

February 15, 2021

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 – Labrador-Island Link Monthly Update – February 2021 Further Update

As follow-up to Hydro's February 4, 2021 correspondence, the status of a number of the reporting items has changed as outlined in the following.

1.0 COVID-19 PANDEMIC EFFECTS ON MUSKRAT FALLS PROJECT EXECUTION

On February 12, 2021, the Chief Medical Officer of Health announced that the recent rise in COVID-19 cases in the province is due to the COVID-19 UK variant, B.1.1.7, and as a result has moved the province to Alert Level 5. On February 13, 2021, the Lower Churchill Project ("LCP") issued a declaration of Force Majeure to GE Grid and GE Power for the Soldiers Pond Site for a period of two weeks as a precautionary measure in alignment with the Newfoundland and Labrador Public Health special measures order. The situation will be re-evaluated towards the end of the two week period, or earlier, if conditions merit.

2.0 LABRADOR-ISLAND LINK

2.1 Operations

The February 4, 2021, Labrador-Island Link ("LIL") update noted that damage to the electrode line in Labrador was isolated to eight of 1,229 towers, which included eight damaged crossarms, and 16 areas of electrode line conductor damage that required repair, including one span where the conductor was broken and laying on the ground. It was also noted that the majority of the damage was isolated to the electrode line, predominately, electrode line one (EL1), with minor damage to electrode line two (EL2). Since that update, additional damage has occurred on EL1 and EL2. Currently, damage has been identified on 30 of 1,229 towers, which includes 29 spans that require conductor splicing, repair, or restringing, including four spans where the conductor has fallen to the ground, as well as 12 crossarms that require repair or replacement.

Power Supply is continuing to leverage resources from its Emergency Response Plans to complete the repairs. As of February 14, 2021, 10 crossarms and 14 electrode conductor sections have been repaired. To date, all required material has been readily available from inventory. While the scope of the damage

to the electrode line has grown since the previous update, the current repairs are still planned to be completed in February 2021.

As noted in the February 4, 2021 update, on the night of February 3, 2021, during bipole dynamic commissioning, the LIL experienced an unplanned trip on Pole 2. Upon investigation, crews near Forteau discovered that a section of the Pole 2 conductor had fallen to the ground (this failure is separate from the ice storm damage to the electrode line). The cause of the failure has been identified as a failed eyebolt that secures the insulator to the dead end tower. Since this incident, a second Pole 2 eyebolt on a dead end tower in the same vicinity has been identified to have a similar failure mechanism. A contract resource has been mobilized to execute this repair in parallel with the electrode line repairs. Further inspections of similar hardware in this area are planned, and root cause investigations into the failures on both the Pole 2 conductor and the electrode line are underway.

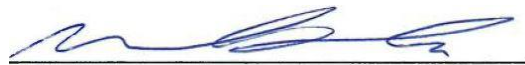
On February 7, 2021, while crews were repairing a section of conductor on EL1, a section of conductor on EL2 failed in the same vicinity resulting in notable shaking of the nearby towers and associated lines, which caused ice to fall in the vicinity of workers below. As a result of the safety incident, work activities were paused while the safe work plans were reviewed. A third party with experience removing ice from transmission lines has since been engaged to reduce the ice loading on the lines in order to minimize the risk of working on the repairs. Ice removal is expected to be complete on February 16, 2021. Once the ice has been largely removed, a detailed line inspection is planned to determine if further repairs will be required now or during the summer work season.

Dynamic commissioning and power transfer over the LIL has been paused since the EL2 failure on February 7, 2021. Dynamic commissioning will recommence once repairs are complete.

If you have any questions or comments, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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Vice President, General Counsel, Corporate Secretary & Commercial
MSL/sk

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