbine Control & Monitoring System
 - Considering the risk profile with respect to winter generation availability, it was prudent to defer installation to the spring; factory acceptance and delivery to site of the new equipment was completed in 2014
- Holyrood Upgrade Vibration Monitoring
 - A change to the planned outage schedule resulted in upgrades on one of the three units being re-planned for 2015
- Holyrood Install Variable Speed Drives on 6 Forced Draft Fans
 - Technical issues during commissioning of the first fans delayed completion of the remaining units; the remaining work is re-planned for 2015
- Various Diesel Plants - Additions for Load Growth
 - Project schedule risk review led to non-critical scope being delayed to 2015 to meet the critical objectives in 2014

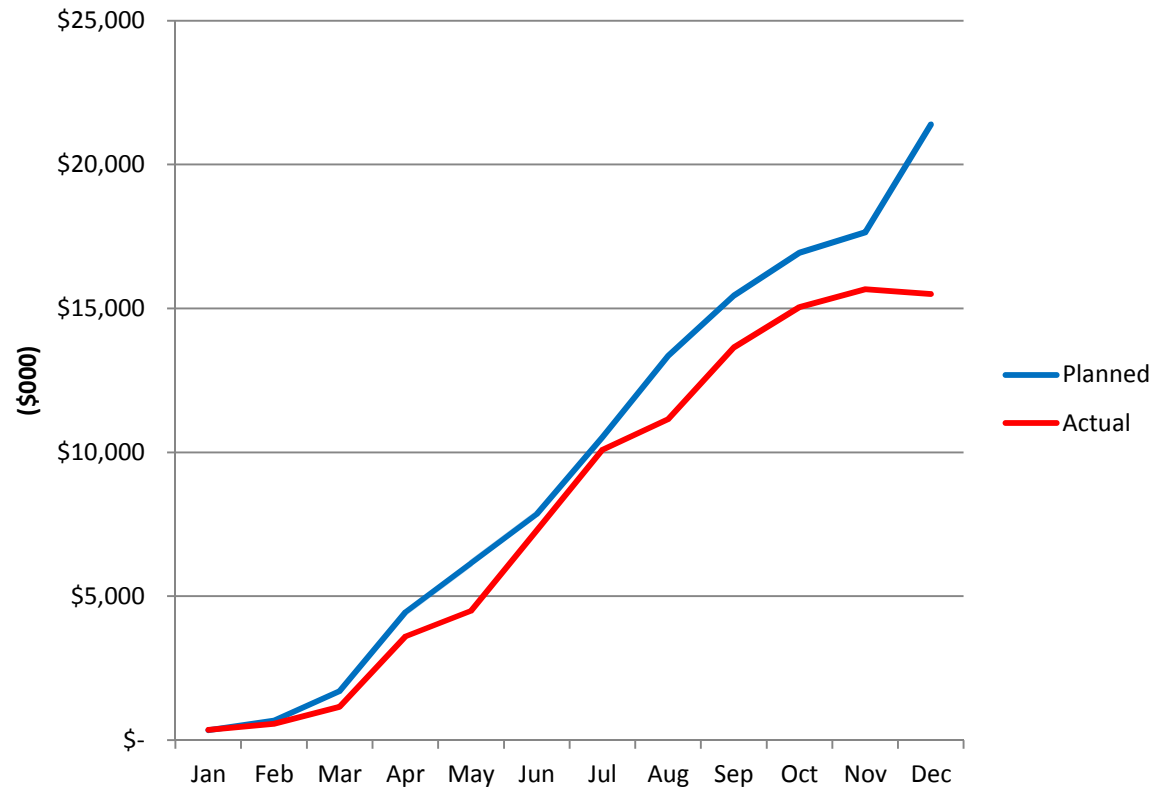
Projects with Substantial Completion Delayed to 2015 (previously reported)

- Holyrood Replace DC Distribution Panels and Breakers
 - Safe work protection could not be established during the planned outage in 2014; the new equipment has been procured and will be installed during the planned outage in 2015
- Upgrade Victoria Control Structure
 - A portion of the construction has been rescheduled for the spring/summer of 2015, to allow higher priority work at Burnt Dam Spillway to be completed prior to winter
- Bay d'Espoir Upgrade Spherical Valve Bypass Valves
 - A portion of the work is constructed and in service; the remaining scope was rescheduled for unit outages in 2015; the delay was a result of late material delivery caused by supplier error (incorrect motors for the valves); there was no impact on winter readiness

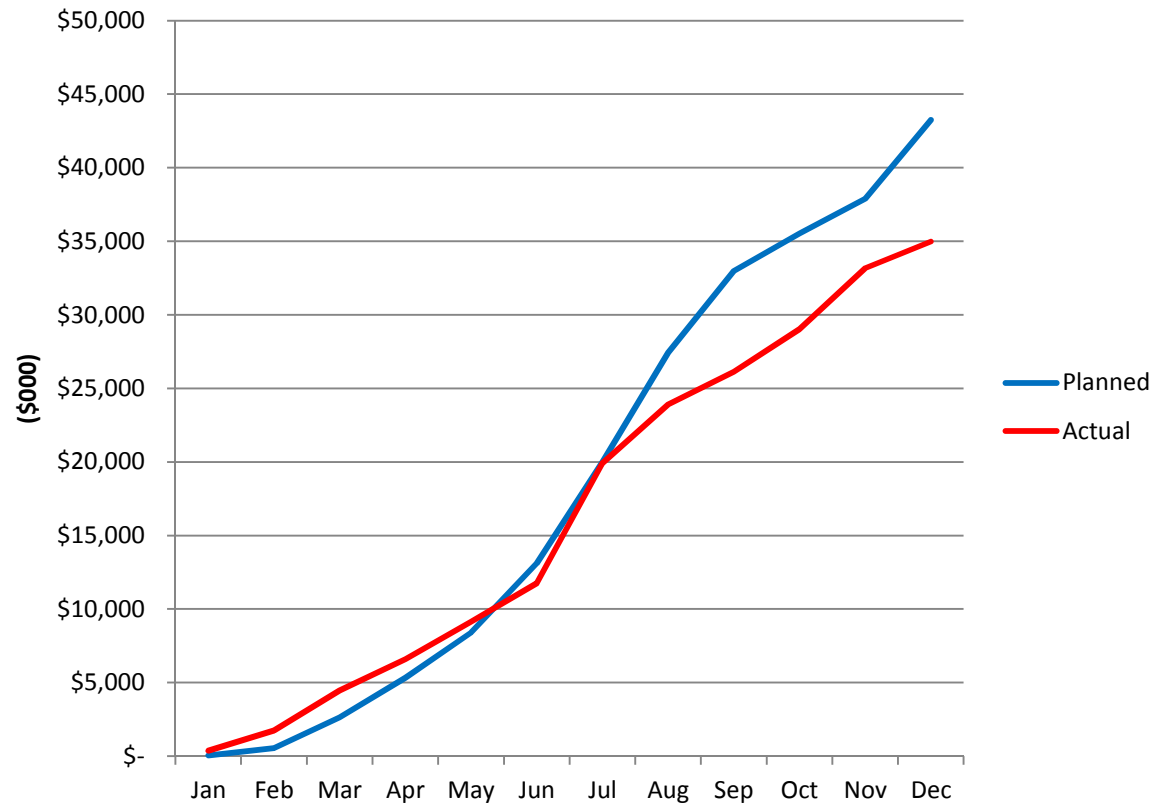
Projects with Substantial Completion Delayed to 2015 (newly reported)

- Holyrood Upgrade Plant Elevators
 - The work was completed for one elevator and partially completed for the second elevator in 2014; work carried into 2015 as a result of necessary asbestos abatement that was not identified in the project plan; both elevators are expected to be in service in January 2015
- Upgrade Burnt Dam Spillway
 - Construction started but could not be completed in 2014 due to unanticipated site conditions; remaining work is re-scheduled for the outage season in 2015
- Postville Construct Storage Facility
 - The siding materials were determined to be damaged beyond repair during delivery to site; new siding was unable to be supplied prior to the last ferry service to Postville in 2014; remaining work is re-planned for the spring of 2015
- Replace Insulators, Various Terminal Stations
 - Approximately 75% of the new insulators were installed in 2014; the remaining installation work has been re-planned for 2015, due to reprioritization of internal resources in 2014

Planned vs. Actual Capital Expenditures Generation Projects with Planned Completion in 2014



Planned vs. Actual Capital Expenditures Transmission and Rural Operations Projects with Planned Completion in 2014



Explanatory Notes

- Detailed variance explanations will be provided in the annual Capital Expenditures Report, per the Capital Budget Application Guidelines, to be filed by March 1, 2015
- The adjusted project completion rate for all Hydro capital projects managed by PETS group is 89%