

1 Q. **Other**

2 Further to CA-NLH-121, please discuss Hydro's expectation to achieve its forecasted  
3 2014 and 2015 capital expenditures.

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6 A. Hydro had expenditures of \$204.7 million against a budget of \$268.0 million in  
7 2014. The variance of \$63.3 million is primarily attributable to the following:

- 8 • The Labrador West Transmission Line was not completed due to a  
9 temporary suspension of the work in September. Work is suspended until  
10 Alderon completes the financing plan for the Kami mine.
- 11 • Work that was planned for completion in 2014 is now being carried into  
12 2015 on a number of projects such as:
  - 13 ○ The new combustion turbine at Holyrood;
  - 14 ○ Load related additions on Isolated Systems;
  - 15 ○ The new transmission line from Bay d'Espoir to Western Avalon; and
  - 16 ○ The Sunnyside transformer project.
- 17 • Expenditures were lower than budgeted primarily related to timing of  
18 material delivery. Also, the 2014 variance is largely related to favorable  
19 contract pricing, lower than estimated labour and materials, and  
20 contingency funds not being utilized on a number of projects.

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22 Hydro is forecasting expenditures of \$119.6 million against a budget of \$282.1  
23 million in 2015. The forecast underspending is a result of:

- 24 • Work that was planned to be completed in 2015 on the Labrador West  
25 Transmission Line is suspended until Alderon completes the financing plan  
26 for the Kami mine.

- 1 With the exception of the forecast underspend for the Labrador West Transmission
- 2 Line Project, Hydro has planned and expects to achieve its forecasted 2015 capital
- 3 expenditure, within a variance that is consistent with the level of estimates.