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February 28, 2022

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 of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Reliability and Resource Adequacy Study Review – 2021–2022 Winter Readiness Planning Report – Update – February 2022

Newfoundland and Labrador Hydro ("Hydro") filed an update with the Board of Commissioners of Public Utilities ("Board") on January 31, 2022 regarding outstanding items from its December 10, 2021 "2021—2022 Winter Readiness Planning Report." In its January 31, 2022 correspondence, Hydro committed to filing a further update in February regarding the remaining outstanding items. Hydro's update is as follows.

Holyrood Thermal Generating Station ("Holyrood TGS")

The two outstanding spare items for the Holyrood TGS were addressed during February. One of the two outstanding spare items¹ was expected to arrive in January but remains on backorder. However, since its last update, Hydro has confirmed the compatibility of an available alternate relay model and two relays were received on February 11, 2022 and added to the spares inventory. For the remaining outstanding spare, Hydro has refurbished three existing spare contact assemblies and returned them to the spares inventory on February 18, 2022.

Hydro Generation

Regarding the spare transformer for Upper Salmon, since filing the January update, Hydro has met with the supplier to review their repair proposal and a decision is pending. Hydro is considering all options to acquire a reliable spare transformer and, as such, will not have a spare in place for the 2021–2022 winter. Delayed receipt of this item is unlikely to affect reliability of generation as the existing equipment is in good condition and probability of failure is low.

Gas Turbine Operations

Regarding the outstanding spare lube oil pump for the Happy Valley Gas Turbine ("Happy Valley GT"), Hydro has confirmed a March 11, 2022 delivery date from the supplier. With completion of the Muskrat Falls – Happy Valley Interconnection, voltage support from the Happy Valley GT is unlikely to be required during the 2021–2022 winter period and the likelihood of failure of the existing pump is considered low.

¹ This item is listed as a critical spare for three different components. For reporting purposes this is counted as three items.

L1301 Repairs

Hydro has been working with Service NL to ensure a safe work plan is in place to complete repairs to transmission line L1301.² Since the January update, Hydro has prepared its detailed repair work method for submission to Service NL. Upon approval from Service NL, the repairs will be completed. Hydro expects the repairs to be completed by March 15, 2022.

Hydro continues to monitor the performance of its assets and no new system concerns have been identified since the January update. Hydro remains confident in its ability to reliably serve customers during the 2021–2022 winter season. Hydro will inform the Board should there be any material changes to the information contained within.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh Senior Legal Counsel, Regulatory SAW/kd

ecc:

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² L1301 sustained damage during severe weather conditions on November 25, 2021, prompting Hydro to proceed with the Muskrat Falls – Happy Valley Interconnection to expedite restoration of service to customers in Labrador East.