

October 16, 2014

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:

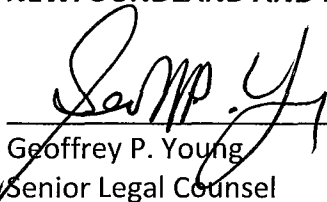
**Re: Newfoundland and Labrador Hydro - the Board's Investigation and Hearing into
Supply Issues and Power Outages on the Island Interconnected System - Request
for Generation Availability Additional Reporting**

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

October 16, 2014

Boundless Energy



Hydro 2014 Capital Program Completions Forecast*

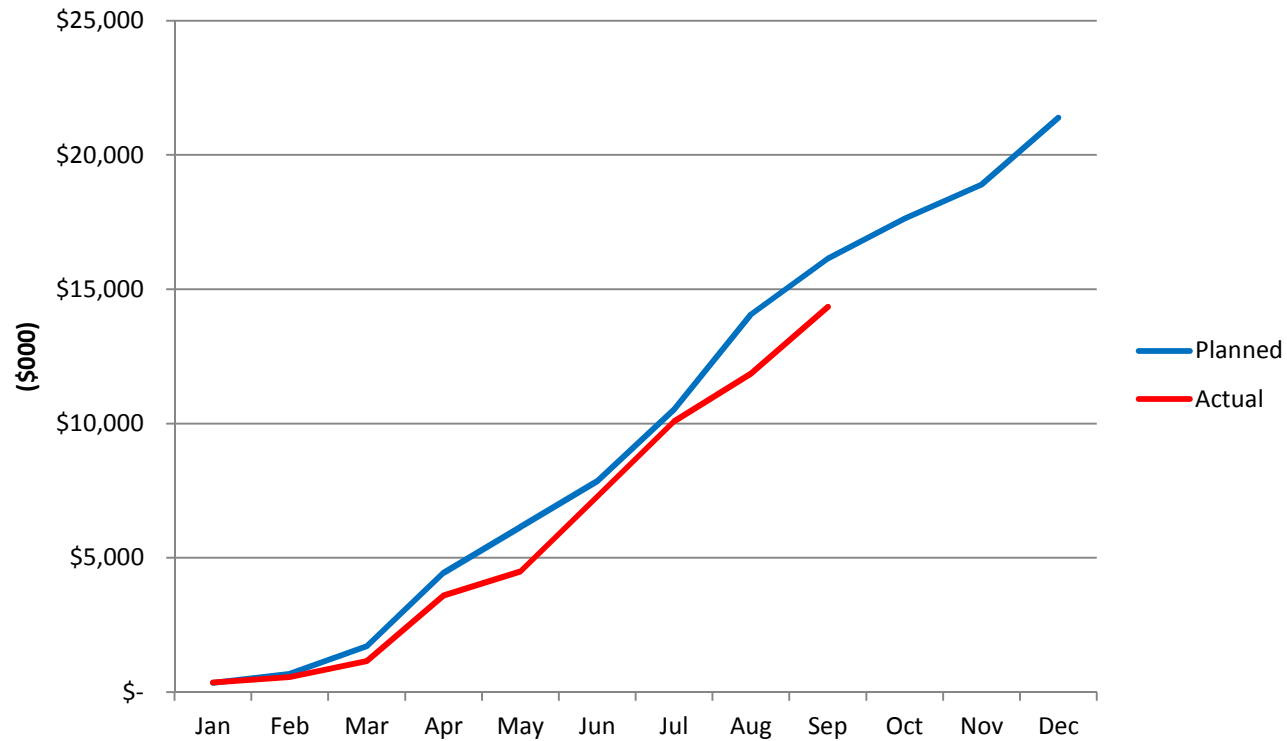
Project Portfolio	Number of Projects in 2014	Number of Projects with Planned Completion in 2014	Number of Projects Forecast for Substantial Completion in 2014
Generation	44	36	33
Transmission & Rural Operations	31	18	17
TOTAL	75	54	50

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

Projects with Substantial Completion Delayed to 2015

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

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

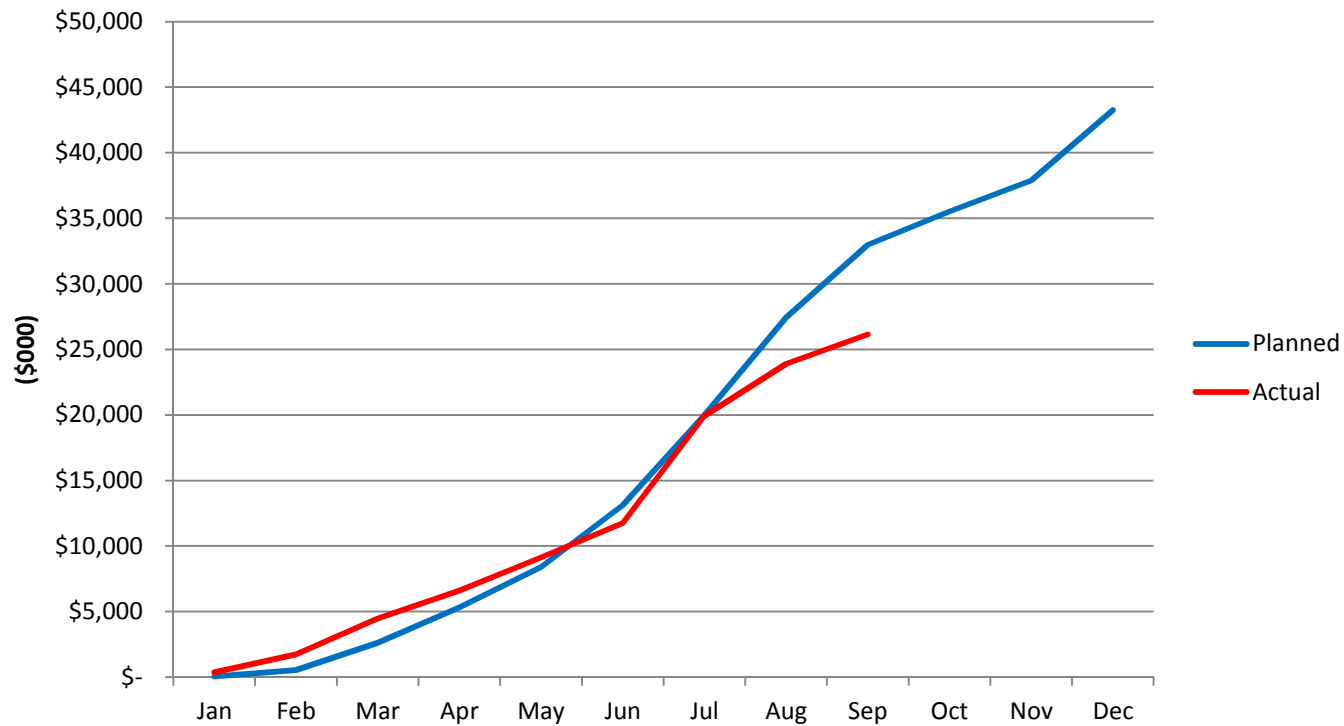


Explanatory Notes

Generation Projects

- Actual expenditures are 89% of planned expenditures, tracking within our planned tolerance
- Main drivers of the variance:
 - Approximately \$1.5 M planned expenditures for Q3 will be expended in Q4
 - 4 projects are collectively forecast to be completed better than budget by approximately \$1.0 M

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



Explanatory Notes

Transmission and Rural Operations Projects

- Actual expenditures are 79% of planned expenditures
- Main drivers of the variance:
 - Approximately \$4.4 M planned expenditures for Q3 will be expended in Q4
 - Approximately \$1.6 M has been re-planned for 2015
 - 4 projects are collectively forecast to be completed better than budget by approximately \$1.0 M