

**MINUTES OF THE EIGHTIETH MEETING OF THE BOARD OF DIRECTORS
OF NALCOR ENERGY HELD IN THE MEETING ROOM, SIXTH LEVEL,
HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON
WEDNESDAY, DECEMBER 17, 2014 AT 11:30 A.M.**

Present in Person: E. Martin, Member

**Present by Telephone: K. Marshall, Acting Chair
L. Abbass, Member
T. Clift, Member
G. Shortall, Member
E. Breen, Member**

**Present by Invitation
(by Telephone): D. Dalley, Vice-President Corporate
Relations**

Secretary (acting): P. Hickman

1062. CONSTITUTION OF THE MEETING

Notice for the meeting was sent out to all Directors on December 17, 2014. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

1063. SAFETY MOMENT

Mr. Hickman provided a safety moment on black ice awareness.

1064. UPDATE – FIRE AT HARDWOODS TERMINAL STATION

Mr. Martin stated that over the past few years both the Stephenville and Hardwoods Terminal Stations had received overhauls. As part of those overhauls, the fuel systems were replaced and the fuel lines were upgraded as part of that exercise. Recently at the Stephenville Terminal Station it was noted that there was a problem in the pressure rating between the fuel line and the fuel

gauge, so the line was replaced. This same work was carried out at Hardwoods and appropriate testing carried out.

A failure occurred at Hardwoods in the new fuel lines such that some fuel sprayed and ignited. The fire suppression system worked so not much damage was experienced. The appropriate cleanup has taken place and repairs are proceeding. He stated that a review is underway by internal personnel as well as external experts to test the configuration of the fuel lines. The units will be energized upon completion of the testing. It is anticipated that this will occur within the next few days. However, this is dependent upon the successful completion of the testing.

Mr. Shortall inquired about the status of the installation of the combustion turbine at Holyrood. Mr. Martin stated that work is progressing and is scheduled to be online during the latter part of December or early January. Mr. Abbass inquired as to the levels of reserves without Hardwoods, Stephenville and the combustion turbine. Mr. Martin stated that without Hardwoods, Stephenville and no combustion turbine there would be approximately 275 MWs of reserves. Both Hardwoods and Stephenville have a capacity of 50 MWs. He stated that the new combustion turbine will add capacity in the amount of approximately 120 MWs.

1065. COLLECTIVE BARGAINING

Mr. Martin noted that the IBEW recently publically accused NLH of "union busting". He explained the collective bargaining between NLH and IBEW is ongoing. Notwithstanding recent events, the sides are close to finalizing a deal and are scheduled to return to the table in mid-January.

1066. MUSKRAT FALLS CONSTRUCTION

Mr. Martin informed the Board that he had very recently met with the CEO of Astaldi, the main contractor of the construction of Muskrat Falls plant. He stated that while the construction of the Labrador-Island link and the Labrador

transmission assets were on schedule, the construction of the Muskrat Falls plant is slightly behind schedule. However, there is improvement and both parties want to ensure there is continued improvement.

There has been increased focus on construction management with Astaldi and there is confidence that there will be further improvement as time progresses.

The Board discussed the safety performance of Astaldi. Mr. Martin stated that Astaldi is on board with respect to safety and work continues with Astaldi in this regard. In a response to an inquiry, Mr. Martin reported that the required enclosure of the work site for 2 bays at Muskrat Falls is essentially done and will be completed before Christmas.

1067. LIBERTY REPORT

Mr. Martin provided an update on the status of the Report to be issued by Liberty, the consultant retained by the PUB to review the outage that had occurred in January of 2014. He stated that it is anticipated that the Report will be released on Friday, December 19th. NLH officials met with representatives of Liberty and the PUB a couple of months ago and it is anticipated that there will not be very much new in the report as compared to the earlier report of Liberty. It is not anticipated that Liberty will be negative towards the work which NLH has carried out to date. He anticipates they will address the governance structure of NLH but Liberty does agree that NLH has a plan in place in this regard.

1068. WHITE ROSE PLATFORM





1069. OFFSHORE LAND SALES



**1070. GOVERNMENT MUSKRAT FALLS
 OVERSIGHT COMMITTEE**

Mr. Martin reported that the Government Oversight Committee overseeing the Lower Churchill Project is very close to finalizing its report. Ms. Dalley outlined the three key points that would be addressed in the Report, these being the cost and schedule, the North spur and the work of Astaldi. It is not anticipated that there will be any significant issues raised in the Report.

1071. STATUS OF UNIT FAILURE AT CHURCHILL FALLS



1072. UPDATE – PUB ACTIVITY

Mr. Martin stated that it is anticipated that a decision will be received from the PUB with respect to interim rates prior to Christmas. He noted that the consumer

advocate supported NLH's interim application, but the industrial customers did not.

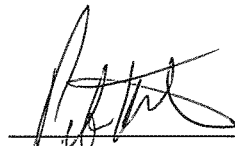
Mr. Martin informed the Board that the PUB gave full approval of NLH's 2015 Capital Budget, as well as full approval of construction of a third line from Bay d'Espoir to Western Avalon.

1073. BOARD COMPOSITION/MATRIX

Mr. Martin informed the Board that Nalcor has commenced work with Robertson Surrette relating to Board compensation and composition, as well as the development of a board matrix. Derrick Sturge is overseeing this exercise.

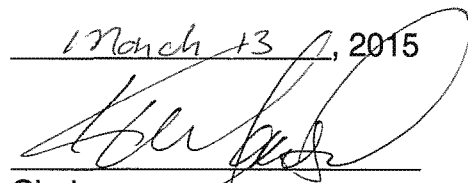
1074. TERMINATION

There being no further business, the meeting was terminated.



Secretary

Verified at a meeting held on

March 13, 2015


Chairperson