

December 11, 2015

The 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 Corporate Services & Board Secretary

Dear Ms. Blundon:

**Re: Board's Investigation and Hearing into Supply Issues and Power Outages on the Island
Interconnected System – 2015-16 Winter Readiness Planning Status Update –
Outstanding Work Activities**

I refer you to the Board's letter of December 8, 2015 in relation to the above-noted matter.

Hydro notes that while the various Winter Readiness reports have indeed referred to all Annual Work Plan Items in previous reports, Hydro interpreted the key requirement for update to the Board on completeness was regarding activities that are related to Winter Readiness, and not all maintenance activities that occur in a year, leading up to and throughout winter. It is from that perspective, that Hydro colour coded its report with respect to completion status.

In addition to winter readiness items, Hydro's Annual Work Plans (AWP) also contain a number of activities that are not related to winter readiness, and in the context of an annual work plan, allowance is made for the completion of these items by the end of the planning year, and maintenance continues through the winter, and must continue in order to maintain reliable facilities. A process improvement made by Hydro in 2015 was to flag winter readiness activities inside its AWP's so that these could be separately tracked with a view to ensuring their completion by the start of the winter season (i.e., December 1).

In its initial Update Report of September 30, 2014 and in all subsequent updates provided to the Board on November 4 and 18 and December 3, 2015, Hydro has consistently been reporting the status of its AWP activities that are specifically related to winter readiness, as well as the status of AWP execution overall. Hydro has provided the same explanation regarding its color coding of the forecasted completion status which has appeared in the text boxes accompanying the AWP graphs, which is that this forecast related to the completion of winter readiness activities specifically (see the introduction in Section 2.0). In all of its update reports, Hydro has been clear regarding the status of AWP winter readiness activities versus the status of overall AWP completion. Hydro notes on page 3 of the November 18, 2015 report (and which similar language occurs in other reports), that "A text

box to the right of each chart below indicate Hydro's forecasted completion status as of December 1, 2015 in relation to **AWP winter readiness** (emphasis added) activities...". Hydro confirms that the words "AWP winter readiness" were not listed in the December 3, 2015 report in the same location noted above, but that the text boxes next to the charts clearly indicated winter readiness activities complete in text boxes next to the charts. Hydro notes that the comments in the text boxes about 100% completion on winter readiness was not meant to apply to all AWP activities.

In its letter of December 8, the Board states that Hydro indicated in its November 15, 2015 update that remaining work activities would be completed by December 1, 2015, while its most recent update as of December 1, 2015 indicated a delay in scheduled completion to December 31, 2015. Hydro respectfully notes that this is not an accurate statement as it applies to the status of winter readiness preparation. The activities that are to be complete by December 31, 2015 were flagged as non-winter readiness activities.

In Hydro's November 15, 2015 update the forecasted completion status for the Holyrood AWP's was indicated as "Green", indicating an expectation that winter readiness activities would be completed by December 1. The AWP charts shown in Hydro's December 1 Update Report (section 2.1) confirm that these activities were 100% complete as of that date.

The forecasted completion status indicated in Hydro's November 15, 2015 update for the Hardwoods and Stephenville combustion turbines was "Green", indicating an expectation that winter readiness activities would be completed by December 1. The AWP charts shown in Hydro's December 1 Update Report (section 2.2) confirm that these activities were 100% complete as of that date.

The forecasted completion status indicated in Hydro's November 15, 2015 update for its Hydraulic units was "Green", indicating an expectation that winter readiness activities would be completed by December 1. Hydro's December 1 Update Report confirms that these activities were 100% complete as of that date (section 2.3). That update further indicated that the remaining non-winter readiness work in the AWP for Hydraulic Generation would be completed by December 31.

The forecasted completion status indicated in Hydro's November 15, 2015 update for its Transmission and Terminal Station operations was "Green", indicating an expectation that winter readiness activities would be completed by December 1. Hydro's December 1 Update Report indicated that planned winter readiness work was substantially complete but that final completion was slightly delayed due to unplanned priority transformer work, with an expectation that it would be completed by December 4 (section 2.4). On that basis, the forecasted completion status was maintained at "Green". Hydro can confirm as of this date that all AWP winter readiness activities for Transmission and Terminal stations have in fact been completed. That update also indicated Hydro's expectation that the remaining non-winter readiness work would be completed by December 18.

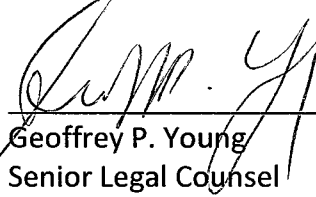
The summary of Hydro's winter readiness status presented in Section 8.0 of its December 1 Update Report is consistent with the above.

Examples of maintenance activities in Hydro's AWP's that are not flagged as winter readiness items would include building and grounds maintenance; vegetation control; overhead door maintenance; heating/lighting system maintenance; safety meetings; and training. Hydro remains confident that any remaining non-winter readiness activities identified will be completed by December 31, 2015 as indicated in its December 1 Update Report.

Should you have any questions, please contact the undersigned.

Yours truly,

Newfoundland and Labrador Hydro



Geoffrey P. Young
Senior Legal Counsel

GPY/cp

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