



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

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2014-08-12

Mr. Geoffrey Young
Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Sir:

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

In its Interim Report dated May 15, 2014 the Board found that the status of Hydro's supply assets leading into last winter was a major contributing factor to the generation shortfall in December, 2013 and the power outages of January, 2014. The number and nature of the equipment failures that occurred was found to be unusual and raised questions about Hydro's operation and maintenance of its equipment. The Board stated that it had particular concerns in relation to the deferral of preventative maintenance and testing by Hydro, especially given that at least two of the equipment failures in January 2014 were associated with deferred maintenance and testing. To address these issues and to reduce the risk of similar outages over the period 2014-2016 the Board stated that Hydro should direct its priority efforts to ensuring that generation assets are available by December 1, 2014.

The Board directed Hydro to file a report addressing a generation master plan for winter preparation as follows:

By June 16, 2014 Hydro should file a report in relation to each of the following issues addressing schedule, estimated costs, the resources required, and how these requirements will be met:

- i) A generation master plan for winter preparation, including a plan to implement an availability improvement program on all generating assets and its maintenance program for the Holyrood Thermal Generating Station.*

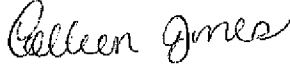
The Board has reviewed the report filed by Hydro on June 16 on generation availability and winter readiness and finds it does not address the issues of winter preparedness as required. Hydro's report stated that a Winter Readiness Self-Assessment would be completed by July 30, 2014 with an action plan prepared after that date. The Board notes that the Winter Readiness Self-Assessment filed on August 1 does not detail a plan to complete the necessary work in relation to Hydro's generation assets to ensure they are available by December 1,

2014. Hydro instead explains that its action plans are to be developed by September 30, 2014 with identified actions to be complete by November 30, 2014.

The Board is concerned that Hydro has not yet demonstrated that it has developed a plan for the work required to ensure that its generation assets are available by December 1. Therefore, Hydro is hereby directed to file a comprehensive generation master plan for winter preparation by August 29, 2014 in compliance with the Board's Interim Report.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jgynn@pub.nl.ca or telephone (709) 726-6781.

Yours truly,



Colleen Jones
Assistant Board Secretary

/cpj

Newfoundland Power Inc.

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