

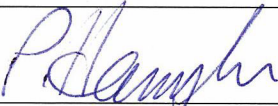
Lower Churchill Project

Monthly Progress Report

Period Ending: 31-January-2014

Record No: 200-160641-00112

CONFIDENTIAL – NOT FOR FURTHER DISTRIBUTION


P. Harrington Project Director – LCP Phase I
Authorization for Issue

 nalcor <i>energy</i> <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 2 of 86

DISTRIBUTION

Executive Committee:

Gilbert Bennett	Rob Hull
Wayne Chamberlain	Paul Humphries
Lance Clarke	John MacIsaac
Brian Crawley	Gerard McDonald
Dawn Dalley	James Meaney
Paul Harrington	Catherine Squire
Joanna Harris	Derrick Sturge
Rob Henderson	

LCP Management Team:

Bob Barnes	Jason Kean
Ed Bush	Kumar Kandaswamy
Gerald Cahill	Scott O'Brien
Darren Debourke	Ron Power
Richard Donica	David Riffe
Greg Fleming	Trina Troke
David Green	Kyle Tucker
David Haley	Robert Woolgar
Pat Hussey	

Other Internal Recipients:

Mark Bradbury	Marilyn Leonard
George Chehab	Brian Marsh
Tom Chudy	Marion Organ
Carlos Fernandez	Tanya Power
Scott Gillis	Nick Ternasky
Steve Goulding	

The contents of this report are strictly confidential. Distribution of this report to individuals other than those listed must have prior approval of the Project Director – Lower Churchill Project. Any dissemination or use of this information by individuals other than the approved recipients is unauthorized.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 3 of 86</p>

TABLE OF CONTENTS

		Page No.
SECTION 1.	EXECUTIVE SUMMARY	4
SECTION 2.	HEALTH, SAFETY AND SECURITY	8
SECTION 3.	ENVIRONMENT – REGULATORY COMPLIANCE	12
SECTION 4.	QUALITY ASSURANCE	16
SECTION 5.	SCHEDULE AND COST	20
SECTION 6.	MUSKRAT FALLS GENERATION	32
SECTION 7.	HVDC SPECIALTIES.....	39
SECTION 8.	OVERLAND TRANSMISSION LINES.....	46
SECTION 9.	STRAIT OF BELLE ISLE (SOBI).....	51
SECTION 10.	PROCUREMENT	53
SECTION 11.	OTHER PROJECT ACTIVITIES	56
SECTION 12.	ATTACHMENTS	60

 nalcor energy <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 4 of 86

SECTION 1. EXECUTIVE SUMMARY

1.1 SCOPE AND PURPOSE

- This report covers the progress and associated cost pertaining to the Lower Churchill Project – Phase I (LCP) up to period end 31-January-14. The scope includes all of the ongoing Engineering, Procurement, Construction and Project Management activities for MF Generation, LTA and LITL.

1.2 HEALTH AND SAFETY PERFORMANCE

- During the period a Gap Analysis was conducted on the Health and Safety Management Plan of Astaldi Canada Inc., CH0007 Contractor for Construction of the Intake and Powerhouse.
- Safe work planning commenced with Valard Construction, CT0319 Contractor for Construction of the 315 kV HVac Transmission Line.
- Be Safe Training Programs with the Project Delivery Team are ongoing, and Audit Plans/Inspection Checklists are currently under development, with implementation targeted for Q1 2014.
- Occupational Health and Safety Regulator met with safety personnel during the period.
- The Integrated Project Delivery Team reported 85 SWOPs during the period.
- Three Near Misses and five First Aids Leading Indicators were reported during the period and there were no Medical Aids registered during the period.
- Six Property damages have been registered during the period.

1.3 ENVIRONMENTAL AND REGULATORY COMPLIANCE

- Overall performance is positive, with daily environmental monitoring continuing.
- Section 19 Endangered Species Act permit for MF Generation and LTA was submitted to the Government of Newfoundland and Labrador.
- Addressing the Government of Newfoundland and Labrador's comments regarding the Environmental Effects Monitoring Program's (EEMPs).
- Annual Review meetings held with all LCP associated regulators to undergo a review of 2013, to discuss the outlook for 2014, as well as opportunities for improvement.
- Environmental workshop meetings held with CH0007 Contractor.

1.4 PROGRESS HIGHLIGHTS

- Purchase Order PH0016 for the Supply of Generator Circuit Breakers was awarded during the reporting period.
- Kick-off meetings were held with Andritz Hydro Canada Inc., CH0032 contractor for the Supply and Install of Powerhouse Hydro-Mechanical Equipment. Spillway primary anchor manufacturing has commenced, with delivery of the first set of anchors expected in March 2014.
- Kick-off meetings for the HVac transmission line contract under CT0319 have been scheduled for February with camp and access mobilization scheduled for mid-Winter and major construction activities planned for May 2014.

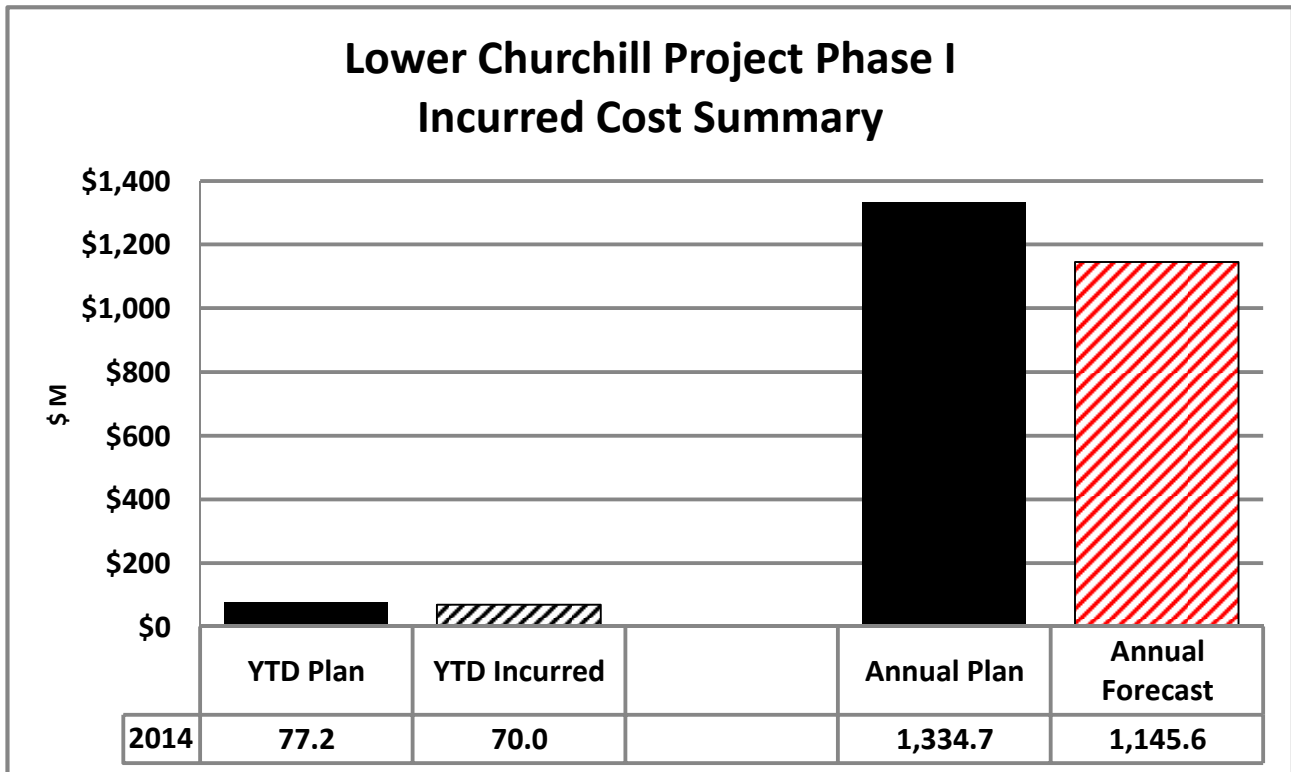
 nalcor <i>energy</i> <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 5 of 86

- All modular units under Supply and Install of the Accommodations Complex Buildings are on site, and the first 02 dormitories (PB and PE) have now been accepted for occupancy.
- Horizontal directional drilling of the first hole at Shoal Cove, the Newfoundland side of the SOBI crossing, was successfully completed on 28-Jan-2014.
- The contractor for Bulk excavation works for the powerhouse and spillway structures (CH0006) is continuing with demobilization activities following substantial completion in December 2013.
- Bids evaluations continued for the following packages:
 - PH0014 - Supply of Generator Step-up Transformer.
 - CH0034 - Supply and Install of Powerhouse Elevator.
 - SH0041 - Provision of Ground Transportation Services.
 - SH0051 - Provision of Buildings Maintenance Services.
 - CD0501 - Supply and Install Converters and Cable Transition Compounds.
 - CD0502 - Construction of AC Substations & Synchronous Condensers Facilities.
 - CD0534 - Supply and Install of Soldiers Pond Synchronous Condensers.
 - PD0537 - Supply of Power Transformers at AC Substations.
 - SD0564 - Provision of Camp Services at CF.
 - PT0331 - Supply of Tower Hardware for HVdc Transmission Line.
 - PT0334 - Supply of Steel Wires for HVdc Transmission Line.
 - PT0353 - Supply of OPGW for HVdc Transmission Line.
 - SM0705 - Provision of Laboratory Services.
 - SM0709 - Provision of Air Transportation Services.
- Additional Contracts and PO's awarded for the following Packages:
 - SH0040 - Provision of Garbage Removal and Disposal Services.

1.5 COST

- Incurred Cost for the period totaled \$70M versus a forecast of \$77M. Primary drivers surrounding the variances this month were attributable to factors such as:
 - Slower than planned ramp-up of construction and mobilization associated with Contract CH0007.
 - Ramp up of other project activities following the Christmas 2013 shutdown.
 - Slight progression of work on the SOBI offshore contracts.
 - Project debt financing paid in advance during the previous period instead of during the current one.

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 6 of 86



Note: The above values include Interest Charges, Project debt Financing and Other Costs.

1.6 PROGRESS AND SCHEDULE PERFORMANCE

- Project performance at the end of the period was at approximately 13% against a plan of 15.6%. Though slightly below plan, the critical path is still maintained for end of 2017 First Power.
- Work continued during the period on commissioning and correction of minor deficiencies following completion of the 150 person temporary camp at the Churchill Falls switchyard site under package CD0538. Turnover is anticipated in February 2014 following inspection and acceptance by the Owner.
- Clearing for the HVac Right of Way (ROW) under contract CT0341 is proceeding positively following implementation of a replacement contractor in November 2013. The first section, expecting to provide sufficient ROW for the transmission line contractor to commence installation of foundations, is scheduled to be completed by mid-February.
- At the Muskrat Falls site, the CH0007 Contractor for the Intakes, Powerhouse, Spillway and Transition Dams has set up facilities at the contractors lay down area, commencing mobilization of the aggregate crushing and screening plant, installation of the temporary enclosure in the spillway center section and preparation for the foundations of the permanent concrete batch plant. All but the final modular units under contract CH0002 for the Main Accommodation complex are on site and placed on foundations, with dormitories PB and PE accepted for occupancy. Delivery of the permanent modular office completed under contract CH0003 for the Administrative Buildings is progressing with 17 of 35 modules currently on site.
- Construction of the SOBI cable system is progressing as planned at Shoal Cove, the Newfoundland side of the SOBI crossing, with horizontal directional drilling of the first hole successfully completed on 28-Jan-2014. Preparation of the horizontal directional drilling site at Forteau Point, the Labrador side of the SOBI crossing, has commenced and is expected to be completed in February 2014; and production for the submarine cables also commenced during the period.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 7 of 86</p>

1.7 KEY PRIORITIES

- Management is continuing to evaluate both contracting/delivery models and risk transfer strategies in an effort to minimize cost exposure to the Project as a result of the exceedingly high Market price conditions for construction works.
- Value engineering efforts are underway in an effort to reduce construction complexity where possible.
- Increased and proactive communication between LCP and CF(L)Co. management is necessary in order to ensure complete awareness of LCP activities at CF, and to further develop a collaborative working relationship.
- Consistent and prompt issue of monthly Construction Reports to the LCP Lenders in accordance with the Muskrat Falls, LTA and LIL Project Finance Agreements is vital to facilitate an efficient funding request process on a monthly basis.

1.8 ISSUES & OPPORTUNITIES

- The slow ramp-up of CH0007 Contractor Astaldi Canada Inc. due to the availability of key personnel and other issues has caused some delays in construction; the rectification of these issues are in process through ongoing discussions with Senior Management.
- Management continue to develop and explore opportunities for HVdc TL construction in consideration of learnings from LTA and challenges and delays associated with commencement of the HVdc Transmission Line.
- Both The Soldiers Pond Switchyard and Churchill Falls Switchyard are currently undergoing the process of re-engineering in order to optimize design of the area and reduce cost.

1.9 MILESTONES AND KEY DATES

Milestone/Key Date	Baseline	Actual	Forecast	Commentary
MFG - MF Access Road - Ready for Use	15-Oct-2012	30-Nov-2012		
MFG - Bulk Excavation Contractor Mob.	16-Oct-2012	13-Jan-2013		
LITL - EA Release (Provincial)	01-Apr-2013	21-Jun-2013		Federal Release issued November 2013.
LTA - HVac TL ROW Clearing - Start	26-Apr-2013	12-Aug-2013		
LITL - HVdc TL ROW Clearing - Start	02-Jul-2013		02-Jun-2014	
LITL - SOBI Landfall (HDD) - Start	01-Sep-2013	19-Nov-2013		
MFG - North Spur Works - Start	01-Jul-2014		01-May-2014	
MFG - South Dam-Start	02-May-2015		02-May-2015	
LTA - HVac TL Construction - Complete	25-Jun-2015		03-Oct-2016	
LTA - Ready for Power Transmission	23-Aug-2016		03-Feb-2017	
LITL - SOBI Cable Systems Ready	25-Oct-2016		24-Nov-2016	
MFG - River Diverted	09-Nov-2016		09-Nov-2016	
LITL - Ready for Power Transmission	27-Jun-2017		20-Aug-2017	
MFG - North RCC Dam Complete	03-Nov-2017		03-Nov-2017	
MFG - First Power from Muskrat Falls	30-Dec-2017		10-Dec-2017	
MFG - Full Power from Muskrat Falls	22-May-2018		06-Apr-2018	

	MONTHLY PROGRESS REPORT		Period Ending: 31-Jan-2014
			Page : 8 of 86

SECTION 2. HEALTH, SAFETY AND SECURITY

2.1 MONTHLY STATISTICS

	Current Period			Year to Date			Project to Date		
	Project Delivery Organization	Contractors	Total	Project Delivery Organization	Contractors	Total	Project Delivery Organization	Contractors	Total
Exposure Hours	55,642	108,009	163,651	55,642	108,009	163,651	2,532,466	2,431,387	4,963,853
Leading Indicators									
High Potential Near Misses	0	3	3	0	3	3	0	54	54
Near Misses	0	2	2	0	2	2	30	96	126
First Aid	0	5	5	0	5	5	4	92	96
Conditions/Hazards, Practices, & Commendations	85	7	92	85	7	92	2,211	436	2,647
Orientations Completed	180	99	279	180	99	279	3,564	2,128	5,692
TSA's Completed	0	18	18	0	18	18	15	1,279	1,294
StepBacks Completed	472	4,043	4,515	472	4,043	4,515	3,466	87,990	91,456
Worksite Inspections	75	103	178	75	103	178	1,411	1,931	3,342
Lagging Indicators									
Lost Time Injuries	0	0	0	0	0	0	0	1	1
Medical Aids	0	0	0	0	0	0	0	5	5
Occupational Illnesses	0	0	0	0	0	0	0	0	0
Restricted Work Cases	0	0	0	0	0	0	0	1	1
Vehicle Incidents	0	1	1	0	1	1	0	8	8
Restricted Work Days	0	7	7	0	7	7	0	24	24
Lost Time Days	0	0	0	0	0	0	0	2	2
Property & Equipment Damage	0	4	4	0	4	4	2	83	85
Security Incidents	0	0	0	0	0	0	0	0	0
Environmental Releases	0	2	2	0	2	2	0	33	33
Lagging Frequencies									
Total Recordable Incident Frequency Rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.576	0.282
Lost Time Incidents Frequency Rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.082	0.040
All Injury Frequency Rate	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.494	0.242

Notes:

1. A total of 138,494 hours for the period (4,938,696 Project to Date) were initially estimated for preparation of the Dashboard Report as all Contractor hours were not entered into the LCP Benefits System at month end cut-off. Final tally of the hours are outlined above.
2. Reported Total to Date is based on a June 1, 2006 start date for data compilation.
3. All hours are now reported from a single data base.
4. Formula for TRIFR: $((LTI + MA + RWC + OI) * 200000) / \text{Number of Hours Worked for the Period}$.
5. Formula for AIFR: $((LTI + MA) * 200000) / \text{Number of Hours Worked for the Period}$.
6. "Other Contractors" include all Contractors other than the EPCM Contractor (SLI), but does include hours expended by SLI outside of the EPCM contract.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 9 of 86</p>

2.2 SAFETY INCIDENTS

Date of Incident January-2014	Description of Incident	Risk Assessment	
		Actual Consequence	Maximum Reasonable Consequence
1-Jan-14	Security Guard was walking along boardwalk at camp and stepped off the edge, causing her to scrape her knee.	First Aid	1-Jan-14
5-Jan-14	While one operator was mulching, debris was projected and struck an excavator that was non-operational due to mechanical issues. The side window was broken from the debris. Operator did not notice the damage when it occurred. The excavator was unoccupied when the incident occurred.	Property Damage	5-Jan-14
8-Jan-14	Worker was working outside cutting cable and felt something in his left eye.	First Aid	8-Jan-14
10-Jan-14	Auxiliary cord in pick up caught fire and burned workers finger.	First Aid	10-Jan-14
13-Jan-14	Operator left laydown area at KM 5.5 in a fly truck with the blade and wing down. When approaching the Caroline Brook West Bridge, he forgot to raise the wing. The wing struck the guardrail and bridge.	Property Damage	13-Jan-14
14-Jan-14	Worker observed working on JLG aerial work platform without utilizing fall protection.	Near Miss	14-Jan-14
16-Jan-14	Worker made contact with a culvert while operating a CMI mulcher on the North side of the TLH at chain-age 70+200.	Property Damage	16-Jan-14
16-Jan-14	Damage was identified on a gate post at Hickey's Pit and reported to JCL by LCP Representatives. The event causing damage and the individuals responsible are unknown. The incident causing damage was never reported.	Property Damage	16-Jan-14
17-Jan-14	Mechanic was removing the top of a blower motor with a small pry bar when the pry bar slipped and made contact with a finger on his left hand.	First Aid	17-Jan-14
18-Jan-14	Operator was fueling his equipment at the end of shift. During this process he lost his footing falling backwards on the track, landing on his back and striking the back of his head. He did not fall to the ground.	First Aid	18-Jan-14
21-Jan-14	While reversing, a light vehicle came in contact with a Lighting Plant causing minor damage to the right rear tail light.	Property Damage	21-Jan-14
23-Jan-14	Vehicle operator failed to negotiate turn from TLH to temporary camp access road. Vehicle left road in perimeter ditch.	Near Miss	23-Jan-14
24-Jan-14	A Fiber Optic Line at chain-age 79+500 was observed as having an excessive amount of sag. No contact with the line was reported to JCL.	HP Near Miss	24-Jan-14

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 10 of 86</p>

Date of Incident	Description of Incident	Risk Assessment	
		Actual Consequence	Maximum Reasonable Consequence
January-2014			
24-Jan-14	Technicians from crane manufacturer were discovered performing mechanic duties on a visitors pass without sign in representative present.	Near Miss	24-Jan-14
25-Jan-14	Worker operating a harvester at Access Trail 12 near chain-age 40+250 made contact with the back left side of a pickup truck with the counterweight of harvester.	Property Damage	25-Jan-14

2.3 HIGHLIGHTS

- Incident log: Numbers differ from the database - table-Section 2.1 - due to weekly cut-off date.
 - 0 Medical Aids registered during the period.
 - 0 Lost Time Incidents registered during the period.
 - 5 First Aid Incidents registered during the period.
 - 4 Near Misses registered during the period.
- Gap Analysis completed of the Health and Safety Management Plans of Astaldi Canada Inc., CH0007 contractor for the Construction of Intakes and Powerhouse.
- Assessment and re-orientation of site Emergency Meeting Points and Muster stations to ensure relevance to current work fronts.
- Development of Health and Safety Re-focus presentation for Project Delivery Team Member's coming back to site after the Holiday Break.
- Development of Health, Safety, Security and Emergency Response work plan for 2014.
- Visit by Occupational Health and Safety (OHS) Regulator - all issued directives addressed.
- Developed and coordinated meeting with Labrador Grenfell Health to discuss site medical services.
- Nearing completion of the Drug and Alcohol Standard/Policy after discussions/negotiations with labour relations personnel.
- Extensive work on preparation of a LCP Medical Standard.
- Issued Performance Recognition Document for LCP.
- Provided input and support to the Defensive Driving Safety Training to be conducted at the site.
- Performance KPI's were developed and will be sent out for review and comment.
- LCP Instructor approved by NL Hydro to perform internal Hold Off sessions for LCP personnel and contractors.
- Finalization of Marshalling Yard and Johnson's Construction required project Health and Safety documents.
- Commencement of safe work planning for contract CT0319 - Construction of 315 kV HVac Transmission Line (MF to CF) - with awarded contractor Valard Construction.
- LCP training completed for Snowmobile use and Defensive Driving.
- Finalized approvals for field systems iPad use, Pronto Forms and Safety Net.
- Implementation of Supervisor led daily worksite inspections.

2.4 SECURITY

- 125 searches - All negative results.
- 406 radar Checks - 17 Verbal Notifications Given; 3 Written Violations.
- 423 Visitor Orientations.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 11 of 86</p>

2.5 CONCERNS

Item	Description / Status	Action
	NA this reporting period.	

2.6 ACTIVITIES PLANNED FOR THE NEXT PERIOD – FEBRUARY 2014

- Conduct Q1 audit of contractor Health & Safety Management Systems.
- Conduct audit of contractor pre-access testing results.
- Implement action plan to engage Project Team construction management participation in contractor toolbox talks and safety meetings.
- Continue to track and audit the implementation of corrective actions from contractor submitted Final Incident Investigation Report.
- Communicate and promote support from site personnel for the volunteer firefighter initiative.
- Aid in the development of Incentive Program for site volunteer firefighters.
- Ascertain and communicate training requirements for site volunteer firefighters.
- Tracking of 18 Safety Strategies, many of which are assigned to the Integrated Management Team, but supported by HSSER.
- Audit Plans and Inspection Checklists are under development with target implementation during Q1 2014.
- Be Safe Training Programs have been scheduled and LCP personnel have attended, with more training scheduled over the coming months pending those available to attend; enhancement of Current Safety Standards.
- Implementation of Pronto Forms Ipad use and Safety Net for infield advising.
- Kick-Off meetings with CT0319 awarded contractor Valard Construction.
- Implementation of Security Plan with Johnson's Construction at Edwards Brook camp.
- Finalize completion of OHS orders for Reservoir Clearing.
- Conduct first session with Hold Off and continue training in snowmobile use and defensive driving.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 12 of 86

SECTION 3. ENVIRONMENT – REGULATORY COMPLIANCE

3.1 ENVIRONMENTAL ACTIVITIES

- Tender evaluations completed this period for Supply and Install Synchronous Condensers, Building Maintenance Services, and Supply and Install Electrode Sites.
- Technical review completed on the oil/water separator units proposed for the AC substation sites.
- Review of HVac transmission line construction contractor's Contract-Specific Environmental Protection Program (C-SEPP).
- Monthly Watercourse Crossing Report issued to Regulators.
- Exploratory meetings held with potential HVdc Contractors.
- Continued technical review, and confirmatory effluent samples collected in support of the operation of the main camp water treatment plant operation.
- Work continued on the LCP Web Portal for transmission line construction.
- Environmental workshop meetings held with CH0007 Powerhouse Construction contractor (both in St. John's and Goose Bay) to advance the contract specific environmental protection plan.
- Worked to confirm completion of the bulk excavation contractor's deficiency list, prior to demobilization.
- Monthly quarry permit status report created.
- Participated in annual audit of the LCP environmental management program.
- Held Annual Review meetings with all regulators associated with the Project. Topics included:
 - Project update.
 - 2013 review.
 - 2014 Outlook.
 - Improvement opportunities.
- 2013 Fish Habitat Compensation Program (FHCP) and Environmental Effects Monitoring (EEM) draft report development ongoing.
- Section 19 Endangered Species Act permit for MF Generation and Labrador Transmission Assets submitted to the Government of Newfoundland and Labrador.
- Working with Regulators regarding:
 - Access strategies at various work fronts.
 - Camps commissioning.
 - South side access road upgrades.
 - Electrodes construction.
- Addressing Government of Newfoundland and Labrador's comments on 11 Environmental Effects Monitoring Program's (EEMPs), and preparing for resubmission.
- Preparation of outstanding EEMPs ongoing.

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 13 of 86

3.2 ENVIRONMENTAL INCIDENTS

A summary of the spill incidents for January 2014 is provided below:

Date of Incident 2013	Description of Incident: Fluid Release Incidents (>2L)	Risk Assessment	
		Actual Consequence	Maximum Reasonable Consequence
10-Jan-2014	CH0024-001 - Reservoir Clearing North and South Banks: 20 L of transmission fluid released from broken O-ring on skidder in JCL cut block 11. All appropriate actions and cleanup were completed.	Contamination of the immediate ground.	No migration
11-Jan-2014	CH0024-001 - Reservoir Clearing North and South Banks: 20 L of transmission fluid released from broken seal on winch attached to skidder in JCL cut block 11. All appropriate actions and cleanup were completed.	Contamination of the immediate ground.	No migration
13-Jan-2014	CH0024-001 - Reservoir Clearing North and South Banks: 2 L of hydraulic fluid released from loose fitting on loader at JCL Camp near Edwards Brook. All appropriate actions and cleanup were completed.	Contamination of the immediate ground.	No migration
15-Jan-2014	CT0341-002 - Clearing of Right-of-Way for 315 kV HVac Transmission Line (MF to CF): 3 L of hydraulic fluid released from broken hose on excavator km 64+600. All appropriate actions and cleanup were completed.	Contamination of the immediate ground.	No migration
24-Jan-2014	CT0341-002 - Clearing of Right-of-Way for 315 kV HVac Transmission Line (MF to CF): 2 L of hydraulic fluid released from broken hose on float trailer at TLH km70. All appropriate actions and cleanup were completed.	Contamination of the immediate ground.	No migration
24-Jan-2014	CH0003 - Administrative Buildings: 8 L of hydraulic fluid released from broken hose on JLG600 at Opron laydown area. All appropriate actions and cleanup were completed.	Contamination of the immediate ground.	No migration

3.3 PERMITTING

Permit applications are being prepared for Nalcor’s use in discussions with Environmental Management Committee (EMC) and regulators. A summary status is provided below:

Construction Package	Permits Required	Permits Developed	Submitted to Nalcor	Reviewed by EMC	Submitted to Government	Approved
South Side Access Road - CH0004	51	51	51	51	51	51
Existing Forest Access Road - CH0004-002	4	4	4	4	4	4
Clearing - CH0048	54	54	54	54	54	54
Accommodations Complex Site	4	4	4	4	4	3

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 14 of 86

Construction Package	Permits Required	Permits Developed	Submitted to Nalcor	Reviewed by EMC	Submitted to Government	Approved
Utilities - CH0002)						
Site Utilities - CH0005 (temp camp)	22	22	22	22	22	22
Construction Power - CD0512	34	34	34	34	34	34
Reservoir Clearing - CH0024	12	12	12	12	12	10
Bulk Excavation - CH0006	41	41	41	41	41	39
Construction of Intake and Powerhouse, Spillway and Transition Dams - CH0007	2	2	2	2	2	1
North Spur Stabilization Works - CH0008	13	13	13	13	13	12
McKenzie River Permanent Bridge - CH0039	2	2	2	1	1	
Hvac Line Clearing - CT0341	15	15	15	15	15	13
Hvac Line Construction - CT0319	23	23	23	23	23	18
Hvac Line Marshalling Yard	9	8	8	8	8	7
Geotechnical SM0713	4	4	4	4	4	3
Churchill Falls Camp - CD0538	9	9	9	9	9	9
Electrode Geotechnical - SD0565	1	1	1	1	1	1
Component 3 Earth Works - CD0503	18	13	13	13	13	6
SOBI Civil Works - LC-SB-021	7	7	7	7	7	2
SOBI Civil Works - LC-SB-022	3	3	3	3	3	2

3.4 COMMUNITY ISSUES

- None identified.

3.5 CONCERNS

- Clarity required on signing authority for providing direction to contractor.
- An operational contingency plan is required for the Main Camp Sanitary Treatment Plant.

3.6 ACTIVITIES PLANNED FOR THE NEXT PERIOD – FEBRUARY 2014

- Finalize Environmental Management System reference documents including:
 - Generation Environmental Protection Plan.
 - Transmission Environmental Protection Plan.
 - Spill Response Plan.
 - Waste Management Plan (Generation and Transmission).
- Complete commissioning of the permanent camp sewage treatment plant; continue to work with site staff to correct operational issues with temporary camp treatment plant.
- Kick-off meetings with CT0319 awarded contractor for Construction of 315kV HVac Transmission Line.
- Finalize C-SEPP with CH0007 Powerhouse construction contractor.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 15 of 86</p>

- Launch new LCP Web Portal with mapping and data for launch and use.
- Review and incorporation of regulatory comments on the HVdc Overland Transmission and HVdc Specialties Environmental Protection Plan (EPP) and the SOBI Marine Crossings EPP.
- Review and incorporation of regulatory comments on the Species at Risk Impacts Mitigations and Monitoring Plan for HVdc Overland Transmission and HVdc Specialties.
- Review and action the Environmental Assessment (EA) Requirements and Commitments Registry.
- Review of C-SEPP associated with the rock protection for SOBI.
- Continue update of Environmental Management System Documents based on EMS Audit.
- Continuing the preparation of socioeconomic Environmental Effects Monitoring Program (EEMP) and LIL EEMPs including review by various stakeholders and incorporation of comments.
- Submit Human Health Risk Assessment Plan.
- Resubmit 11 revised EEMPs for approval by Minister of Environment and Conservation.
- Coordinate commercial cutting compliance and Project requirements with Department of Natural Resources (DNR).

 nalcor <i>energy</i> <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 16 of 86

SECTION 4. QUALITY ASSURANCE

4.1 KEY ACHIEVEMENTS DURING THE PERIOD

General:

- Mobilized Laboratory Services Manager to MF site.
- Publication of Integrated Management System statistics to LCP Integrated Management Team (LMT).
- Approval and issuance of 2014 Project quality audit schedule.

MF Generation:

- CH0002 - Accommodation Complex Buildings:
 - Closed out Site Queries / NCR's and filed in Aconex.
 - Reviewed and accepted clearance letter regarding air sample testing for dorm PA; dorm is ready for occupancy.
 - Turnover documentation review & sign-off for Dorms PB & PE completed.
- CH0003 - Administrative Buildings:
 - Meeting held with package Engineer to discuss commissioning requirements of the contractor.
 - Reviewed and accepted the revised site Inspection Test Protocol's (ITP) and accepted Opron's quality plan.
- CH0006 - Bulk Excavation Works:
 - Completed final sign offs on IKC-ONE turnover dossiers for the spillway.
- CH0007 - Intake, Powerhouse, Spillway and Transition Dam:
 - Review of Astaldi Canada Inc.'s Quality Plan and feedback provided.
 - Contractor's ITPs for early works have been reviewed and returned with comments.
 - Achieved alignment of Quality Manager.
- CH0030 - Turbines and Generators:
 - Application of Primer Coating of 1st segment, of Stay Ring for Unit 1 has been completed.
 - LCP QA witnessed NDT inspections on Blades 01 and 02 at the Liwei facility.
 - LCP QA witnessed coupon cutting of material test samples for the Runner Hub Cylinder Head at Erzhang.
 - Standard/general monitoring of welding operations at Tianbao were performed by LCP QA on several components.
- CH0031 - Mechanical and Electrical Auxiliaries:
 - Finalized SDRL with project team.
- CH0032 - Powerhouse Hydro-Mechanical Equipment:
 - Third Party Inspection (TPI) assignment issued for primary anchor fabrications in Quebec.
 - NCR issued against Andritz Hydro for fabricating components (primary anchors) without drawing stamped by registered NL Professional Engineer.
- CH0033 - Powerhouse Cranes:
 - Attended kickoff meeting and issued quality presentation to supplier and LCP team.
- CH0049 - Log Booms:
 - Quality clarification issued.
 - Finalized pre-qualification evaluations.
- PH0014 – Generator Step-Up Transformer:
 - Meeting held with ABB to discuss concerns with the Chinese sub supplier.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 17 of 86

- PH0015 - Isolated Phase Bus:
 - Signed off on RFI document for quality requirements.
- PH0016 - Generator Circuit Breakers:
 - Reviewed and accepted RFI document.
- PH0058 - 600V Switchgear:
 - Reviewed and accepted operation/maintenance/commissioning manuals.
- SM0705 - Laboratory Services:
 - Recommendation for award circulated for sign-off.
 - Meeting with Provincial Government.
 - Development of Laboratory Services Reporting toll in Aconex.
- SH0051 - Building Maintenance:
 - Finalized bid evaluation.

HVdc Specialities:

- CD0501 - Supply and Install Converters and Cable Transition Compounds:
 - Preferred bidder selected; pre-award assessments scheduled for mid-February.

Overland Transmission:

- PT0303 - Supply of Tower Hardware:
 - RFC issued and responses under review.
- PT0329 - Supply of HVdc Insulators - 350 kV HVdc:
 - Quality Surveillance Assignment (QSA) issued to the Killick group and SGS Canada.

4.2 ONGOING WORK – KEY AREAS

General:

- Project Change Notice in circulation for LCP Manager for Asia.
- Re-deployment of Integrated Management system documentation.
- Engineering Criticality Rating (ECR) & Quality Surveillance Level (QSL) Rating list and supporting forms to be uploaded in Aconex and issued to LCP.

MF Generation:

- CH0006 - Bulk Excavation Works:
 - Review of Manufacturing Record Books ongoing.
- CH0007 - Intake, Powerhouse, Spillway and Transition Dam:
 - QA Readiness for contract execution.
 - Preparation for Functional Breakout session.
 - Contractor engagement of quality team.
 - Final Wall verification forms & QA survey's data still under completion for various work fronts.
- CH0030 - Turbines and Generators:
 - Stay Ring Assemblies ongoing.
 - Interview process for inspector completed and candidates being evaluated.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 18 of 86

- CH0032 - Powerhouse Hydro-Mechanical Equipment:
 - Finalization of LCP Quality Plan in process.
- SM0705 - Laboratory Services:
 - Preparation of contract documents.

HVdc Specialities:

- CD0503-002 - Construction of Earthworks-Soldiers Pond:
 - Prepare requirements for LCP inspectors at site; consulted with HR regarding recruitment needs.
- CD0508 - Supply and Install of Electrode sites:
 - Prepare audit plan for internal audit of engineering deliverables.
 - Engineering Criticality Rating is outstanding.
 - Quality Surveillance Level is outstanding.
- CD0501 - Supply and Install Converters and Cable Transition Compounds:
 - Preparation of Equipment Criticality Ratings.
 - Quality Surveillance Level is outstanding.
 - Prepare for pre-award assessment of preferred bidder.
 - Review of Quality Execution Plan.
- CD0502 - Construction of AC Substations and Synchronous Condensers Facilities:
 - Evaluation of bids continue.
 - Engineering Criticality Rating is outstanding.
 - Determination of Quality Surveillance Levels.
- CD0534 - Supply and Install Soldiers Pond Synchronous Condensers:
 - Quality Surveillance Level is outstanding.
 - RFP closing extended to 30-Jan-2014.
- CD0538 - Supply and Install CF Accommodations Camp:
 - Continue to work closely with HVP to complete required documentation and completions checks.
 - Handover targeted for mid-February.
- Resourcing personnel for quality group; inspectors required for spring construction works. Several resumes have been received and are under review.
- Develop quality surveillance plans for EPC contract.

Overland Transmission:

- CT0319 - 315 kV HVac Transmission Line:
 - Preparation for Kick-off and quality workshop meetings with awarded contractor, Valard Construction.
 - Preparation of Surveillance Plan in process.
- PT0303 - Supply of Tower Hardware:
 - Mosdorfer has completed the Factory Acceptance Test (FAT) with the next scheduled test planned for mid-February. TPI continues sending the reports of each visit.
 - Supplier has submitted an NCR for the mechanical failure of the compression clamp; engineering will approve the proposed corrective action.
 - Mosdorfer was strongly advised that no white rust would be acceptable on the articles; supplier decided to hire a consultant to propose mitigation methods to prevent white rust; the identified product data sheet has been submitted, reviewed by LCP and approved.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 19 of 86

- PT0330 - Supply of Steel Towers - 350 kV HVdc:
 - Surveillance plan has been completed, distributed and will be transmitted to the TPI for application; QA Coordinator to implement.

SOBI:

- LC-SB-022 - Drilling operations in Shoal Cove are continuing; equipment operating well.

4.3 ISSUES / AREAS OF CONCERN

- Overdue reviews of contractor/supplier documents.
- CH0030 - Turbines and Generators:
 - Resolution of Material Laboratory testing results.

4.4 ACTIVITIES PLANNED FOR THE NEXT PERIOD – FEBRUARY 2014

- CH0006 - Bulk Excavation Works: acceptance of final documentation.
- CH0007 - Intake, Powerhouse, Spillway and Transmission Dam: conduct Quality workshops.
- CT0319 - 315 kV HVac Transmission Line:
 - Kick off meeting; conduct Quality workshops.
 - Recruiting for QA and QC field staff.
 - Surveillance Plan preparation.
- Mobilize LCP Manager Asia to China.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 20 of 86

SECTION 5. SCHEDULE AND COST

5.1 PROJECT SCHEDULE

MFG

CH0002 MF Main Accommodation Complex:

- During this reporting period, construction of the new 1500 person construction camp at Muskrat Falls continued. All modular units are on site and have been placed on foundations with the exception of the last accommodation complex. The first 02 dormitories (PB and PE) have now been accepted for occupancy.

CH0003 Administrative Buildings:

- Construction of the new materials testing laboratory and the fire and ambulance shelter is progressing as planned with roof and cladding installation underway. Delivery of the permanent modular office complex is progressing with 17 of 35 modules now on site. Owner's personnel are currently operating out of existing buildings in the Owner's laydown area.

CH0006 Bulk Excavation:

- Bulk excavation works for the powerhouse and spillway structures was completed on schedule in December 2013. The contractor is continuing with demobilization activities.

CH0007 Main Civil Works:

- The contractor has now set up facilities at the contractors lay down area. During this reporting period, mobilization of the aggregate crushing and screening plant commenced, as well as installation of the temporary enclosure in the spillway center section and preparation for the foundations of the permanent concrete batch plant. Winterization of an existing temporary concrete batch plant is currently underway.

CH0004-1 Caroline Brook Resource Road Upgrade:

- The contractor for the Construction of the Caroline Brook resource road upgrade has demobilized until Q2 of 2014 when weather will permit resumption of construction activity.

CH0024 Reservoir Clearing:

- Reservoir clearing being performed is proceeding on schedule.

CH0030 Turbines and Generators:

- Design and manufacturing of the turbines and generators under CH0030 is proceeding on schedule.

CH0032 Supply and Install of Powerhouse Hydro-Mechanical Equipment:

- Spillway primary anchor manufacturing has commenced, with delivery of the first set of anchors expected in March 2014.
- The purchase order for the Supply of Generator Circuit Breakers (PH0016) was formally executed 12-Jan-2014.

LTA

HVac Lines:

- ROW clearing is nearly complete from chainage 0 to 85. Approximately 185 hectares remain in this section to be cleared to provide sufficient ROW for the Transmission Line Contractor. The original forecast to have this area completed by 01-Feb-2014 will not be met but is expected to be by mid-February.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 21 of 86

- Kick off meeting with awarded contractor for CT0319 for the 315 kV Transmission Line Construction planned for late January was rescheduled to mid-February with workshops planned throughout the week to ensure common understanding of requirements. Major construction activities are planned to start in May with mobilization for camps and access activities planned to start in late January or early February.
- Marshalling Yard is ready to support T/L Construction activities with some portion of all required materials received and staged for issue.

Switchyards:

- Ongoing work for the Churchill Falls Switchyard Earthworks has stopped for the winter and is scheduled to resume in early May 2014. The current forecast completion date is 25-Sept-2014, a two month delay from last month, with Site access by the EPC contractor not required until spring of 2015.
- Muskrat Falls Switchyard Earthworks was completed in December-2013, with Site access by the EPC contractor not required until spring of 2015.
- The EPC activities for both switchyards were updated to reflect the average schedule received from the bidders. The current forecast date for Static Commissioning is 15-Nov-2016, 6 weeks later than last month.

LITL

SOBI Crossing:

- Construction of the SOBI cable system is progressing as planned at Shoal Cove, the Newfoundland side of the crossing. Horizontal directional drilling of the first hole was completed on 28-Jan-2014 under package LC-SB-022, and preparations are in progress for inter-site mobilization to commence drilling of the next hole.
- Preparation of the horizontal directional drilling site has commenced at Forteau Point, the Labrador side of the crossing, under contract LC-SB-021.

HVdc Lines:

- All segments were rescheduled; segment 04 now forecasting completion in June 2017.
- Design and General Arrangement Drawings were submitted for several tower types as the tower supplier begins to get underway
- Efforts are underway to remove the scope for ROW clearing on Section 1 from the Construction package to allow this work to start as early as possible. The team is targeting 01-June-2014 to start ROW clearing in Labrador.
- Final evaluations are underway to define requirements and options for Marshalling Yards in Newfoundland to support HVdc material distribution needs.

Converters:

- An updated schedule was received from the preferred bidder in December and has now been incorporated into the project schedule. The two converters are not on the project critical path.
- MF Converter Earthworks was completed in December-2013; site mobilization for civil works is forecast for late April 2015, a two week delay from last month; completion of static commissioning of the facility is forecast for 26-April-2017, a three month delay from last month.
- Soldier's Pond Converter Earthworks forecast completion date is 31-Aug-2014; site mobilization for civil works is forecast for end of March 2014, unchanged from last month; static commissioning of the facility is forecast for 24-April- 2017, a three month delay from last month.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 22 of 86

Switchyard:

- SP Switchyard earthworks forecast completion date is 31-Aug-2014, with Site access by the EPC contractor not required until spring of 2015.
- The EPC activities for the switchyard were updated to reflect the average schedule received from the bidders. The current forecast date for Static Commissioning is 15-Nov-2016, 2 weeks later than last month.

Synchronous Condensers:

- Synchronous Condensers earthworks forecast completion date is 31-Aug-2014, with Site access by the EPC contractor not required until spring of 2015.
- Static commissioning of the facility is forecast for 30-April-2017, a one month delay from last month.

Transition Compounds:

- Forteau Point forecast static commissioning date was updated to align with the preferred bidder's latest schedule and is forecast for 10-Oct-2016, a six week delay from last month.
- Shoal Cove forecast static commissioning date was updated to align with the preferred bidder's latest schedule and is forecast for 17-Dec-2016, a six week delay from last month.

Electrode Sites:

- The electrode site schedules were updated based upon the latest quantities.
- L'Anse Aux Diable forecast static commissioning date is 16-Oct-2016, a 2 week delay from last month.
- Dowden's Point forecast static commissioning date is 19-Nov-2016, a two month delay from last month.

5.2 PROJECT MILESTONES

- Current forecast for the availability of the LTA for power transmission is 03-Feb-2017. This represents a 31 day shift from last month, and is not impacting the overall project critical path.
- Current forecast for the availability of the LITL for power transmission is 20-Aug-2017. There is no change from last month, and this is not impacting the overall project critical path.
- Current forecast for the availability of first power from Muskrat Falls remains at 10-Dec-2017, 20 days earlier than baseline, and no change from last month.

5.3 CRITICAL PATH

- The critical paths for the three projects (MF, LTA and LITL) remain unchanged and the forecast completion for First Power is still maintained for December 2017.

5.4 SCHEDULE VARIANCE ANALYSIS

- Refer to project milestone section.

5.5 CAPITAL COST – COST STATUS

Control Basis

- This section reports costs only related to Phase I of the Lower Churchill Project encompassing Muskrat Falls Generation, the Labrador Island Transmission Link, and the Labrador Transmission Asset. Costs associated with the Maritime Link and Gull Island Generation are not included in this cost report.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 23 of 86</p>

- Stewardship and reporting is now being done against the Re-baseline CCB (CAPEX) for Phase I of \$6.532 billion comprised of Muskrat Falls Generation: \$3.265 billion; Labrador Island Transmission Link: \$2.546 billion and the Labrador Transmission Asset: \$0.720 billion.
- Non-Capex costs related to interest (historical), debt financing costs and other project costs (primarily the Upper Churchill Redress) are allocated to each individual project component adding an additional \$0.179 billion to the Phase I overall Control Budget for a total of \$6.711 billion.
- For Phase I of the Lower Churchill Project we are no longer stewarding to or reporting against annual capital budgets.
- The DG3 Phase I Total Current Control Budget (CCB) which includes the DG3 CAPEX OCB, DG3 Non-Capex OCB and all approved changes currently totals \$6.439 billion.

Period Incurred versus Plan Incurred Cost

- Phase I period incurred cost for the January 2014 reporting period was \$70 million versus the Re-baseline CCB for the period of \$77.2 million and a forecast at the end of December of \$76.7 million broken down by component as:

Component	A Baseline	B Forecast	C Incurred Cost	D = C - B Variance
Muskrat Falls Generation	\$45,131,887	\$47,412,453	\$51,063,047	\$3,650,594
Labrador Island Transmission Link	\$18,969,298	\$16,957,405	\$7,711,006	-\$9,246,399
Labrador Transmission Asset	\$13,086,948	\$12,350,307	\$11,194,682	-\$1,155,625
	\$77,188,133	\$76,720,165	\$69,968,735	-\$6,751,430

- Phase I total Incurred cost to-date is \$1,118.1 million. This includes both CAPEX and Non-Capex (project debt financing) costs. Attachment 12.5 provides details of the period and cumulative incurred cost for each major cost grouping with Attachments 12.6 through 12.8 breaking down the period details by Project Asset.
- The primary drivers for this month's variance are attributable to the slow ramp-up of Contract CH0007 and follow on impact on construction activities, the slight progression of work on the SOBI offshore contracts, as well as the project debt financing paid in advance in December. The overall variance between the January incurred cost and the forecasted value reported at the end of December is \$ 6.7 million. Details of the period incurred variance by asset and reporting categories are contained in Tables 5.1 through 5.4.

Current Forecast

- The DG3 CAPEX OCB was predicated upon achieving Decision Gate 3 (DG3) at the beginning of Q3-2012. The current CAPEX Final Forecast Cost (FFC) for LCP Phase I of \$6.532 billion is based on last month forecast, however as cost reporting is done on a monthly rather than a daily basis for cost reporting purposed all incurred costs up to and including November 30, 2012 will be reported as Pre-Sanction Costs with all incurred costs after this date being reported as Post-Sanction. The Pre-Sanction cost of Phase I of the Lower Churchill Project was \$312,168,771 (MF: \$182,896,494; LITL: \$108,391,140; LTA: \$ 20,881,140).

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 24 of 86

- As of the end of the January reporting period the total FFC including both CAPEX and Non-Capex (project debt financing) costs is \$6.710 billion.
- The FFC also includes trends or changes that have been identified and approved. During the December reporting period the FFC includes \$121.4 million in trends (Muskrat Falls: \$187.6 million; LITL: -\$73 million; LTA: 6.8 million).

Project Change Notices

- During the January reporting period 12 Project Change Notices (PCNs) for Phase I were processed resulting in a net drawdown of Project Contingency for the period of -\$94.4 million (Muskrat Falls: +\$52.6 million LITL: -1.4 million; LTA: -\$43.2 million). Total Project Contingency drawdown since project sanction totals -\$ 343.9 million (Muskrat Falls: -\$ 250.9 million; LITL: -\$ 7.5 million; LTA: -\$ 85.5 million).

Funding

- A Master Project AFE (by component) for Phase I has been approved by the Gatekeeper and the Nalcor Board of Directors. This Master AFE ensures that the Project (Phase I) is fully funded until project completion.
- The AFE funding has been allocated on an individual project component level basis based on the historical and projected capital cost of each component to the end of the project. The table below shows how the CAPEX funding of \$6.532 billion has been allocated. This application of the project-to-date funding remains subject to management level review and approval.

CAPEX AFE Funding by Project Component
(less Interest (historical), Project Debt Financing and Upper Churchill Redress) (\$ million CDN)

Project Component	Prior AFE Funding	Master Project AFE Amount	Total Project Funding
Muskrat Fall Generation	\$260.9	\$2,640.3	\$3,265.3
Labrador-Island Transmission Link	\$116.9	\$2,492.8	\$2,546.2
Labrador Transmission Assets	\$36.6	\$655.00	\$720.3
Total:	\$414.4	\$5,788.1	\$6,531.8

Additional Notes to Cost Report

- A percentage of certain General Administration and Project Management costs are allocated to the project components based upon an allocation matrix and in alignment with the cost allocation methodology as developed in conjunction with the Project Finance & Accounting group. This methodology and matrix are reviewed on regular basis to ensure that it is fair and equitable and accurately reflects the current breakdown of direct charges for scopes of work that are occurring within each of the project components. Should a change in either the methodology or the percentages of the General Administration and Project Management costs assigned to each project component change it will be noted in this report and the report details adjusted to reflect the new information.
- It was agreed between Project Controls and the Finance & Accounting group that the continued allocation of General Administration and Project Management costs to both Gull Island and the Maritime Link components was no longer valid. As a consequence of this decision the allocation percentages were changed to reflect this

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 25 of 86

and applied retroactively back to May 2012. The basis of the new allocation percentages is the direct capital cost of the project components as per the DG3 OCB. This allocation realignment has resulted in some changes to previously reported budgets and costs for all project components.

Table 5.1: Period Incurred vs Plan Incurred (Total Phase I-Thousands CAD)

Functional Group	A: Plan Incurred	B: Forecast Incurred	C: Period Incurred	D=C-B: Variance
100 NE-LCP Owners Team, Admin and EPCM	\$8,758	\$6,683	\$8,439	\$1,756
200 Feasibility Engineering	\$74	\$26	-\$3	-\$29
300 Environmental & Regulatory Compliance	\$568	\$485	\$475	-\$10
400 Aboriginal Affairs	\$530	\$193	\$27	-\$166
500 Procurement & Construction	\$60,756	\$65,801	\$59,252	-\$6,549
900 Commercial & Legal	\$2,489	\$216	\$945	\$729
990 Contingency	\$0	\$0	\$0	\$0
CAPEX Totals	\$73,176	\$73,404	\$69,134	-\$4,270
910 Interest Charges	\$0	\$0	\$0	\$0
998 Project Debt Financing	\$4,013	\$3,316	\$835	-\$2,481
999 Other Project Costs	\$0	\$0	\$0	\$0
LCP Phase I Total:	\$77,188	\$76,720	\$69,969	-\$6,751

Table 5.2: Period Incurred vs Plan Incurred (Muskrat Falls Generation – Thousands CAD)

Functional Group	A: Plan Incurred	B: Forecast Incurred	C: Period Incurred	D=C-B: Variance
100 NE-LCP Owners Team, Admin and EPCM	\$4,086	\$3,100	\$5,504	\$2,404
200 Feasibility Engineering	\$10	\$24	\$1	-\$23
300 Environmental & Regulatory Compliance	\$161	\$191	\$425	\$234
400 Aboriginal Affairs	\$487	\$160	\$27	-\$133
500 Procurement & Construction	\$36,509	\$42,450	\$44,723	\$2,273
900 Commercial & Legal	\$2,084	\$53	\$113	\$60
990 Contingency	\$0	\$0	\$0	\$0
CAPEX Total:	\$43,337	\$45,978	\$50,793	\$4,815
910 Interest Charges	\$0	\$0	\$0	\$0
998 Project Debt Financing	\$1,795	\$1,434	\$270	-\$1,164
999 Other Project Costs	\$0	\$0	\$0	\$0
Muskrat Falls Total:	\$45,132	\$47,412	\$51,063	\$3,651

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 26 of 86

Table 5.3: Period Incurred vs Plan Incurred (Labrador Island Transmission Link – Thousands CAD)

Functional Group	A: Plan Incurred	B: Forecast Incurred	C: Period Incurred	D=C-B: Variance
100 NE-LCP Owners Team, Admin and EPCM	\$4,064	\$2,895	\$2,064	-\$831
200 Feasibility Engineering	\$62	\$1	-\$4	-\$5
300 Environmental & Regulatory Compliance	\$394	\$292	\$45	-\$247
400 Aboriginal Affairs	\$44	\$30	\$0	-\$30
500 Procurement & Construction	\$12,343	\$12,051	\$4,335	-\$7,716
900 Commercial & Legal	\$242	\$150	\$805	\$655
990 Contingency	\$0	\$0	\$0	\$0
CAPEX Total:	\$17,149	\$15,419	\$7,245	-\$8,174
910 Interest Charges	\$0	\$0	\$0	\$0
998 Project Debt Financing	\$1,820	\$1,539	\$466	-\$1,073
999 Other Project Costs	\$0	\$0	\$0	\$0
Labrador Island Transmission Link Total:	\$18,969	\$16,958	\$7,711	-\$9,247

Table 5.4: Period Incurred vs Plan Incurred (Labrador Transmission Asset – Thousands CAD)

Functional Group	A: Plan Incurred	B: Forecast Incurred	C: Period Incurred	D=C-B: Variance
100 NE-LCP Owners Team, Admin and EPCM	\$609	\$688	\$871	\$183
200 Feasibility Engineering	\$2	\$1	\$0	-\$1
300 Environmental & Regulatory Compliance	\$12	\$2	\$5	\$3
400 Aboriginal Affairs	\$0	\$3	\$0	-\$3
500 Procurement & Construction	\$11,904	\$11,300	\$10,194	-\$1,106
900 Commercial & Legal	\$163	\$13	\$27	\$14
990 Contingency	\$0	\$0	\$0	\$0
CAPEX Total:	\$12,690	\$12,007	\$11,097	-\$910
910 Interest Charges	\$0	\$0	\$0	\$0
998 Project Debt Financing	\$397	\$343	\$98	-\$245
999 Other Project Costs	\$0	\$0	\$0	\$0
Labrador Transmission Asset Total:	\$13,087	\$12,350	\$11,195	-\$1,155

5.6 COST OF SLI SERVICES

- The budget and cost incurred for the EPCM Services related to Stage 1 & 2 up to December 2011 was \$32.75 M representing 214,871 person-hours spent.
- The EPCM Services budget for the execution of the Project - Stage 3 is being reviewed by SLI and Nalcor. For the period from 01-Jan-2012 to 31-Jan-2014 the cost incurred was \$153M.

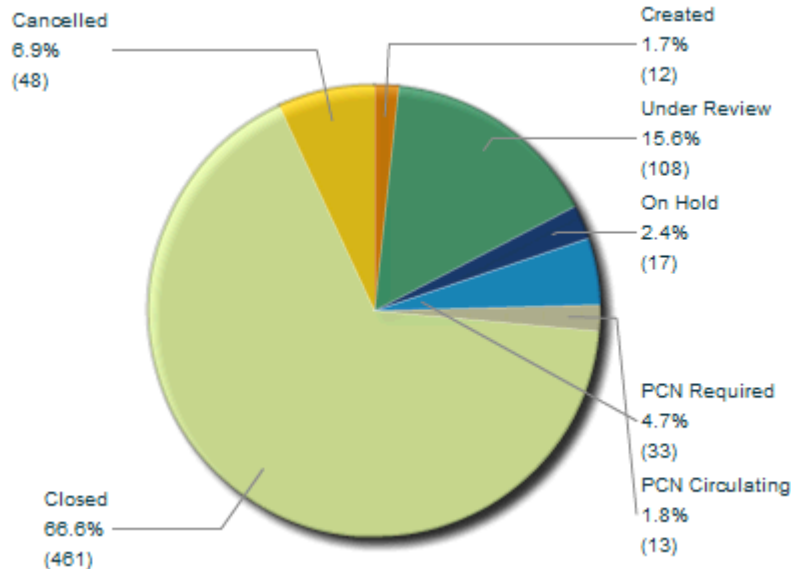
	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 27 of 86

5.7 CHANGE MANAGEMENT STATUS

Deviation Alerts

Deviation Alert Notices entered this month: 29

Deviation Alert Notices closed this month: 33 (includes cancelled)



Deviation Alert Notices (DANs) Summary

Project Changes

Project Change Notices approved this month:

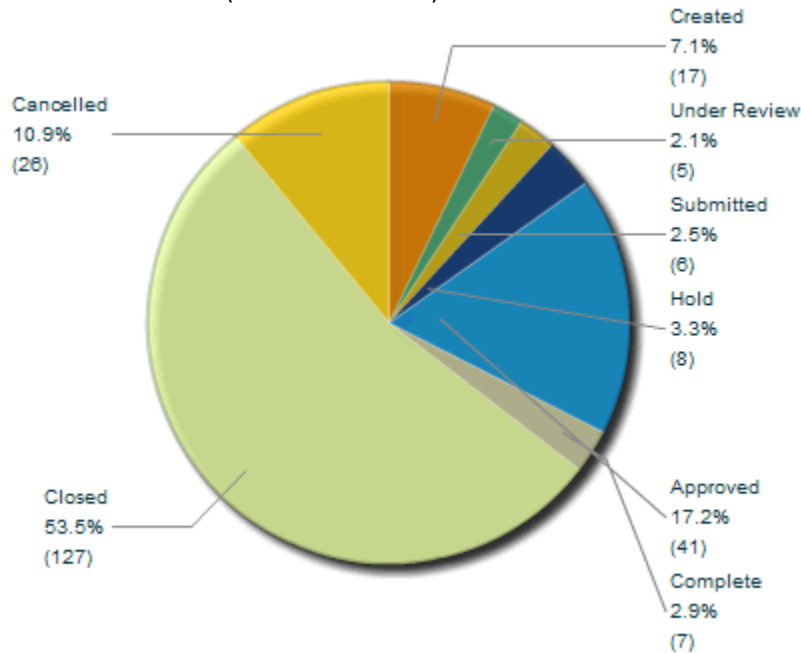
PCN-0186	<u>Removal of Scope for Dismantling Construction Power Facilities at CF and MF</u> - The remaining construction power facilities can be used in support of future developments.
PCN-0199	<u>Cost Overrun on 315 kV HVac Lines Construction</u> - This PCN requests the allocation of LTA contingency to support the variance. With the approved additional budget, the completion of scope for package CT0319 will be ensured.
PCN-0206	<u>North Spur - Additional Dynamic Analysis and Hydrogeological Modelling</u> - The North Spur is a complex feature with a history of instability. Ensuring the stability of the North Spur is critically important to the success of the LCP. In addition to the geotechnical challenges, the North Spur is the subject of ongoing public scrutiny. While the independent reviews consider the existing design as "robust", additional analysis and modelling is recommended to more thoroughly analyze and document the existing site conditions and alleviate specific concerns regarding the presence of sensitive clays and the future groundwater regime.
PCN-0209	<u>Intake, Powerhouse, Spillway, and Transition Dam Contract Award - CH0007</u> - In addition to Design Enhancement to Improve Quality and System Reliability, the investments made in Category 1 - Construction Productivity and Performance Enhancement Measures provide the following benefits: - Enclosure of Powerhouse to provide safer working conditions, increased productivity, and longer continued employment opportunities for the workforce. - Enhanced camp and recreational complex as well as catering to increase worker attraction and retention.

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 28 of 86

	<ul style="list-style-type: none"> - Starter camp to support Bulk Excavation. - Change diversion window from 2015 to 2016 to reduce weather window risk on spillway construction. - Significant site infrastructure upgrades - i.e. laydown area expansion to increase overall efficiencies and productivities. - Extensive investment in environmental mitigations to reduce risk of construction delays, including Site Water Controls, and Historical Resource Recovery. <p>This contract agreement results in a capped risk in the labour component for CH0007.</p>
PCN-0230	<p><u>Provision of QC Survey Resources</u> - Packages ST0311 and ST0312 include requirements for surveyors to verify the surveying completed by the clearing and construction contractors for the ac and dc transmission lines. Dates and durations of each task vary, and these packages do not require dedicated resources. Given the nature of the work, quality control as opposed to quality assurance, sufficient lead time can be provided in order to ensure the workloads for the resources assigned to these packages can be effectively managed internally.</p>

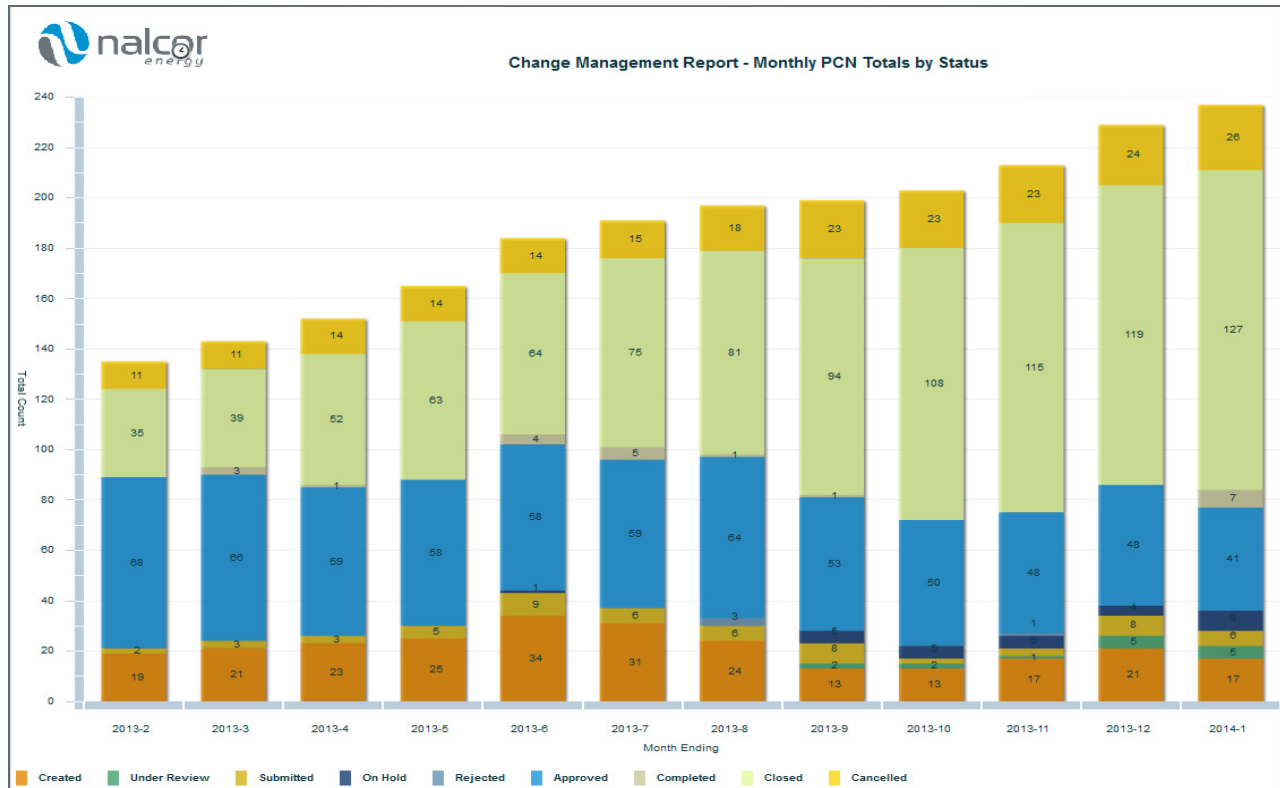
Project Change Notices created this month: 8

Project Change Notices closed this month: 9 (includes cancelled)



Project Change Notices (PCNs) Summary

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 29 of 86



Project Change Notices (PCNs) Monthly Totals by Status

5.8 INTERFACE MANAGEMENT

5.8.1 Achievement this Period

- Continued progress in the development and implementation of the revised LCP Interface Management Process, including:
 - 44 workshops conducted since re-work of technical interface process.
 - 165 internal interfaces registered in Aconex (44 of which have been closed or cancelled).
 - 117 external interfaces registered in Aconex (73 of which have been closed or cancelled).
 - 57 technical queries registered in Aconex (48 of which have been closed or cancelled).
 - 164 requests for information registered in Aconex (152 of which have been closed or cancelled).
 - Dashboards for the interface monitoring and reporting with interfaces categorized both LCP-Operations working groups and Projects/Components are being updated and posted weekly to the T:\drive with notice to stakeholders.
- Project planners are engaged in review meetings for interface status.
- Roll out of functioning dashboard (Tool for Interface Management) at LCP-Operations Steering Committee meeting and demonstration of the ability for LCP-Operations Working Groups to manage their interfaces with the aid of the tool.
- Establishment of regularly scheduled monthly meetings by all four LCP-Operations Interface Working Groups (Transmission Lines, Churchill Falls, System Operations, and NLH Stations).

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 30 of 86

5.8.2 Current Priorities

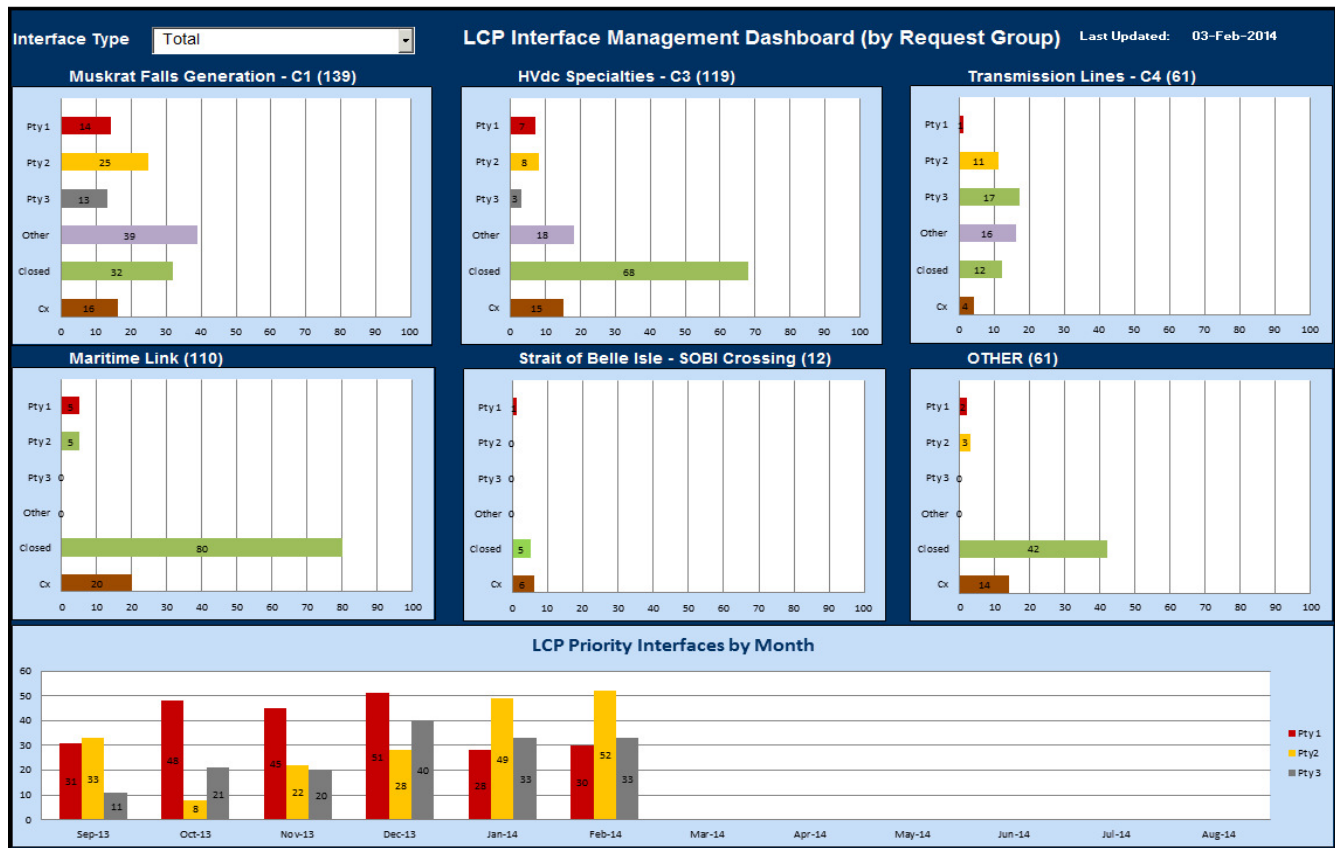
- Interfaces with C3/C1 at Gantry locations and Switchyards identified; Bi-Weekly meeting held to review connection interfaces and track changes.
- Official interface drawings are currently being reviewed by the LCP team. Interface agreements and schedule activities/milestone to be reviewed and/or developed upon approval of the interface drawings.
- Further follow-up by C4 with LCP-Operation TL working group to confirm outage windows.
- External coordination by C4 with Newfoundland Power for Distribution crossings.
- Further discussion with C4 planners to monitor touch points, commonalities and working processes for large interface milestones.
- Further discussion between C4, C3, and SOBI team on newly identified interfaces.
- Facilitate and accelerate the entry of technical interface records in the Aconex system for the items identified by the LCP-Operations Working Groups through their recent exercises.
- Finalize development of a construction interface schedule.
- Issue revision to LCP Technical Interface Management Plan.
- Issue LCP Technical Interface Management Procedure.

5.8.3 Issues and Opportunities

- Issues:
 - Lack of formal acceptance and sign-off from NL Hydro on agreed to Transmission Line interfaces.
 - Lack of clarity on the use of Interface Management RFI process and Construction Management transmittal process.
- Opportunities:
 - Construction interface schedule in development should be used, in addition to its intended purpose, to identify potential gaps in technical interfaces and ensure they are addressed.
 - Develop Interface management approach specific to large EPC Contracts.
 - Workshop to identify additional interfaces throughout the Project (strategy session pending).

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 31 of 86

5.8.4 Lower Churchill Project Interface Management Dashboard (by Request Group)



5.9 RISK MANAGEMENT

5.9.1 Achievements this Period

- Review and update of the LCP Risk Register to reflect process indicated in the Risk Management Plan.
- Almost 60% of risk identified to date in the LCP Risk Register has been retired due to no applicability to the current project stage. Risk Register transferred to each Component Manager to identify risk not applicable to the present stage of their projects.

5.9.2 Current Priorities

- Review and update of the risk register with events associated to each Component; this has been tasked to the Component Project Managers.

5.9.3 Issues and Opportunities

- To date, the LCP Risk Register has been maintained using MS Excel spreadsheets; a centralized database is required to facilitate monitoring, control and a reporting process.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 32 of 86

SECTION 6. MUSKRAT FALLS GENERATION

6.1 AREA INFRASTRUCTURE AND SERVICES

6.1.1 Engineering (Progress Report)

- CH0002 - Camp:
 - Continued resolution of SQ's, technical issues and commissioning documentation.
- CH0002 - Utilities:
 - Commenced addressing Occupational Health and Safety (OHS) directives issued 28-January-2014 with respect to the water treatment plant.
 - Continued reviewing as built documentation.
 - Progressed compilation of handover documentation.
 - Prepared outstanding SOW and associated drawings for construction power in line with processes and procedures.
- CH0003 - Admin Buildings:
 - Modular Building design changes being worked to facilitate moving Administration Building to the Company Laydown Area.
 - Concrete Lab, Fire & Ambulance and Maintenance design drawings have been approved with the exception of exterior ramps and steps.

6.1.2 Procurement (Issues and Concerns related with the Area)

- Nothing to report this period.

6.1.3 Construction (Progress Report)

- CH0002 - Camp:
 - Continued installation of dorm modules (10/11 dorms completed).
 - Two Dorms (PB and PE) have been accepted for occupancy.
 - Prepared punch list items for Dorm PA.
 - Continuing electrical, mechanical and architectural outfitting of Dorms (focus on PC and PG).
 - Continuing electrical, mechanical and architectural outfitting of KDR (started night shifts).
- CH0002 - Utilities:
 - Water and Sewer systems are operational at accommodations complex.
- CH0003 - Admin Buildings:
 - Received Security Building at site.
 - Progressed Administrative Building fabrication (17 of 35 modules on site).
 - Completed fabrication of the Multi-use sports complex and associated equipment.
 - Completed installation of Concrete Lab roof.
 - Commenced underground utilities work and installation of light weight structural fill at Concrete Lab.
 - Commenced roof and cladding installation for the Fire and Ambulance shelter.
 - Commenced roof and cladding installation for the Maintenance Building.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 33 of 86</p>

- CH0004-002 - Caroline Brook Resource Road Upgrade:
 - Contractor demobilized until Q2 of 2014.

6.1.4 Commissioning

- Continued completion of ITP’s and Test Certificates in preparation for system commissioning.
- CH0002 - Utilities: Continued compiling all commissioning handover documentation.
- CH0002 - Camp: Continued compiling all commissioning handover documentation for dorms PB and PE.

6.1.5 Area Concerns

Item	Description / Status	Action
01	Ability to have all camp modules installed prior to winter conditions at site. Currently installing last Dorm.	Continuing to work with Liannu to accelerate installation process. Where permanent roof seals cannot be installed (due to cold temperatures) a temporary mechanical seal process will be implemented.
02	Opron’s site construction management efficiency.	The site team will work closely with Opron to assist in managing the execution of the work. (To date the site work has been going well).
03	Timely completion of Construction Power for Astaldi.	Expediting drawings etc. for bid process.

6.1.6 Activities Planned for the Next Period – February 2014

- CH0002 - Camp:
 - Accept Dorm PA for Occupancy.
 - Commence punch list preparation for Dorm PC.
 - Complete placement of all remaining dormitory modules.
 - Continue mechanical and electrical outfitting of dormitories, corridor and KDR.
 - Complete installation of KDR AHU’s roof units and associated ductwork.
- CH0002 - Utilities:
 - Final completion of punch list items and handover documentation.
 - Commence Construction Power 25 kv tap for contractors laydown area and concrete lab.
- CH0003 - Admin Buildings:
 - Complete Fabrication of Administration Building.
 - Complete testing of underground utilities at Concrete Lab.
 - Complete installation of light weight structural fill place concrete slab on grade at Concrete Lab.
 - Commence electrical and mechanical outfitting at Concrete Lab.
 - Complete Cladding and Roofing on Lab, Fire & Ambulance and Maintenance Buildings.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 34 of 86</p>

- Place and weather proof the Security Building.
- Supply and commence installation of precast footings for the Multi-Use Sports Complex.

6.2 AREA BULK EXCAVATION AND DAMS

6.2.1 Engineering (Progress Report)

- CH0009 - Construction of North and South Dams:
 - Drawings for C1 Revision were issued for final acceptance; technical specification is ongoing.
 - Scope of Work Specification is issued for A1 revision (internal coordination).
 - Physical model for North RCC dam is ongoing.

6.2.2 Procurement (Issues and Concerns related with the Area)

- Nothing to report this period.

6.2.3 Construction (Progress Report)

- CH0006 - Bulk Excavation Works:
 - Powerhouse Excavation: Up to 31-Dec-2013 the progress for excavation works is as follows:
 - Physical progress completed: 100 %;
 - Spillway Excavation: Up to 31-Dec-2013 the progress for excavation works is as follows:
 - Physical progress completed: 100%;
 - Cofferdams No. 01, No. 02 and No. 03:
 - Physical progress: Cofferdams No. 01, 02 & 03 are complete.
 - Switchyard - Converter Station:
 - Switchyard & Converter Station are essentially complete (minor work remaining will be transferred to C3 Contractor).

6.2.4 Commissioning

- Nothing to report this period.

6.2.5 Area Concerns

Item	Description / Status	Action
	NA this reporting period	

6.2.6 Activities Planned for the Next Period – February 2014

- CH0006 - Bulk Excavation Works:
 - Complete remaining scope at all locations, especially the Converter Station.
 - Sorting Rocks; Dewatering System; Punchlist items; Site Ditching and Access Roads.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 35 of 86</p>

- Demobilization activities.
- CH0009 - Construction of North and South Dams:
 - Hold RCC North Dam Design and construction sessions.

6.3 AREA POWERHOUSE / INTAKE AND SPILLWAY

6.3.1 Engineering (Progress Report)

- CH0007 - Intake, Powerhouse, Spillway & Transition Dams:
 - Engineering Change Notice (ECN) 01 and 02 issued to Contractor with Issued for Construction (IFC) Drawings and Architectural Technical Specification Sections that were missing at contract award.
 - Engineering coordination continues; design of Powerhouse concrete substructure and steel superstructure with requirements of other disciplines and Turbines & Generators contractor.

6.3.2 Procurement (Issues and Concerns related with the Area)

- Nothing to report this period.

6.3.3 Construction (Progress Report)

- Mobilization and set up of site office and lunchroom facilities at the Powerhouse, spillway and contractors lay down area.
- Dewatering of Powerhouse and Spillway continuing.
- Set-up and start production of fine concrete aggregate at aggregate source GD-11.
- Commenced with installation of the temporary shelter (Norseman Structure) in the spillway center section.
- Set up crusher at construction lay down area C1.
- Commenced work on the foundation preparation for new batch plants at the construction lay down area C1.
- Winterization and set up of temporary batch plant at area lay down B.

6.3.4 Commissioning

- Nothing to report this period

6.3.5 Area Concerns

Item	Description / Status	Action
	NA this reporting period.	

6.3.6 Activities Planned for the Next Period – February 2014

- Post-Award Workshop meetings to be held with Contractor.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 36 of 86

6.4 AREA MECHANICAL AND ELECTRICAL

6.4.1 Engineering (Progress Report)

- CH0030 - Turbines and Generators: Andritz' Engineering work is at 83 % complete versus 95% planned; review of vendor drawings and documents continue; design is now focused on completion of the auxillary systems, as well as the protection and controls; held 8th progress meeting with Andritz.
- CH0031 - Mechanical and Electrical Auxiliaries: All Engineering was completed by the end of 2013 with the exception of piping scope which will conclude by mid February 2014.
- CH0032 - Powerhouse Hydro-Mechanical Equipment: Review of supplier documents for Intake primary embedded parts ongoing (drawings and calculations); design of Spillway primary embedded parts accepted.
- CH0033 - Powerhouse Cranes: Package Kick-Off completed with Groupe LAR; LAR has commenced detailed design, and deliverables for interface with CH0030 have been prioritized.
- CH0034 - Powerhouse Elevator: Technical Bid Evaluation ongoing.

6.4.2 Procurement (Issues and Concerns related with the Area)

- PH0014 - Generator Step-up Transformers: Bid Clarification Meeting held 19-Dec-2013; clarifications from potential bidder will be provided by mid-January 2014; contract award expected end of February 2014.
- PH0015 - Isolated Phase Bus: RFP issued.
- PH0016 - Generator Circuit Breakers: Purchase Order awarded 12-Jan-2014 to ABB Inc.; kick off Meetings scheduled for early February 2014.
- PH0035 - Station Service Transformers: Package will be added to CH0031 Balance of Plant (BOP) as a supply and install item.
- CH0030 - Turbines and Generators: Andritz's procurement is at 56% complete vs. 57% planned.
- CH0031 - Mechanical and Electrical Auxiliaries:
 - Bidders list completed with 05 bidders.
 - RFP preparation progress is 64% complete; targeted completion is end of February 2014.
 - Bidders shall be given the option to provide a target labor price.
- CH0032 - Powerhouse Hydro-Mechanical Equipment: Awarded to Andritz Hydro Canada Inc. 19-Dec-2013.
- CH0033 - Powerhouse Cranes: Awarded to Groupe Lar Inc. 09-Dec-2013.
- CH0034 - Powerhouse Elevator: Closed 24-Jan-2014; evaluation ongoing.

6.4.3 Construction (Progress Report)

- CH0030 - Turbines and Generators:
 - Manufacturing progress is 10% compared with a plan of 18%.
 - Manufacturing is continuing on the turbine components; fabrication of the test guide vane has been completed and is now in machining; casting of the internal links and levers for the runner internal mechanism has been completed at Erzhong.
 - The 4th circular passage liner has been completed. Andritz is visiting site this week to look at the options of storing the liners there rather than Goose Bay.
 - Repairs to Hub 02 are being closely monitored.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 37 of 86</p>

- Work in China has slowed down due to the Chinese New Year holidays.
- CH0032 - Powerhouse Hydro-Mechanical Equipment:
 - Spillway primary anchor manufacturing started at Fournier Industries Inc. in Quebec; milestone for delivery of first set of anchors is 14-March-2014.

6.4.4 Commissioning

- Nothing to report this period.

6.4.5 Area Concerns

Item	Description / Status	Action
01	QA support for China fabrication for Package CH0032.	Follow up with Package Lead and QA Manager to refine the coordination efforts to meet package expectations.

6.4.6 Activities Planned for the Next Period - February 2014

- CH0030 - Turbines and Generators: Initiation of manufacturing on Generator components.
- CH0031 - Mechanical and Electrical Auxiliaries: Issue of RFP.
- CH0032 - Powerhouse Hydro-mechanical equipment: Complete first set of Spillway Anchors; complete primary anchor design for intake; complete constructability review and markups of first stage concrete blockouts for interface with CH0007; Third party Inspection of Fournier Industries.
- CH0033 - Powerhouse cranes: Receive early deliverables (SDR, Management documents).
- CH0034 - Powerhouse elevator: Preliminary technical bid evaluation.
- PH0014 - Generator Step-up Transformers: Issue PO.
- PH0015 - Isolated phase Bus: Close of RFP scheduled for 07-Feb-2014.
- PH0016 - Generator Circuit Breakers: Hold Kick off meeting with awarded contractor ABB Inc.
- PH0035 - Station Service Transformers: Revise Package Dictionary to incorporate scope into CH0031 BOP.

6.5 AREA NORTH SPUR STABILIZATION, RESERVOIR CLEARING AND HABITAT COMPENSATION WORKS

6.5.1 Engineering (Progress Report)

- CH0008 - North Spur Stabilization:
 - Completion of Phase 1 of the Dynamic Analysis Study, as recommended by the Cold Eyes review; planning for Phase 2 studies initiated, with the first step comprising update and review of the 2008 site specific seismic analysis.
 - Ongoing work on Engineering Design Report.
 - Third party consultant appointed to carry out the numerical modelling for the hydrogeological study recommended in the Cold-Eyes review; data collection and information exchange meetings with the consultant have been conducted.
- CH0052 - Habitat Compensation Works: Further fish habitat engineering design on hold; Wetland Compensation Plan being reviewed internally.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 38 of 86</p>

6.5.2 Procurement (Issues and Concerns related with the Area)

- CH0008 - North Spur Stabilization: Discussions and meetings to work towards a negotiated contract were not concluded successfully and the contract strategy is under reconsideration.

6.5.3 Construction (Progress Report)

- CH0024 - Reservoir Clearing North and South Banks:
 - Reduced operations in January due to focus on AC transmission line clearing.
 - Approximately 50 ha cleared in January, mostly on the North side.
 - Work resumed on the south side; construction of a +/- 10km winter road began - this will allow clearing of some areas previously planned to be accessed from the river based operations.

6.5.4 Commissioning

- Nothing to report this period.

6.5.5 Area Concerns

Item	Description / Status	Action
	NA this reporting period.	

6.5.6 Activities Planned for the Next Period – February 2014

- CH0024 - Reservoir Clearing North Bank: Transition of JCL equipment from AC line back to the reservoir.
- CH0008 - North Spur Stabilization: Contract strategy to be re-evaluated and modified approach to be implemented; the contract RFP package will be prepared in readiness.
- CH0052 - Habitat Compensation Works: Completion of Wetland Compensation Plan.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 39 of 86</p>

SECTION 7. HVDC SPECIALTIES

During the period, the HVDC Specialities component earned 337 person hours and expended 475 person hours, producing a CPI for the period of 0.71. To date, the component has earned 90% (60,126 of 66,856) of its deliverable person hour budget with a cumulative CPI of 0.85 and SPI of 0.66. The remaining two packages which require engineering efforts (CD0508 - Electrodes, and CD0510 - Permanent Telecommunications) are under evaluation to prioritize and re-assess requirements and schedule milestone dates. Reconciliation of these packages is expected to be completed during February 2014. Engineering efforts have also been focused on support to procurement activities (non-deliverable engineering).

7.1 AREA SYNCHRONOUS CONDENSERS AND ELECTRODES

7.1.1 Engineering (Progress Report)

- CD0534 - Supply and Install Soldiers Pond Synchronous Condensers: Bid evaluation plan developed and approved.
- CD0508 - Supply and Install of Electrode Sites: Revising L’Anse Au Diable Layout to reduce costs.

7.1.2 Procurement (Issues and Concerns related with the Area)

- CD0534 - Supply and Install Soldiers Pond Synchronous Condensers: Bids received 30-Jan-2014.
- CD0508 - Supply and Install of Electrode Sites: Application for Bidder Selection re-issued to several new targeted bidders.

7.1.3 Construction (Progress Report)

- Nothing to report this period.

7.1.4 Commissioning

- Nothing to report this period.

7.1.5 Area Concerns

Item	Description / Status	Action
01	Project review with Senior Management held 16-Jan-201. Discussed budget and constructability concerns.	Completed.
02	Resourcing to address constructability concerns of CD0508 (Electrodes) and to support the CD0534 (Synchronous Condensers) package.	Actions undertaken - Blair McNiven added to team as CD0508 (Electrodes) Package Lead, and Charles McCarthy added to team to support CD0534 (Synchronous Condensers) bid review through follow-on surveillance.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 40 of 86

7.1.6 Activities Planned for the Next Period – February 2014

- CD0534 - Supply and Install Soldiers Pond Synchronous Condensers: Bid review and arrival at short list by end of February 2014.
- CD0508 - Supply and Install of Electrode Sites: Complete the RFI; evaluate responses to complete the bidder prequalification and approve the Bidder's List.

7.2 AREA CONVERTERS STATIONS AND TRANSITIONS COMPOUNDS

7.2.1 Engineering (Progress Report)

- CD0501 - Supply and Install Converters and Cable Transition Compounds: Continued negotiation with Preferred Bidder. Most technical issues are near closure (out of >500 items addressed during negotiation). Outstanding items remaining include back end of the schedule and commissioning & testing issues (mainly those related to Substantial Completion, Warranty and Performance Testing). Senior LCP Management visit to Alstom HQ in Paris upcoming, followed by Procedures/Execution Plan/Quality visit (if mandated).
- Assessment of calculations submitted by Mabey Bridge for potential modifications to the Paradise River Bridge in Labrador is being conducted by Consultant, Ray Bailey. First indications are positive in that no additional modifications will likely be required for this bridge. Initial reaction of Department of Transportation and Works (DTW) is positive in that the bridge design will be adequate, however, this will need to be confirmed.
- Received details from Roche Engineering for the Kenamu Bridge. Initial summary is that the bridge will require reinforcement. Detailed analysis to follow to ensure that this is confirmed.

7.2.2 Procurement (Issues and Concerns related with the Area)

- CD0501 - Supply and Install Converters and Cable Transition Compounds:
 - RFP closed 26-Jun-2013.
 - Preliminary evaluation of the bids was completed 12-Nov-2013.
 - Reduced the number of Bidders from 03 to 02 with a revised commercial submission received from bidders on 09-Dec-2013.
 - Held bid clarification and preliminary negotiation meetings with vendors.
 - Preferred Bidder status awarded to Alstom Grid 22-Dec-2013.

7.2.3 Construction (Progress Report)

- CH0006 - Bulk Excavation Works: Muskrat Falls Converter Station and HVac Switchyard area completed. Awaiting thawing in the Spring to see what additional work may need to be done by CH0007. Currently a stockpile of gravel has been provided to fill in any depressions that may have formed during winter, and the concern is that the stockpile of gravel may be used by others prior to the Spring.

7.2.4 Commissioning

- Nothing to report this period.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 41 of 86

7.2.5 Area Concerns

Item	Description / Status	Action
01	Tight timeline to get contract conformed for CD0501 by 31-Mar-2014.	Working to identify and prioritize all parts of work that must be completed prior to 31-Mar-2014.
02	Need to advise CD0501 Preferred Bidder of issues relating to the back end of the schedule and how it will impact their Commissioning and Testing.	Modifying a Testing and Commissioning letter to identify path forward. Anticipated release is 06-Feb-2014.

7.2.6 Activities Planned for the Next Period – February 2014

- CD0501 - Supply and Install Converters and Cable Transition Compounds: Continue with bidder negotiation to conclude with a contract awarded by 31-Mar-2014.

7.3 AREA AC SWITCHYARDS

7.3.1 Engineering (Progress Report)

- CD0502 - Construction of AC Substations and Synchronous Condensers Facilities: Post-bid clarification received.
 - Bid bulletin was sent to bidders on 17-Jan-2014.
 - Studied further optimization and valve engineering.
- CD0503-001 - Construction of Earthworks-CF: Contractor demobilized from Site - to return Apr-2014.
- CD0538 - Supply and Install CF Accommodations Camp: Installation of camp at CF was completed; continued testing and commissioning activities.

7.3.2 Procurement (Issues and Concerns related with the Area)

- CD0502 - Construction of AC Substations and Synchronous Condensers Facilities: Continued with Bid Evaluation.
- CD0503-001 - Construction of Earthworks-CF: Contract for Churchill Falls Switchyard has been signed.
- CD0503-002 - Construction of Earthworks-Soldiers Pond: Finalization of Contract for SOP site underway.
- PD0537 - Supply of Power Transformers, AC Substations at CF, MF and SP: Completion of Bid validity extension and award expected in February 2014.

7.3.3 Construction (Progress Report)

- CD0503-005 - Re-routing of 13.8kV at CF: Completed 13.8 kV line re-routing in December 2013.
- CD0538 - Supply and Install CF Accommodations Camp: Commissioning of Dorms sections continued; dormitories should be available mid February 2014.
- CH0006 - Bulk Excavation Works: Muskrat Falls Converter Station and AC Switchyard area completed with demobilization activities ongoing.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 42 of 86</p>

7.3.4 Commissioning

- Nothing to report this period.

7.3.5 Area Concerns

Item	Description / Status	Action
01	Delay of award for CD0503-002 for Soldiers Pond present a schedule challenge for packages CD0502, CD0534 and CD0501, due to requirements for Site access.	Delivery Team is analyzing the situation and weighing alternatives.

7.3.6 Activities Planned for the Next Period – February 2014

- CD0503-001 - Construction of Earthworks-CF: No work planned until re-mobilization of Contractor April 2014.
- CD0503-002 - Construction of Earthworks-Soldiers Pond: Award and execution of Contract.
- CD0538 - Supply and Install CF Accommodations Camp: Complete the testing and commissioning of dorm modules and the kitchen; commence completion aspect of Scope.
- CD0502 - Construction of AC Substations and Synchronous Condensers Facilities:
 - Continue bid evaluation.
 - Continue further optimization and valve engineering.
- PD0537 - Supply of Power Transformers, AC Substations at CF, MF and SP: Award Contract.

7.4 AREA SYSTEMS INTEGRATION / TELECOMS

7.4.1 Engineering (Progress Report)

- SD0560 - Provision of Early Works Construction Telecommunications Services:
 - Commenced discussions with Bell Mobility for VHF Radio installation for CF Switchyard.
 - Quote received for installation of fibre optic cabling for CF accommodations.
- CD0509 - Construction Telecommunications Services at Muskrat Falls:
 - Meeting held 11-Dec-2013 with CH0007 package team; gaps were identified between the telecommunications services captured in the sites conditions documents and the strategy of the telecommunications team. DAN0652 was raised 11-Dec-2013 to close the identified gaps. Meetings are being scheduled for Q1 2014 to identify and address gaps in other packages.
 - Project management/co-ordination with Bell Mobility for installation/commissioning of the Land Mobile Radio System (LMRS).
 - Project management/co-ordination with NL Hydro Network Services for Telecom works at MF Accommodations, Company Laydown Area, and Marshalling Yard.
 - Project management/co-ordination with Sangotech for installation of cable TV equipment at MF Accommodations.
 - Project management/co-ordination for Telecom connection of IKC-ONE and Pennecon trailers.
 - Engineering support to assess alternatives for final location of the Administration Building and the Concrete Laboratory.
- CD0510 - Supply and Install Permanent Communication Systems:
 - Completion of Draft schedule for CD0510.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 43 of 86</p>

- Completion of Telecommunication System Permanent Phase Design Brief, SOW, review of deliverables, and strategy change awaiting resource for Telecoms Lead position.

7.4.2 Procurement (Issues and Concerns related with the Area)

- Nothing to report this period.

7.4.3 System Integration

- Completed initial review of internal Interface Drawings between various C3 commitment packages (CD0501, CD0502, CD0534), and the Marine Crossing Team.
- Draft 01 of Operations and Maintenance Agreement between CF/NL Hydro/LCP completed.
- Majority of outstanding T&DI Rev controlled documents reviewed.

7.4.4 Construction (Progress Report)

- CD0509 - Construction Telecommunications Services at Muskrat Falls:
 - Nalcor Energy executed the following work:
 - Assisted with commissioning of Land Mobile Radio System (LMRS).
 - Completed Telecoms work for dormitories PA, PB and PE.
 - Connected Telecoms for Astaldi.
 - Replaced two defective wireless controllers in Main Equipment Room.
 - Contractor re-mobilized to Muskrat Falls on 20-Jan-2014 to complete installation of the LMRS; equipment installation at the marshalling yard for the system was completed during the month.
 - Installation of Cable TV was 90 percent completed in dormitories PA and PB.
 - VHF radio system at Dome Mountain was removed for redeployment to CF; traffic for North Spur was rerouted to the fibre optic cable.

7.4.5 Commissioning

- CD0509 – Construction Telecommunications Services at Muskrat Falls:
 - The LMRS was commissioned during the month.

7.4.6 Area Concerns

Item	Description / Status	Action
01	System Integration: Establish deliverables.	Meet with package leaders to identify and close gaps; recruit replacement for System Integration Lead position.
02	CD0509 - Construction Telecommunication Services at Muskrat Falls: Gaps between the telecommunications services captured in the sites conditions documents and telecommunications strategy.	Continue to meet with package leaders to identify and close gaps.
03	CD0510 - Supply and Install Permanent Communication Systems: Progress on delivery strategy to provide telecommunication services.	Secure resource to complete revision of Telecommunication System Permanent Phase Design

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 44 of 86</p>

		brief, and revise deliverables.
--	--	---------------------------------

7.4.7 Activities Planned for the Next Period - February 2014

- SD0560 - Provision of Early Works Construction Telecommunication Services:
 - Complete review of SOWs and TS for CF as per strategy changes.
 - Continue development of SOWs and schedules for temporary telecom services – all sites.
 - Commence installation of cable TV in CF accommodations camp.
- CD0509 - Construction Telecommunications Services at Muskrat Falls:
 - LMRS - Release new system for service; issue Nalcor owned radios to users as required. Transition existing VHF radio users to new system.
 - Nalcor NWS to complete work at the Main Equipment Room (MER) and the Marshalling Yard; complete WiFi installation for dormitories PG, PI and PK; fire and ambulance, and the maintenance Shop.
 - Remove existing VHF radio system equipment at NLH MF pump station for transfer to CF.
 - Complete Cable TV installation for dormitories PD, PG, PI and PK.
- CD0510 - Supply and Install Permanent Communication Systems (Permanent Telecoms):
 - Complete draft schedule.
 - Review progress of Nalcor Energy WTO for ECC Upgrades. Kick-off meeting scheduled for early February 2014.
- System Integration:
 - Recruitment for the position of System Integration Lead.

7.5 AREA CONSTRUCTION POWER

7.5.1 Engineering (Progress Report)

- Engineering completed.

7.5.2 Procurement (Issues and Concerns related with the Area)

- Nothing to report this period.

7.5.3 Construction (Progress Report)

- Nothing to report this period.

7.5.4 Commissioning

- Nothing to report this period.

7.5.5 Area Concerns

Item	Description / Status	Action
	NA this reporting period.	

 LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 45 of 86

7.5.6 Activities Planned for the Next Period – February 2014

- Nothing to report.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 46 of 86

SECTION 8. OVERLAND TRANSMISSION LINES

8.1 AREA HVAC LINES

8.1.1 Engineering (Progress Report)

- CT0319 – Construction of 315 kV HVac Transmission Line: Kick-off meetings scheduled for February 2014.
- Post award follow-on support for the following 315 kV HVac packages:
 - CT0341 - ROW Clearing.
 - PT0300 - Transmission Line Conductors.
 - PT0301 - Supply of Insulators: final shipment has arrived.
 - PT0302 - Supply of Steel Towers.
 - PT0303 - Supply of Tower Hardware.
 - PT0304 - Supply of Optical Ground Wire (OPGW).
 - PT0307 - Supply of Steel Tower Foundations.
 - PT0326 - Supply of Steel Wires.
 - PT0335 - Supply of Anchor Materials.
 - ST0311 - Survey Services.

8.1.2 Procurement (Issues and Concerns related with the Area)

- No Concerns to report this period.
- PT0303 - Supply of Tower Hardware currently under bid process.

8.1.3 Construction (Progress Report)

- CT0341-002 - ROW Clearing for 315 kV HVac Transmission Line: 362 Ha of ROW cleared by the current contractor; cumulative to date including progress by the previous contractor is approximately 600 Ha.
- CT0354 - HVac Marshalling Yards HVGB: Construction of marshalling yard completed; commissioning of generators completed with the support of the Cummins representative at site; warehouse building installation completed.
- CT0319 - Construction of 315kV HVac Transmission Line: Contract awarded 17-Dec-2013; kick-off meetings scheduled for early February 2014.
- Material receipts ongoing at the HVGB Marshalling Yard.

8.1.4 Commissioning

- No activity at site

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 47 of 86</p>

8.1.5 Area Concerns

Item	Description / Status	Action
01	CT0341-002 - ROW Clearing for 315 kV HVac Transmission Line: Clearing Progress less than expected due to Start up, Mobilization and poor winter productivity.	Working closely with the Clearing contractor and monitoring progress on daily basis; assist the contractor as required.

8.1.6 Activities Planned for the Next Period – February 2014

Engineering:

- CT0319 - 315 kV HVac Transmission Line: Kick-off meetings; discussion of early works.
- Post award follow-on support for the following 315 kV HVac packages:
 - CT0341 - ROW Clearing.
 - PT0300 - Transmission Line Conductors: Commence second lot manufacturing.
 - PT0301 - Supply of HVac Insulators.
 - PT0302 - Supply of Steel Towers.
 - PT0303 - Supply of Tower Hardware.
 - PT0304 - Supply of Optical Ground Wire (OPGW).
 - PT0307 - Supply of Steel Tower Foundations.
 - PT0326 - Supply of Steel Wires.
 - PT0335 - Supply of Anchor Materials.
 - ST0311 - Survey Services.

Procurement (Issues and Concerns related with the Area):

- Close PT0303 package bid and commence evaluation.

Construction:

- CT0341-002 - ROW Clearing for 315 kV HVac Transmission Line: Complete the first 85 km of ROW clearing before end of February 2014.
- Continue to receive overhead transmission line materials.
- CT0319 - Construction of 315kV HVac Transmission Line: Kick-off meetings scheduled for 10-Feb-2014.

8.2 AREA HVDC LINES

8.2.1 Engineering (Progress Report)

- CT0327 - 350 kV HVdc Transmission Line-Section 1: Updated RFI - answering technical constructability queries.
- CT0343 - ROW Clearing for HVdc Transmission Line - Section 1: Updated RFI; completion of forest inventory study and access verification for Labrador currently underway.
- CT0345 - ROW Clearing for HVdc Transmission Line - Section 2: Updated RFI.
- PT0308 - Supply of Steel Tower Foundations - 350 kV HVdc: Issued PO; held kick-off meetings.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 48 of 86</p>

- PT0328 - Supply of Transmission Line Conductors - 350 KV HVdc: Issued PO; held kick-off meetings.
- PT0329 - Supply of HVdc Insulators - 350 kV HVdc: Post award follow-on support ongoing.
- PT0330 - Supply of Steel Towers - 350 kV HVdc: Post award follow-on support.
- PT0331 - Supply of Tower Hardware - 350 kV HVdc: Reviewed bids; prepared proposal clarifications.
- PT0334 - Supply of Steel Wires - 350 kV HVdc: Prepared technical evaluation report.
- PT0352 - Supply of Anchor Materials - 350 kV HVdc: Issued PO; kick-off meetings held.
- PT0353 - Supply of Optical Ground Wire (OPGW) - 350 kV HVdc: Continued with un-priced technical bid evaluation.
- PT0356 - Supply of Dampers: Kick-off meetings held; post award follow-on support.

8.2.2 Procurement (Issues and Concerns related with the Area)

- PT0308 - Supply of Steel Tower Foundations - 350 kV HVdc: Supplier has bid in Canadian currency and is concerned there may be commercial impacts as all information was not supplied with issuance of the PO and the Canadian Dollar has loss value compared to the US dollar.

8.2.3 Construction (Progress Report)

- Nothing to report this period; no activity at site.

8.2.4 Commissioning

- Nothing to report this period; no activity at site.

8.2.5 Area Concerns

Item	Description / Status	Action
01	PT0330 - Supply of Steel Towers - 350 kV HVdc: Spare tower requirement information needed from Nalcor.	Spares to be captured in CO.
02	PT0330 - Supply of Steel Towers - 350 kV HVdc: Engineering information needed for packages PT0308 (Supply of Foundations) and PT0352 (Supply of Anchors). The schedule of the engineering deliverables availability was sent to the two suppliers of Foundations and Anchors. The schedules returned from these suppliers will be a predecessor to the construction start date.	Work closely with all three suppliers to ensure all products are delivered to minimize any negative effects on the construction start date.

8.2.6 Activities Planned for the Next Period – February 2014

- CT0327 - 350 kV HVdc Transmission Line-Section 1: Progress/Issue RFI with ‘super package’ option.
- CT0345 - ROW Clearing for HVdc Transmission Line - Section 2: Support the RFP process.
- CT0346 - 350 kV HVdc Transmission Line-Section 2: Roll up scope into CT0327.
- PT0308 - Supply of Steel Tower Foundations - 350 kV HVdc: Continue post award follow on support.
- PT0328 - Supply of Transmission Line Conductors - 350 KV HVdc: Continue post award follow on support.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 49 of 86

- PT0329 - Supply of HVdc Insulators - 350 kV HVdc: Continue post award follow on support.
- PT0330 - Supply of Steel Towers - 350 kV HVdc: Continue post award follow on support.
- PT0331 - Supply of Tower Hardware - 350 kV HVdc: Technical evaluation and proposal clarifications.
- PT0334 - Supply of Steel Wires - 350 kV HVdc: Provide pre-award support.
- PT0352 - Supply of Anchor Materials - 350 kV HVdc: Continue post award follow on support.
- PT0353 - Supply of Optical Ground Wire (OPGW) - 350 kV HVdc: Finalize and submit technical bid evaluation.
- PT0356 - Supply of Dampers: Continue post award follow on support.

8.3 AREA HVAC LINES RE-TERMINATIONS AND MODIFICATIONS

8.3.1 Engineering (Progress Report)

- Re-termination Lines at Soldiers Pond - Construction sequencing is developed; multiple sessions held to review and comment on sequencing; files received from SLI; outage window requests sent to NLH; detailed construction schedule under preparation.
- 735 kV Lines at CF - Plan and Profile line spotting is completed; hardware design requirements finalized; foundation analysis for steel vs. concrete complete (steel foundation selected).
- 230 kV Lines Modifications - Review of past work completed by SLI; engineering commenced focus on TL 218.
- Distribution Crossings - HVdc Route sent to Newfoundland Power and Agreement in place; discussion on requirements is ongoing.

8.3.2 Procurement (Issues and Concerns related with the Area)

- PT0347 - Supply of Re-terminations Materials: Alignment required on HVac re-termination (Soldiers Pond) material sourcing options.
- PT0300 - Supply of Transmission Line Conductors (735 kV): Conductor ordered.
- PT0303 - Supply of Hardware (735 kV): To be added to order.
- PT0326 - Steel wires (735 kV) to be added to package
- CT0342 - HVac Re-terminations and Crossings: Alignment required on package philosophy for construction.

8.3.3 Construction (Progress Report)

- Nothing to report this period; no activity at site.

8.3.4 Commissioning

- Nothing to report this period; no activity at site.

8.3.5 Activities Planned for the Next Period – February 2014

Engineering:

- Re-termination Lines at Soldiers Pond - Continue line design with focus on TL 218 planned for 2014 (wood pole re-route).
- 735 kV Lines at CF - Completion of all required engineering from NE-LCP.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 50 of 86</p>

- 230 kV Lines Modifications - Finalize route alignment.
- Distribution Crossings - Discuss with NL Power requirement for burial.
- Procurement schedules and construction schedules to be finalized.

Procurement (Issues and Concerns related with the Area):

- PT0347 - Supply of Re-terminations Materials: Alignment required on HVac re-termination (Soldiers Pond) material sourcing options.
- PT0300 - Supply of Transmission Line Conductors: On-going testing and review.
- PT0303 - Supply of Hardware: Add hardware design requirements to Package.
- CT0342 - HVac Re-terminations and Crossings: Alignment required on package philosophy for construction.
- Procurement plan for 735 kV material and construction required.

Construction

- None planned.

 nalcor <i>energy</i> <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 51 of 86

SECTION 9. STRAIT OF BELLE ISLE (SOBI)

9.1 ACHIEVEMENTS THIS PERIOD

- Electrical type testing of Test Object No. 01 cable for the Submarine Cable Design (LC-SB-003) in Futtsu, Japan is now nearing completion, and the submarine joint successfully completed for Test Object No. 02; Batch No. 01 cable manufacturing has commenced; Change Order No. 101 for the exit angle revision was approved during the reporting period.
- Recommendation of preferred bidder for the Subsea Rock Supply (LC-SB-011) was approved; final negotiations are ongoing with award of contract targeted for Q1, 2014; route reduction approved by Nexans, and preferred bidder currently reviewing impact.
- Project kick-off and design review for the Conduit End Connection (LC-SB-036) was performed at the offices of awarded contractor, Kongsbern Nemo AS, in Oslo, Norway; CEC engineering and development of project deliverables ongoing.
- Contract for the Conduit Punch-Out Verification (LC-SC-034) was awarded to DOF Subsea Canada and kick-off meetings were held at the LCP Project offices in January.
- Met-ocean Report for Ocean Characteristic Monitoring (LC-SB-017) was issued by Amec.
- Early iceberg activity successfully logged in new procedure and database for Iceberg Monitoring (LC-SB-002), and monthly report generated under new format; contract extended for 24 months.
- Drilling of the first 375 mm Main Hole in Shoal Cove under Drill Rig and Surface Spread (LC-SB-022) was completed 28-Jan-2014 to 2047 m; the drill rig and surface spread are operating with minimal interruptions on a 24 hour basis.
- Completion of drilling of the first HDD bore hole under HDD Drilling Fluid Services (LC-SB-023) and HDD Directional Drilling Services (LC-SB-024). All personnel, mud additives and contingency material, and directional tools are on site.
- The Forteau Point civil works for the drilling pad is ongoing under Civil Works (LC-SB-021), with finalization of the 2014 construction schedule timeline for earthworks.
- As reported during the last period, the contract for Conduit Casing (LC-SB-027) was successfully awarded to East Coast Tubulars; during the current period, the first batch of casing was formed, placed in containers and is currently awaiting shipment.
- As reported during the last period, multiple purchase orders for bits under Bits and Tooling (LC-SB-026) were awarded to three vendors on consignment; during the current period eight bits were utilized for drilling of the 375 mm bore hole for Shoal Cove.
- As reported during the last period, final deliverables have been received for HDD Engineering (LC-SB-008), with no further work currently planned.

9.2 CURRENT PRIORITIES

- Submarine cable design, supply and install (LC-SB-003)-complete type testing of Test Object No. 01 cable in Futtsu; finalize cable delivery lengths for manufacturing; approval of engineering manufacturing deliverables and further development of installation interfaces between Nexans and onshore group.
- Subsea rock placement, design and install (LC-SB-011)-conform agreement and award to successful Proponent.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 52 of 86</p>

- Conduit end connections (LC-SB-036)-receipt of all project deliverables from contractor, finalization of prototype design and commencement of manufacturing; onshore group to review CEC preliminary design for compatibility with drilling.
- Conduit Punch-Out Verification (LC-SB-034)-awarded contractor to commence engineering and project deliverable development; secure offshore vessel for 2014 punch-out campaign.
- Ocean Characteristic Monitoring and Met-Ocean Report (LC-SB-017)-LCP review of Met-ocean report issued by Amec; preparation for next data acquisition campaign ongoing, scheduled for May-2014.
- HDD Rig and Surface Spread (LC-SB-022)-commencement of inter-site mobilization to Shoal Cove 3 to begin drilling the second bore; submittal of Final Report for Shoal Cove 1.
- HDD Drilling Fluids Services (LC-SB-023) and HDD Directional Drilling Services (LC-SB-024)-submittal of Final Report for Shoal Cove 1; continual support on site for the drilling operations; technical support for hydraulics monitoring and multiple forecasting simulations daily.
- Civil Works (LC-SB-021)-completion of drill site Earthworks at Forteau Point.
- Conduit Casing (LC-SB-027)-finalize key inspection points and interfaces with other contractor scopes.
- Bits and Tooling (LC-SB-026)-evaluate performance of bits used to date; optimize selection for Shoal Cove 2 and 3.

9.3 ISSUES & OPPORTUNITIES

- Cable vendor input is required to advance Onshore Area civil works design and HDD requirements.
- Establish spare subsea cable turntable requirements and source suitable location.
- Investigate local benefits opportunities for the SOBI area with Subsea Rock Protection Contractor.

 nalcor energy <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 53 of 86

SECTION 10. PROCUREMENT

10.1 PROCUREMENT AND CONTRACTING

- Bid Evaluations ongoing for the following Packages:
 - PH0014 - Supply of Generator Step-up Transformer.
 - CH0034 - Supply and Install of Powerhouse Elevator.
 - SH0041 - Provision of Ground Transportation Services.
 - SH0051 - Provision of Buildings Maintenance Services.
 - CD0501 - Supply and Install Converters and Cable Transition Compounds.
 - CD0502 - Construction of AC Substations & Synchronous Condensers Facilities.
 - CD0534 - Supply and Install of Soldiers Pond Synchronous Condensers.
 - PD0537 - Supply of Power Transformers at AC Substations.
 - SD0564 - Provision of Camp Services at CF.
 - PT0331 - Supply of Tower Hardware for HVdc Transmission Line.
 - PT0334 - Supply of Steel Wires for HVdc Transmission Line.
 - PT0353 - Supply of OPGW for HVdc Transmission Line.
 - SM0705 - Provision of Laboratory Services.
 - SM0709 - Provision of Air Transportation Services.

- Bidder's List Approved for the following Packages:
 - PT0303-002 - Supply of Implo Devices for HVac Transmission Line.

- RFP's issued for the following Packages:
 - PT0303-002 - Supply of Implo Devices for HVac Transmission Line.

- Contracts and PO's awarded for the following Packages:
 - PH0016 - Supply of Generator Circuit Breakers.
 - SH0040 - Provision of Garbage Removal and Disposal Services.

10.2 MATERIALS MANAGEMENT

- The Marshalling Yard (MY) is up and running and receiving various HVac Transmission Line materials.

10.3 EXPEDITING

- Shop Expediting Assignments issued to date for:
 - PT0302-001 - Supply of Steel Towers for HVac Transmission Line.
 - PT0303-001 - Supply of Tower Hardware for HVac Transmission Line.
 - PT0307-001 - Supply of Steel Tower Foundations for HVac Transmission Line.
 - PT0326-001 - Supply of Steel Wires for HVac Transmission Line.
 - PT0335-001 - Supply of Anchor Materials for HVac Transmission Line.

- Expediting Releases are on-going for:
 - PT0307-001 - Supply of Steel Foundations for HVac Transmission Line.
 - PT0326-001 - Supply of Steel Wires for HVac Transmission Line.
 - PT0335-001 - Supply of Anchor Materials for HVac Transmission Line.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 54 of 86</p>

- Additional shop expediting hours assigned for PT0302-001 and PT0326-001.
- Outstanding supplier data for Early Works PO's is approximately 95% complete.

10.4 LOGISTICS

- Second shipment of Insulators for PT0301-001 - Supply of HVac Insulators - delivered to the MY in January 2014.
- Deliveries for PT0307-001 - Supply of HVac Steel Tower Foundations (Lot 1) - is ongoing; as of 31-Jan-2014, successfully delivered 32 shipments to the MY; expected date of completion is end of February 2014.
- Deliveries for PT0335-001 - Supply of HVac Anchor Materials (Lot 1) - is ongoing; as of 31-Jan-2014 successfully delivered 6 shipments to the MY; expected date of completion is April 2014.
- Completed deliveries of Lot 3 for PT0326-001 - Supply of HVac Steel Wires - from BC in January 2014; balance of lot 3 to be completed by March 2014; lot 2 of Steel Wire from Arkansas to be completed by March 2014.
- Shipment of cable for PT0304-002 - Supply of HVac Optical Ground Wire - delivered to MY in January 2014.
- Shipment of guy wire assemblies for PT0303-001 – Supply of HVac Tower Hardware - delivered to MY in January 2014.
- Shipment of E-Houses for PH0058-001 - 600V Switchgear - delivered to MF site in January 2014.

10.5 RFI – RFP STATISTICS AND CHARTS

Description	Total Packages to Procure	Schedule to Date	Actual to Date
Issue EOI/Pre-qual.	104	103	97
Issue Request for Proposal	104	103	92
Issue PO/Contract	104	82	76

10.6 CONCERNS

Item	Description / Status	Action
01	With the creation of various SPV's, need to revise RFP templates for new bids and assign various active Contracts to the correct SPV (i.e. Muskrat Falls Corporation, Labrador Island Link LP, Labrador Transmission Corporation and Lower Churchill Management Corporation).	Taking a priority plan approach (major contracts first, change templates – new bids, issuing addendums to active bids, all remaining active Contracts).

10.7 ACTIVITIES PLANNED FOR THE NEXT PERIOD – FEBRUARY 2014

- Continue to manage procurement activities to meet project schedule.
- Application for Bidder Selection Process is initiated for the following Packages:
 - Nothing to Report.
- Bidder's List is Approved for the following Packages:
 - CH0031 - Supply and Install of Mechanical and Electrical Auxiliaries.
- RFP's issued for the following Packages:
 - Nothing to Report.
- RFP's closing for the following Packages:
 - PH0015 - Supply of Isolated Phase Bus.

 LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 55 of 86

- Contracts and PO's awarded for the following Packages:
 - PH0014 - Supply of Generator Step-up Transformers.
 - PD0537 - Supply of Power Transformers at AC Substations.
 - PT0334 - Supply of Steel Wires for HVdc Transmission.
 - SM0705 - Provision of Laboratory Services.
 - SM0709 - Provision of Air Transportation Services.
 - SH0041 - Provision of Ground Transportation Services.

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 56 of 86</p>

SECTION 11. OTHER PROJECT ACTIVITIES

11.1 ABORIGINAL AFFAIRS

Achievements This Period

- Safety Training and Workplace orientations delivered to 17 students in Natuashish.
- 299 Workers received Innu Cultural Awareness training; a total of 1972 workers have been trained to date.
- 4 Scholarships valued at \$6,250 were awarded to Innu post-secondary students.

Current Priorities

- Streamlining Innu Hiring and Retention processes.

Issues & Opportunities

- Maintaining working relationships with the Innu Nation.

11.1.1 Aboriginal Affairs – Other Aboriginal Groups

Achievements This Period

- Unamen Shipu and Land and Resource Use Study currently working with community Anthropologist to finalize the data verification process.
- Data analysis completed with Consultant, Transfer, and identified gaps/issues with the data.

Current Priorities

- Continue to monitor the data verification process.

Issues & Opportunities

- Outstanding Reports under Land and Resource Use Study with Unamen Shipu being finalized. Several requests have been made for the final data. If desired by the community, hold community sessions in Unamen Shipu, to verify data with Community members.

11.2 NEWFOUNDLAND AND LABRADOR BENEFITS

- Number of person hours on the Project (January 2014) by work location:

Work Location	Work Type			Grand Total
	Construction & Assembly	Engineering & Design	Project Management	
Island	11,184	14,687	27,496	53,367
Labrador	94,932	4,486	7,764	107,181
Other Canada	1,890	809	160	2,859
International	3	-	240	243
Totals	108,009	19,982	35,660	163,651

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 57 of 86

- Number of person hours on the Project (January 2014) by residency:

Residency	Work Type			Grand Total
	Construction & Assembly	Engineering & Design	Project Management	
Labrador	34,227	1,037	2,994	38,257
NL	59,274	9,520	27,816	96,609
OtherCanadian	11,846	9,233	3,464	24,542
Non-Canadian	2,663	192	1,388	4,243
Totals	108,009	19,982	35,660	163,651

Achievements This Period

- Workforce Preparation Plan Finalized for Aboriginal Workers.

Current Priorities

- LCP Monthly Benefits reports.
- Continued Roll out of Gender Equity and Diversity Program.

Issues & Opportunities

- Optimizing local labour resources for the Project.

11.3 HUMAN RESOURCES

Achievements This Period

- Ongoing recruitment for the Lower Churchill Project.
- Ongoing work to finalize Confidentiality Agreement and Project Execution & Technical Services Secondment Agreement.
- Delivery of the Respectful Workplace Standard presentation to personnel in St. John’s; Muskrat/Labrador sessions are ongoing.
- Analysis of the Provincial Recruitment Job Fairs.
- Nalcor Staff Development Performance Reviews ongoing.
- Recruitment: 15 competitions running in various stages for Components 1, 3 and 4.
- On boarding: 5 new hires mobilized; 16 students mobilized (two are Site staff).

Current Priorities

- Ongoing recruitment for the Lower Churchill Project.
- Finalize Nalcor Staff Development Performance Reviews.
- Continuing preparation of recruitment process document.

Issues & Opportunities

- Ongoing recruitment for the Lower Churchill Project.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 58 of 86

11.4 LABOUR RELATIONS

Achievements This Period

- Labour Relations workshop with CH0007 Labour Relations Management held 08-Jan-2014.
- CH0007 Contractor Astaldi Canada Inc. completed their early works mark-up with 03 matters being referred to an Umpire.
- Arbitration concluded on Grievance 020, with Arbitrator Clarke reserving decision.
- Grievance 021 was settled prior to arbitration commencing.
- Building Trades Conference was attended on 15-Jan-2014 where a presentation was provided to all International Representatives of the unions. Individual meetings were also held with the Ironworkers, Carpenters, Labourers, Teamsters and Operating Engineers. Positive feedback and willingness to work together was received by all unions.

Current Priorities

- Respectful Workplace Complaints Status for the month of January:
 - No new complaints received; one Innu complaint resolved.
- Innu Cultural Sensitivity Training to date - over 1225 workers.
- Muskrat Falls labour availability - as of 31-Jan-2014, there are no trades or classifications that are being supplied from outside the Province.
- Muskrat Falls labour productivity - as of 31-Jan-2014, Contractor indicated there are no issues impacting their labour productivity.
- Labour Acquisition Plan:
 - Transmission recruitment and awareness meetings to be scheduled for early Q1, subject to Contractor input.

Issues & Opportunities

- Muskrat Falls Labour Relations:
 - 27 grievances to date: 7 considered abandoned; 15 settled; 4 referred to arbitration; 1 active; first arbitration concluded in January 2014.
- Transmission Labour Relations:
 - International Brotherhood of Electrical Workers (IBEW) have raised the issue of Pension vesting as they have discovered under the current plan a vesting period of 2 years would not benefit many new members. Meeting was held with Bill Daniels, IBEW, and Emera to review matter and draft Memorandum of Understanding (MOU).
 - IBEW have raised the issue that the vesting period under their health and welfare plan is to work 482 hours. During the 12-Dec-2013 meeting indicated above, the IBEW and the TCEA agreed the principle contractors could continue their own plan resulting in Health & Welfare payments being converted to a premium. Meeting was held with Bill Daniels, IBEW and Emera to review matter and draft MOU.
 - 9 Grievances filed. Mediation of the grievances scheduled for 11-12-Dec-2013 was cancelled at the request of Great Western Forestry. All 9 grievances now scheduled for arbitration 03-04-Feb-2014.
- Reservoir Clearing Labour Relations:
 - Union and Contractor indicate relations are good; no labour relations issues reported.
 - Approximately 28 unionized workers covered to date.

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 59 of 86

- Development of Site Standards:
 - Site Medical Standard - Morneau Shepell, medical contractor, has prepared a medical standard similar to that utilized in other Provinces, which is to be reviewed by Safety.
 - Respectful Workplace Standard - minor modifications to the Respectful Workplace Standard has been drafted and under review with respect to further clarification on the investigation and reporting process.
 - Drug and Alcohol Standard – revisions are in process with roll out scheduled for mid-February.

11.5 INSURANCE

Achievements This Period

- Claims management process is under development for Q2.

Current Priorities

- Continue to monitor and maintain all active policies and related processes and report on any insurance claims going forward.

Issues & Opportunities

- Nothing to report this period.

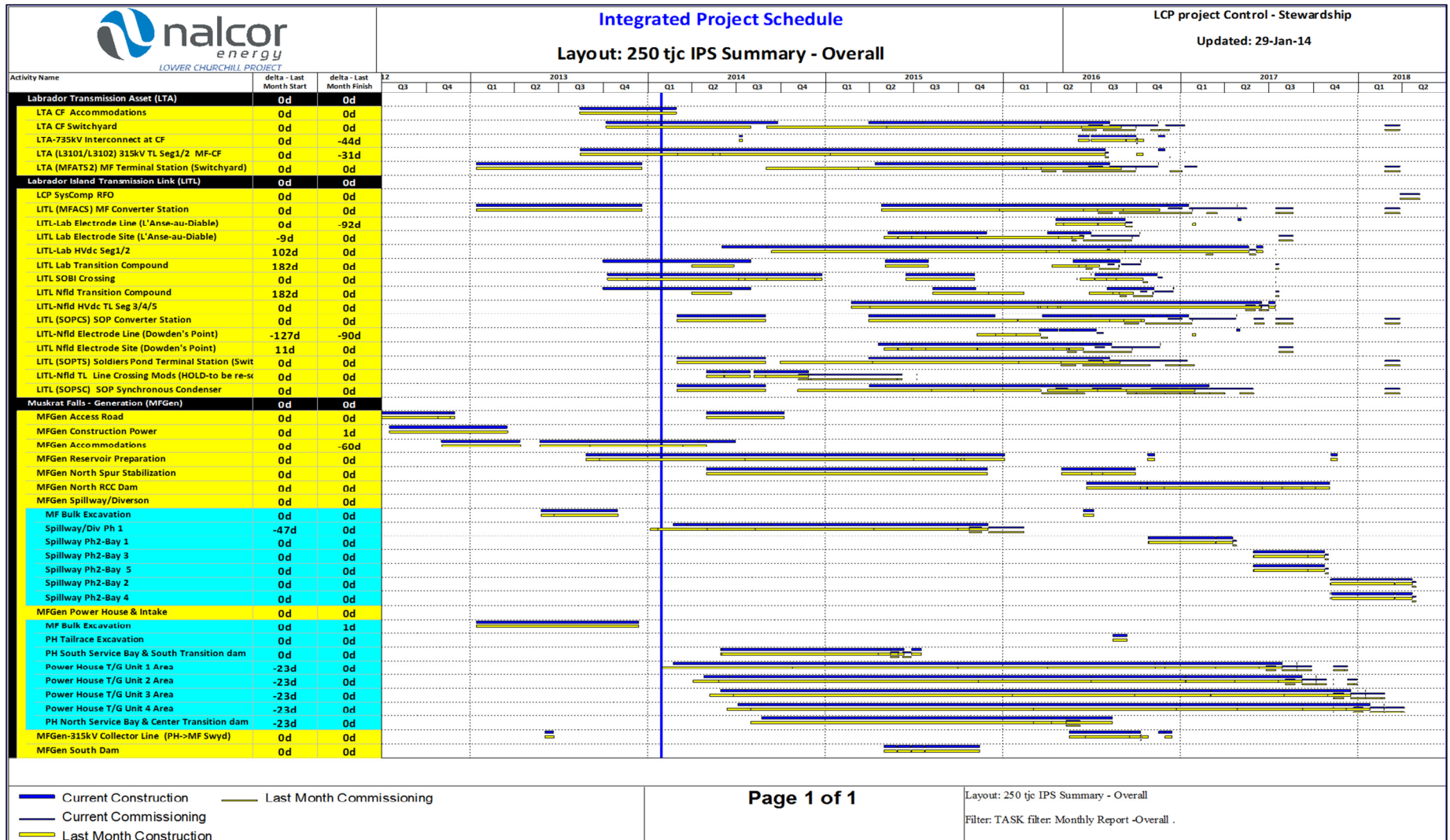
 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 60 of 86

SECTION 12. ATTACHMENTS

1. MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE
2. MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE – MUSKRAT FALLS GENERATION
3. MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE – LABRADOR – ISLAND TRANSMISSION LINK
4. MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE – LABRADOR TRANSMISSION ASSET
5. COST REPORT – LOWER CHURCHILL PROJECT PHASE I
6. COST REPORT – MUSKRAT FALLS GENERATION
7. COST REPORT – LABRADOR – ISLAND TRANSMISSION LINK
8. COST REPORT – LABRADOR TRANSMISSION ASSET
9. COMMITTED COST SUMMARY
10. PERIOD EXPENDED HOURS BY COMPANY AND LOCATION
11. SLI ENGINEERING PROGRESS SUMMARY
12. PROJECT PHOTOS

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 61 of 86</p>

12.1 MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE

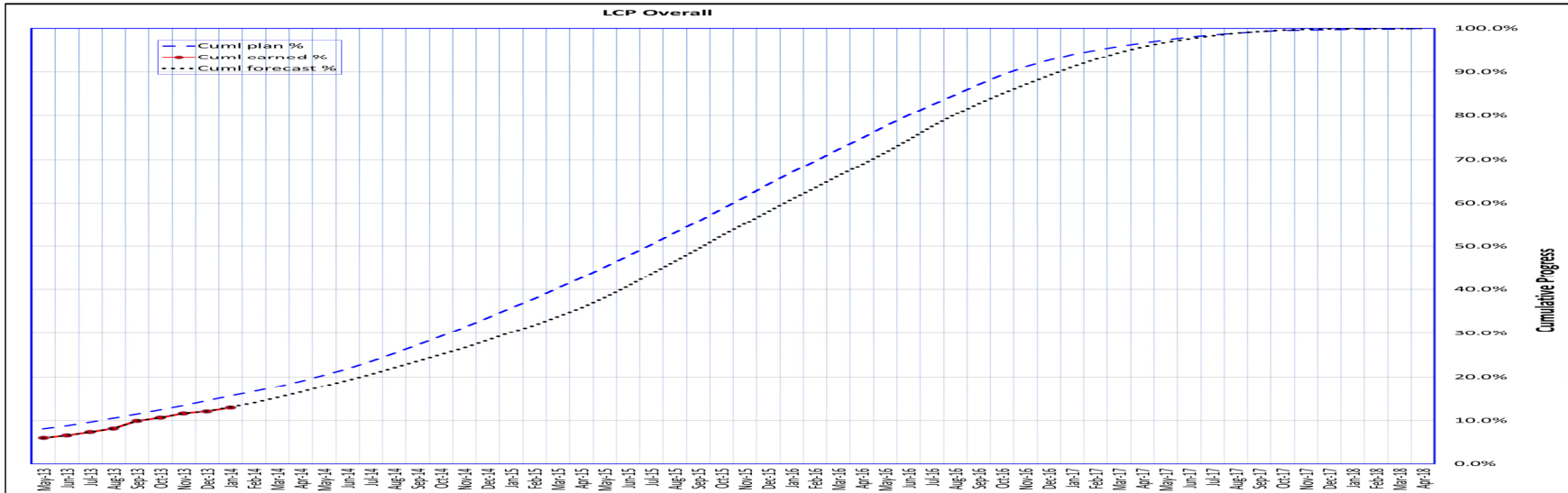




MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

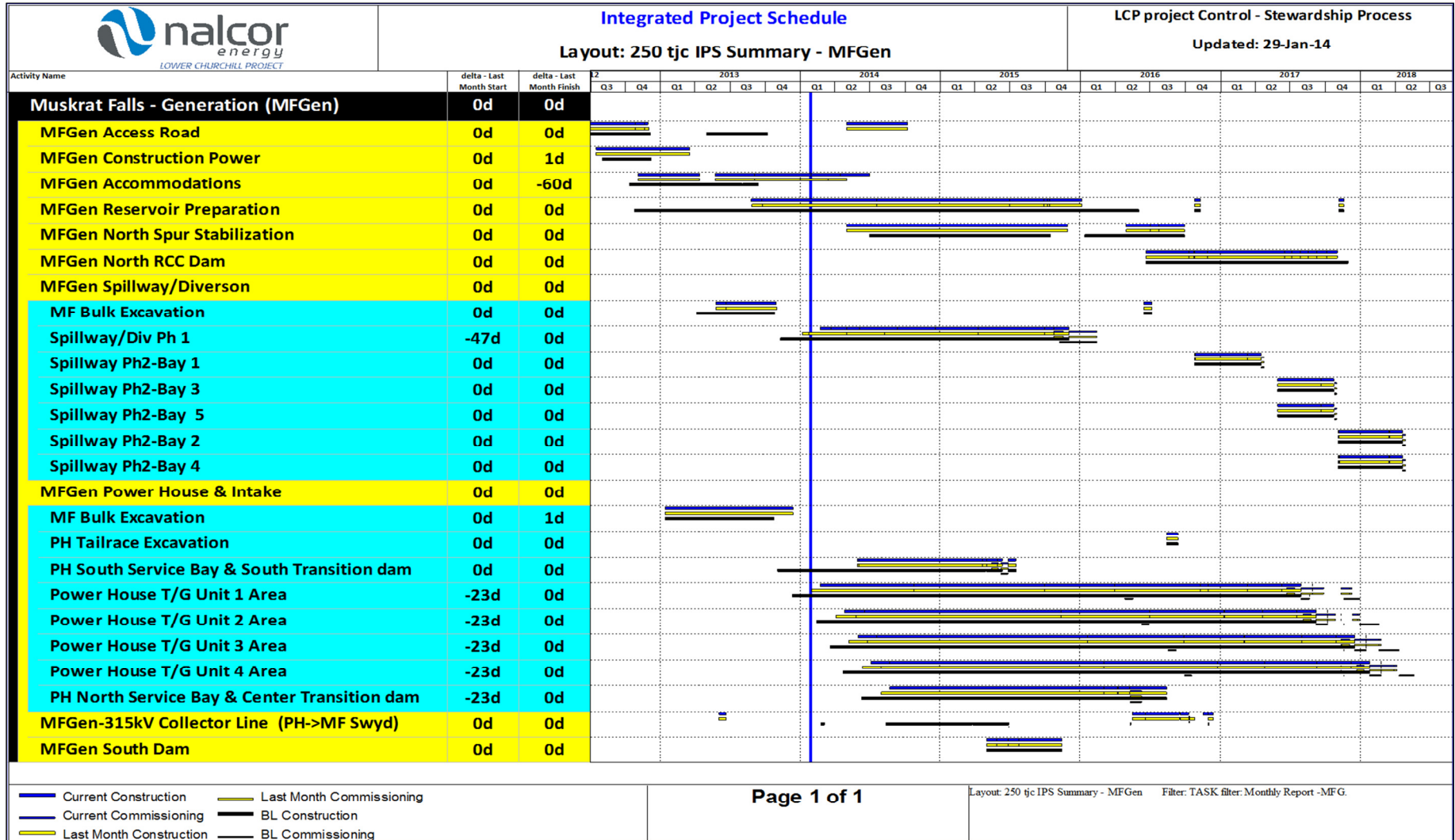
Page : 62 of 86



LCP - Overall 2014 Jan								
This Reporting Period								
	Weight	Period %			Cumulative %			Comments
	Factor %	Plan	Earned	Variance	Plan	Earned	Variance	
	A	B	C	C-B	E	F	F-E	
Labrador Transmission Asset (LTA)	11.0%	1.7%	2.5%	0.8%	17.9%	12.1%	-5.8%	
Labrador Island Transmission Link (LITL)	42.7%	0.6%	0.4%	-0.2%	8.9%	8.2%	-0.7%	
Muskrat Falls Generation (MFGen)	46.3%	1.4%	0.9%	-0.5%	21.3%	17.5%	-3.8%	
LCP-Overall	100.0%	1.1%	0.9%	-0.2%	15.6%	12.9%	-2.6%	
Last Reporting Period								
	Weight	Period %			Cumulative %			Comments
	Factor %	Plan	Earned	Variance	Plan	Earned	Variance	
	A	B	C	C-B	E	F	F-E	
Labrador Transmission Asset (LTA)	11.0%	1.5%	0.1%	-1.4%	16.2%	9.6%	-6.6%	
Labrador Island Transmission Link (LITL)	42.7%	0.6%	0.3%	-0.3%	8.3%	7.8%	-0.5%	
Muskrat Falls Generation (MFGen)	46.3%	1.4%	0.7%	-0.7%	19.9%	16.7%	-3.2%	
LCP-Overall	100.0%	1.1%	0.5%	-0.6%	14.5%	12.1%	-2.4%	

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 63 of 86</p>

12.2 MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE – MUSKRAT FALLS GENERATION

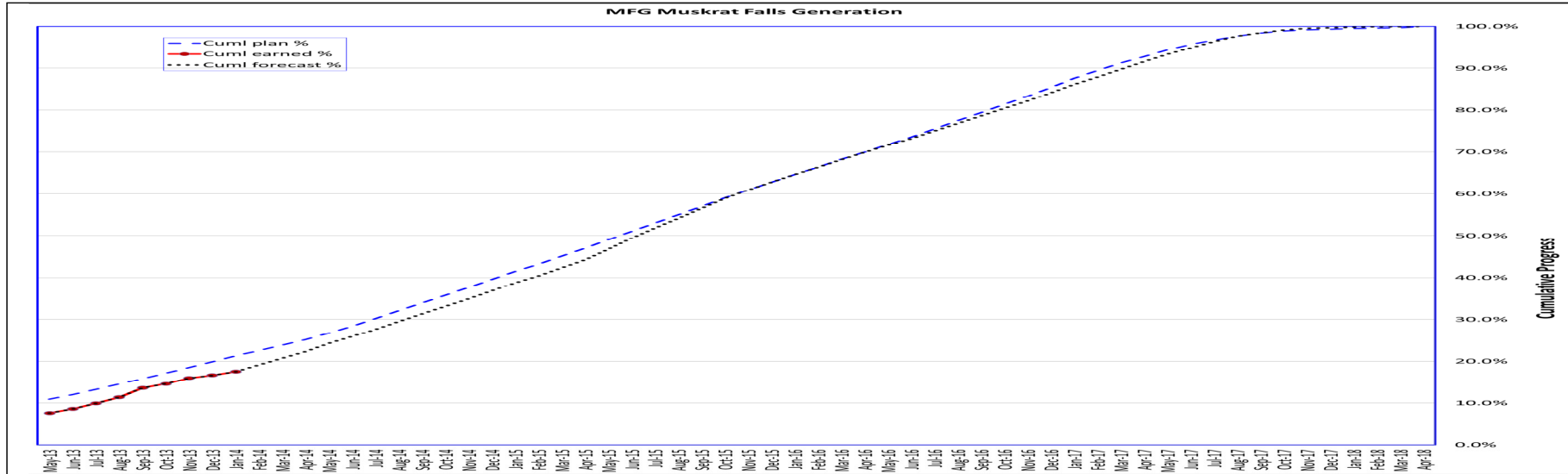




MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

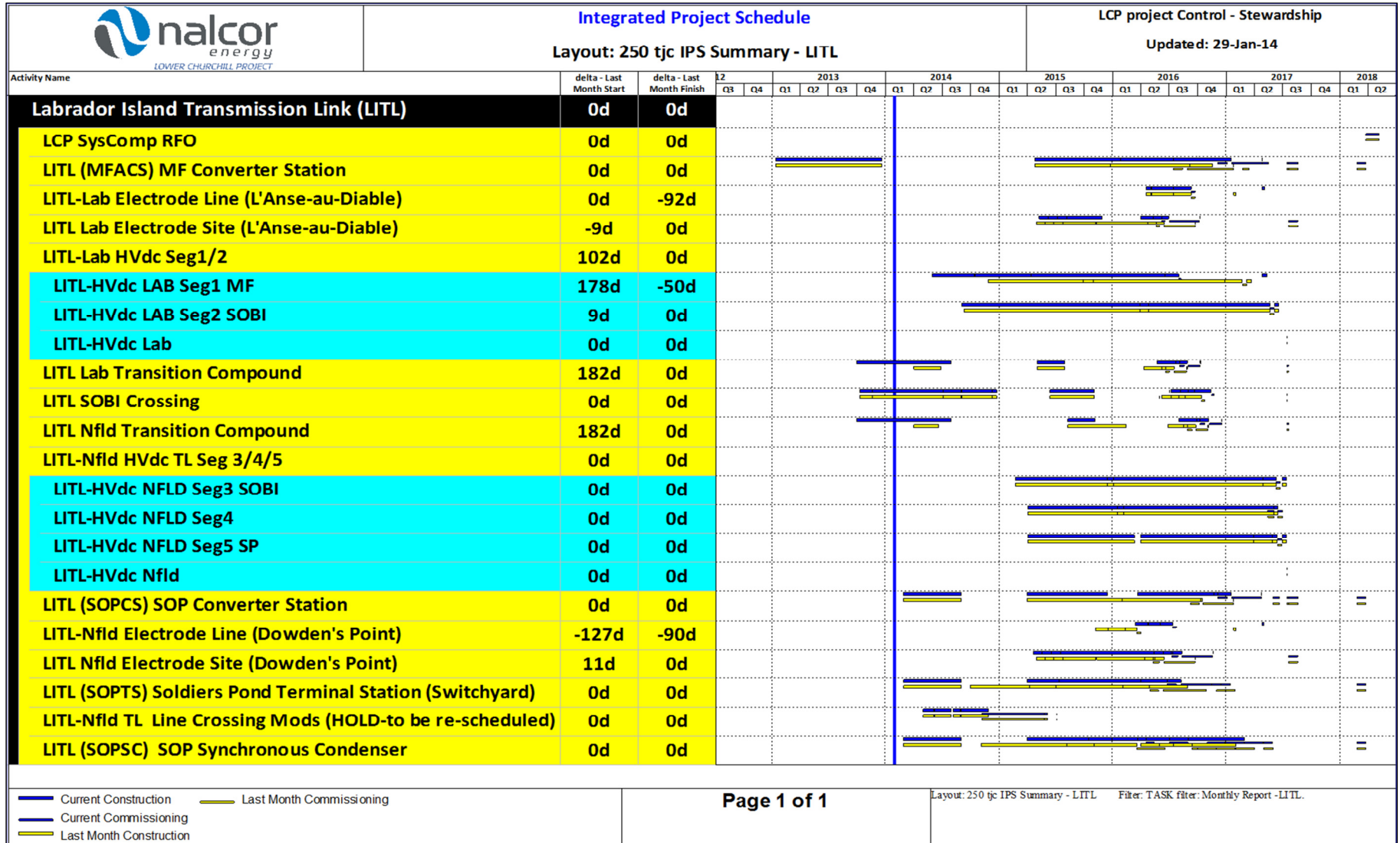
Page : 64 of 86



MFGGen Progress Table 2014 Jan									
This Reporting Period									
	Weight Factor %	Period %			Cumulative %			Comments	
		Plan B	Earned C	Variance C-B	Plan E	Earned F	Variance F-E		
MFG Camp/Power/Infrastructure	8.6%	4.1%	6.8%	2.7%	97.4%	78.7%	-18.7%		
MFG Reservoir Preparation (incl Habitat Comp)	8.4%	1.2%	3.0%	1.8%	15.1%	19.8%	4.7%		
MFG Spillway & Gates	8.5%	1.8%	0.0%	-1.8%	7.2%	9.8%	2.6%		
MFG North Spur Stabilization	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MFG North Dam	5.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MFG Powerhouse & intake	57.9%	1.4%	0.0%	-1.4%	10.6%	5.9%	-4.7%		
MFG South Dam	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MFG Misc	6.5%	0.1%	0.7%	0.6%	75.7%	74.8%	-0.9%	incl engineering	
MFGGen TOTAL	100.0%	1.4%	0.9%	0.5%	21.3%	17.5%	3.7%		
Last Reporting Period									
	Weight Factor %	Period %			Cumulative %			Comments	
		Plan B	Earned C	Variance C-B	Plan E	Earned F	Variance F-E		
MFG Camp/Power/Infrastructure	8.6%	4.5%	2.0%	-2.5%	93.3%	71.9%	-21.4%		
MFG Reservoir Preparation (incl Habitat Comp)	8.4%	1.2%	2.6%	1.4%	14.0%	16.8%	2.8%		
MFG Spillway & Gates	8.5%	1.4%	0.0%	-1.4%	5.5%	9.8%	4.3%		
MFG North Spur Stabilization	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MFG North Dam	5.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MFG Powerhouse & intake	57.9%	1.3%	0.2%	-1.1%	9.2%	5.9%	-3.3%		
MFG South Dam	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MFG Misc	6.5%	0.1%	2.7%	2.6%	75.7%	74.1%	-1.6%		
MFGGen TOTAL	100.0%	1.4%	0.7%	-0.7%	19.9%	16.7%	-3.2%		

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 65 of 86

12.3 MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE – LABRADOR - ISLAND TRANSMISSION LINK

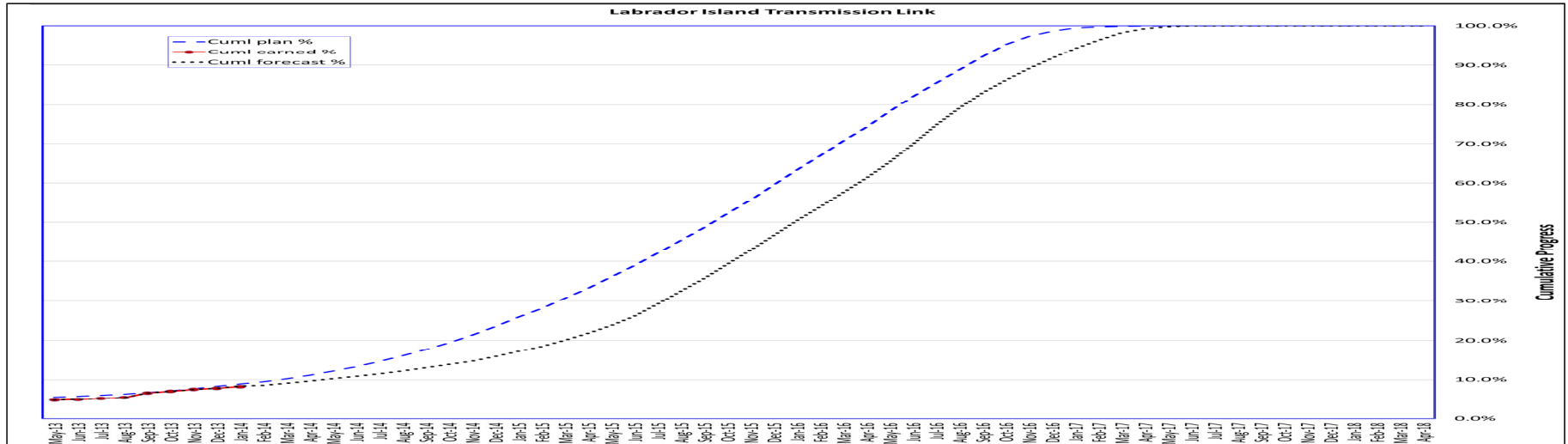




MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 66 of 86



LITL Progress Table 2014 Jan								
This Reporting Period								
	Weight Factor % A	Period %			Cumulative %			Comments
		Plan B	Earned C	Variance C-B	Plan E	Earned F	Variance F-E	
LITL Muskrat Falls Converter	9.1%	0.0%	0.1%	0.1%	4.0%	0.7%	-3.3%	
LITL Soldiers Pond Converter	9.7%	0.0%	0.0%	0.0%	4.0%	0.0%	-4.0%	
LITL HVdc Transmission Line Seg 1/2	19.0%	1.6%	0.0%	-1.6%	5.9%	0.0%	-5.9%	
LITL HVdc Transmission Line Seg 3/4/5	26.0%	0.2%	0.0%	-0.2%	0.3%	0.0%	-0.3%	
LITL Electrode Sites	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
LITL Transition Compounds	2.4%	0.0%	0.0%	0.0%	4.0%	0.0%	-4.0%	
LITL SOBI Cable Crossing	16.6%	0.8%	0.7%	-0.1%	20.8%	31.8%	11.0%	
LITL Soldiers Pond Switchyard	5.3%	0.4%	0.0%	-0.4%	4.0%	0.0%	-4.0%	
LITL Soldiers Pond Synchronous Condensers	5.5%	0.4%	0.0%	-0.4%	4.0%	0.0%	-4.0%	
LITL Misc	5.1%	1.1%	5.5%	4.4%	57.8%	55.3%	-2.5%	incl eng
LITL TOTAL	100.0%	0.6%	0.4%	-0.2%	8.9%	8.2%	-0.7%	
Last Reporting Period								
	Weight Factor % A	Period %			Cumulative %			Comments
		Plan B	Earned C	Variance C-B	Plan E	Earned F	Variance F-E	
LITL Muskrat Falls Converter	9.1%	0.5%	0.2%	-0.3%	4.0%	0.6%	-3.4%	
LITL Soldiers Pond Converter	9.7%	0.5%	0.0%	-0.5%	4.0%	0.0%	-4.0%	
LITL HVdc Transmission Line Seg 1/2	19.0%	1.5%	0.0%	-1.5%	4.3%	0.0%	-4.3%	
LITL HVdc Transmission Line Seg 3/4/5	26.0%	0.1%	0.0%	-0.1%	0.1%	0.0%	-0.1%	
LITL Electrode Sites	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
LITL Transition Compounds	2.4%	0.0%	0.0%	0.0%	4.0%	0.0%	-4.0%	
LITL SOBI Cable Crossing	16.6%	0.8%	1.5%	0.7%	20.0%	31.1%	11.1%	
LITL Soldiers Pond Switchyard	5.3%	0.5%	0.0%	-0.5%	3.6%	0.0%	-3.6%	
LITL Soldiers Pond Synchronous Condensers	5.5%	0.5%	0.0%	-0.5%	3.6%	0.0%	-3.6%	
LITL Misc	5.1%	1.0%	0.6%	-0.4%	56.7%	50.0%	-6.7%	
LITL TOTAL	100.0%	0.6%	0.3%	-0.3%	8.3%	7.8%	-0.5%	

	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 67 of 86

12.4 MANAGEMENT SUMMARY SCHEDULE AND OVERALL PROGRESS CURVE – LABRADOR TRANSMISSION ASSET

Activity Name	delta - Last Month Start	delta - Last Month Finish	Integrated Project Schedule												LCP project Control - Stewardship											
			Layout: 250 tjc IPS Summary - LTA												Updated: 29-Jan-14											
			2012	2013				2014				2015				2016				2017				2018		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Labrador Transmission Asset (LTA)	0d	0d																								
LTA CF Accommodations	0d	0d																								
construction	0d	0d																								
LTA CF Switchyard	0d	0d																								
construction	0d	-46d																								
commissioning	-13d	0d																								
LTA-735kV Interconnect at CF	0d	-44d																								
construction	0d	-44d																								
commissioning	0d	0d																								
LTA (L3101/L3102) 315kV TL Seg1/2 MF-CF	0d	-31d																								
construction	0d	-46d																								
commissioning	0d	-31d																								
LTA (MFATS2) MF Terminal Station (Switchyard)	0d	0d																								
construction	0d	-46d																								
commissioning	-97d	0d																								

■ Current Construction ■ Last Month Commissioning
■ Current Commissioning ■ BL Construction
■ Last Month Construction ■ BL Commissioning

Page 1 of 1

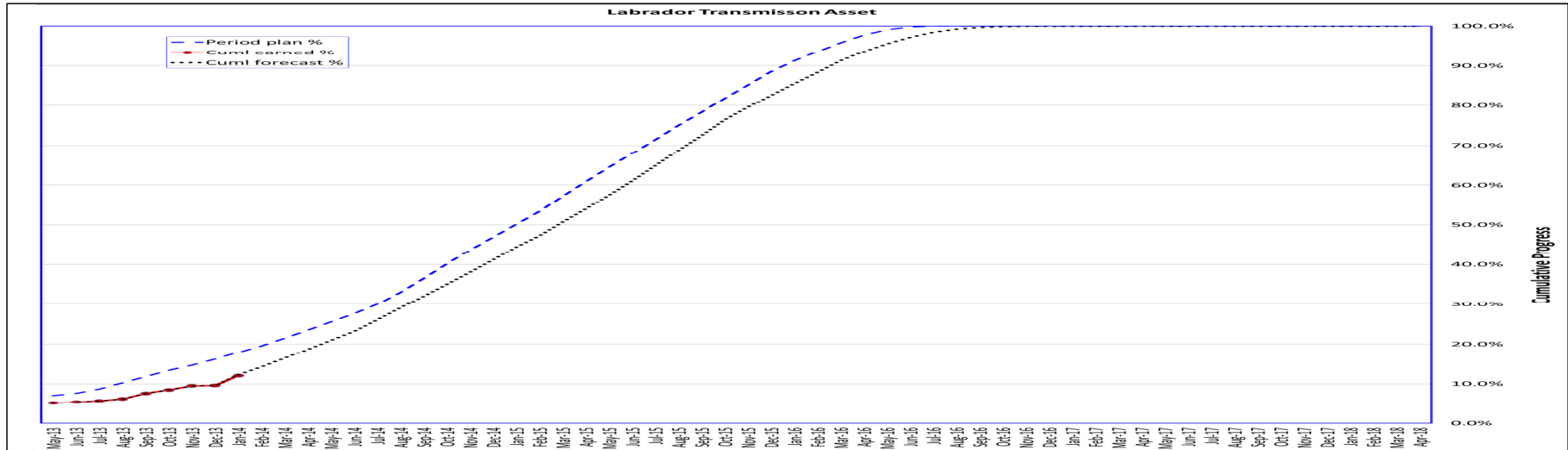
Layout: 250 tjc IPS Summary - LTA Filter: TASK filter: Monthly Report -LTA.



MONTHLY PROGRESS REPORT

Period Ending: **31-Jan-2014**

Page : **68 of 86**



LTA Progress Table 2014 Jan

This Reporting Period								
	Weight Factor %	Period %			Cumulative %			Comments
		Plan	Earned	Variance	Plan	Earned	Variance	
		A	B	C	C-B	E	F	
LTA CF Accommodations	1.4%	0.0%	1.0%	1.0%	50.0%	99.0%	49.0%	
LTA HVac Transmission Line Seg1/2 - MF to CF	53.3%	2.7%	2.5%	-0.2%	14.9%	3.2%	-11.7%	
LTA Churchill Falls Switchyard	22.7%	0.0%	3.8%	3.8%	4.0%	3.8%	-0.2%	
LTA Muskrat Falls Switchyard	15.3%	1.8%	0.2%	-1.6%	12.5%	7.8%	-4.7%	
LTA Misc	7.3%	0.0%	3.6%	3.6%	88.3%	94.5%	6.2%	includes engineering
LTA TOTAL	100.0%	1.7%	2.5%	0.8%	17.9%	12.1%	-5.9%	
Last Reporting Period								
	Weight Factor %	Period %			Cumulative %			Comments
		Plan	Earned	Variance	Plan	Earned	Variance	
		A	B	C	C-B	E	F	
LTA CF Accommodations	1.4%	0.0%	0.0%	0.0%	50.0%	98.0%	48.0%	
LTA HVac Transmission Line Seg1/2 - MF to CF	53.3%	2.3%	0.0%	-2.3%	12.1%	0.7%	-11.4%	
LTA Churchill Falls Switchyard	22.7%	0.4%	0.0%	-0.4%	4.0%	0.0%	-4.0%	
LTA Muskrat Falls Switchyard	15.3%	1.4%	0.4%	-1.0%	10.7%	7.6%	-3.1%	
LTA Misc	7.3%	0.0%	0.2%	0.2%	88.3%	90.9%	2.6%	
LTA TOTAL	100.0%	1.5%	0.1%	-1.5%	16.2%	9.6%	-6.7%	

 nalcor energy LOWER CHURCHILL PROJECT	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 69 of 86

12.5 COST REPORT – LOWER CHURCHILL PROJECT PHASE I

Phase I Monthly Incurred Cost Report - Muskrat Falls Generation, Labrador-Island TX Link, Lab. TX Asset

NALCOR ENERGY - Lower Churchill Project

COST IN CAD (\$ Thousands)

For Period Ending: 31-Jan-2014

	A Original Control Budget (OCB)	B Approved Project Changes	C = A + B Current Control Budget (CCB)	Incurred Costs		E Final Forecast Cost (FFC)	G= E - C Variance from CCB
				Current Period	D Project-to-Date		
100 NE-LCP Owners Team, Admin and EPCM Services	\$711,963	\$15,944	\$727,907	\$8,439	\$319,297	\$702,281	-\$25,626
200 Feasibility Engineering	\$51,750	\$864	\$52,614	-\$3	\$39,418	\$42,400	-\$10,214
300 Environmental & Regulatory Compliance	\$44,404	\$2,385	\$46,789	\$475	\$21,572	\$46,790	\$1
400 Aboriginal Affairs	\$15,746	\$0	\$15,746	\$27	\$4,626	\$15,746	\$0
500 Procurement & Construction	\$4,967,670	\$322,876	\$5,290,546	\$59,252	\$647,614	\$5,491,920	\$201,374
900 Commercial & Legal	\$43,103	\$1,874	\$44,977	\$945	\$38,133	\$44,977	\$0
990 Contingency	\$367,852	-\$288,766	\$79,086	\$0	\$0	\$187,640	\$108,554
CAPEX Total:	\$6,202,489	\$55,177	\$6,257,666	\$69,134	\$1,070,660	\$6,531,754	\$274,088
910 Interest Charges	\$9,737	\$0	\$9,737	\$0	\$8,420	\$8,420	-\$1,317
998 Project Debt Financing	\$171,199	\$0	\$171,199	\$835	\$39,017	\$170,266	-\$933
999 Other Project Costs	\$410	\$0	\$410	\$0	\$0	\$0	-\$409
LCP Phase I Total:	\$6,383,835	\$55,177	\$6,439,013	\$69,969	\$1,118,097	\$6,710,441	\$271,429

Cost Report Notes

- Although Project Sanction (Decision Gate 3) for Phase I occurred on Dec. 17, 2012 cost reporting is done on a monthly rather than a daily basis therefore for cost reporting purposes costs incurred on or before Nov. 30, 2012 are considered Pre-Sanction costs and costs incurred on or after Dec. 1, 2012 are considered Post-Sanction Costs. Pre-Sanction incurred costs for LCP Phase I total: **\$311,775,446**
- Some Environmental & Aboriginal Affairs costs are allocated between Gull Island and Muskrat Falls on a 70/30 basis with 70% being applied to Gull Island and 30% to Muskrat Falls.
- Historical Interest Charges are allocated across the Muskrat Falls (12.14%), LITL (9.90%), LTA (0.00%), Gull Island (76.88%) and the Maritime Link (1.08%)
- Project Debt Financing costs are allocated across the the Muskrat Falls (41.06%), LITL (48.00%), LTA (10.40%) components only.
- Other Project Costs are related to the Upper Churchill Redress and are are allocated between Gull Island and Muskrat Falls on a 70/30 basis with 70% being applied to Gull Island and 30% to Muskrat Falls.



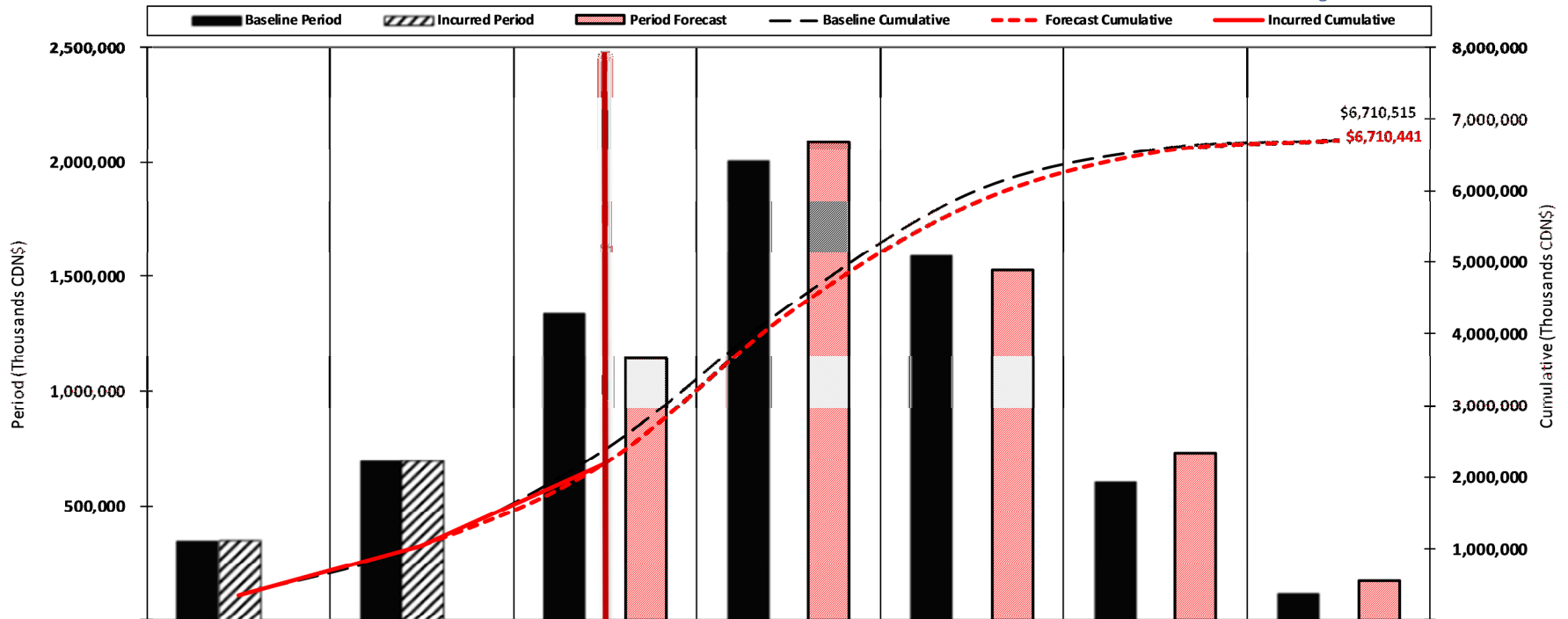
MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 70 of 86

LCP Phase I - Muskrat Falls Generation, Lab. Island Transmission Link, Lab Tx Asset
Annual Control Budget (Baseline), Incurred and Forecast Cost (CAPEX and Project Debt Financing)

For Period Ending: 31-Jan-2014



Period	History	2013	2014	2015	2016	2017	2018
Baseline	351,777	700,333	1,334,656	1,999,804	1,588,311	609,617	126,016
Incurred	351,777	696,354	-	-	-	-	-
Forecast	-	-	1,145,616	2,087,702	1,528,555	728,466	171,971
Cumulative	History	2013	2014	2015	2016	2017	2018
Baseline	351,777	1,052,110	2,386,766	4,386,570	5,974,881	6,584,498	6,710,515
Incurred	351,777	1,048,131	2,193,747	4,281,449	5,810,004	6,538,470	6,710,441
Forecast	-	-	2,193,747	4,281,449	5,810,004	6,538,470	6,710,441

Note 1: OCB = Original Control Budget reflects Nalcor Energy LCP's DG3 Approved Capital Budget



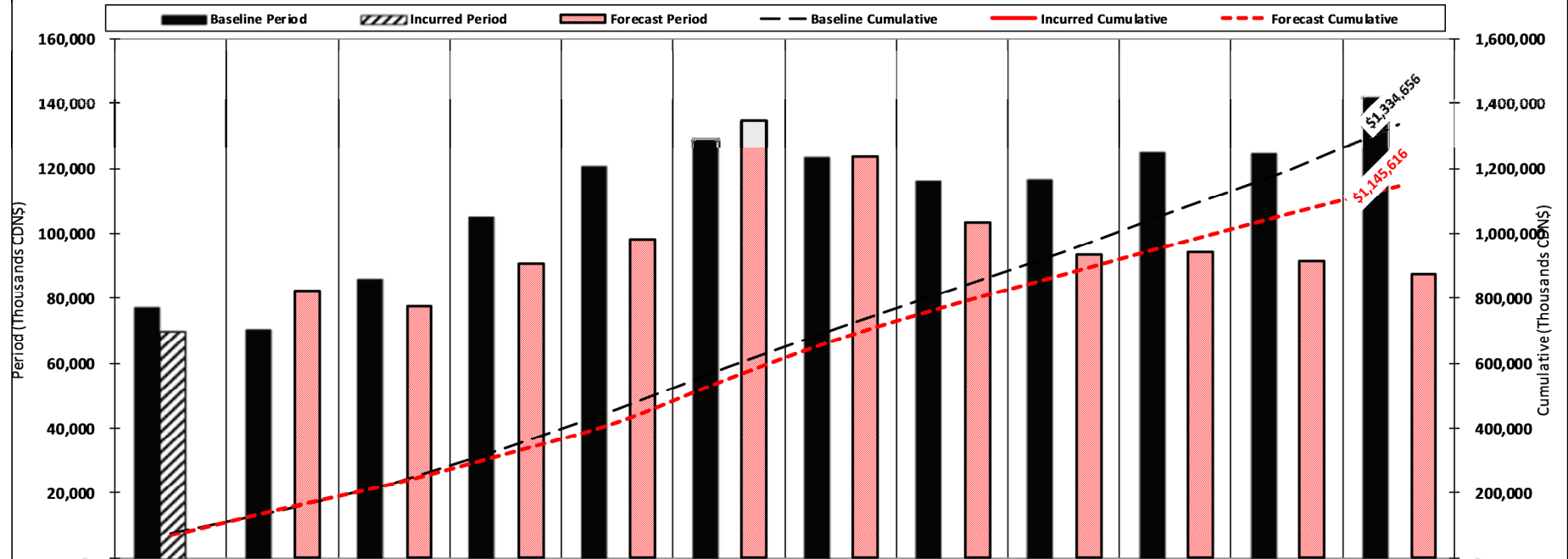
MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 71 of 86

LCP Phase I - Muskrat Falls Generation, Lab. Island Transmission Link, Lab Tx Asset
Current Year Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)

For Period Ending: 31-Jan-2014



Period	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	77,188	70,476	85,814	104,937	120,413	128,780	123,131	116,198	116,366	124,923	124,569	141,861
Incurred	69,969											
Forecast		82,084	77,630	90,534	98,148	134,547	123,534	103,186	93,480	93,924	91,290	87,288
Cumulative	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	77,188	147,664	233,479	338,416	458,828	587,608	710,739	826,937	943,303	1,068,226	1,192,796	1,334,656
Incurred	69,969											
Forecast		152,053	229,683	320,217	418,365	552,913	676,446	779,633	873,113	967,038	1,058,328	1,145,616

To Date CPI 0.91

 nalcor <i>energy</i> <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 72 of 86

12.6 COST REPORT – MUSKRAT FALLS GENERATION

Monthly Incurred Cost Report - Muskrat Falls Generation

NALCOR ENERGY - Lower Churchill Project

COST IN CAD (\$ Thousands)

For Period Ending: 31-Jan-2014

	A Original Control Budget (OCB)	B Approved Project Changes	C = A + B Current Control Budget (CCB)	Incurred Costs		E Final Forecast Cost (FFC)	G= E - C Variance from CCB
				Current Period	D Project-to-Date		
100 NE-LCP Owners Team, Admin and EPCM Services	\$368,215	\$30,497	\$398,712	\$5,504	\$194,680	\$378,969	-\$19,743
200 Feasibility Engineering	\$17,985	\$360	\$18,345	\$1	\$17,950	\$18,345	\$0
300 Environmental & Regulatory Compliance	\$17,927	\$2,385	\$20,312	\$425	\$12,787	\$20,312	\$0
400 Aboriginal Affairs	\$13,314	\$0	\$13,314	\$27	\$4,177	\$13,314	\$0
500 Procurement & Construction	\$2,236,847	\$217,260	\$2,454,107	\$44,723	\$496,989	\$2,719,626	\$265,519
900 Commercial & Legal	\$20,021	\$436	\$20,457	\$113	\$15,625	\$20,457	\$0
990 Contingency	\$226,849	-\$226,849	\$0	\$0	\$0	\$94,255	\$94,255
CAPEX Total:	\$2,901,158	\$24,089	\$2,925,247	\$50,793	\$742,208	\$3,265,278	\$340,031
910 Interest Charges	\$5,366	\$0	\$5,366	\$0	\$4,389	\$4,389	-\$977
998 Project Debt Financing	\$74,930	-\$37	\$74,893	\$270	\$16,541	\$75,491	\$598
999 Other Project Costs	\$410	\$0	\$410	\$0	\$0	\$0	-\$410
Component Total:	\$2,981,863	\$24,052	\$3,005,915	\$51,063	\$763,138	\$3,345,158	\$339,243

- (1) Although Project Sanction (Decision Gate 3) for Phase I occurred on Dec. 17, 2012 cost reporting is done on a monthly rather than a daily basis therefore for cost reporting purposes costs incurred on or before Nov. 30, 2012 are considered Pre-Sanction costs and costs incurred on or after Dec. 1, 2012 are considered Post-Sanction Costs. Pre-Sanction incurred costs for Muskrat Falls Generation total: **\$182,491,058**
- (2) Some Environmental & Aboriginal Affairs costs are allocated between Gull Island and Muskrat Falls on a 70/30 basis with 70% being applied to Gull Island and 30% to Muskrat Falls.
- (3) Historical Interest Charges are allocated across the Muskrat Falls (12.14%), LITL (9.90%), LTA (0.00%), Gull Island (76.88%) and the Maritime Link (1.08%)
- (4) Project Debt Financing costs are allocated across the the Muskrat Falls (41.06%), LITL (48.00%), LTA (10.40%) components only.
- (5) Other Project Costs are related to the Upper Churchill Redress and are allocated between Gull Island and Muskrat Falls on a 70/30 basis with 70% being applied to Gull Island and 30% to Muskrat Falls.



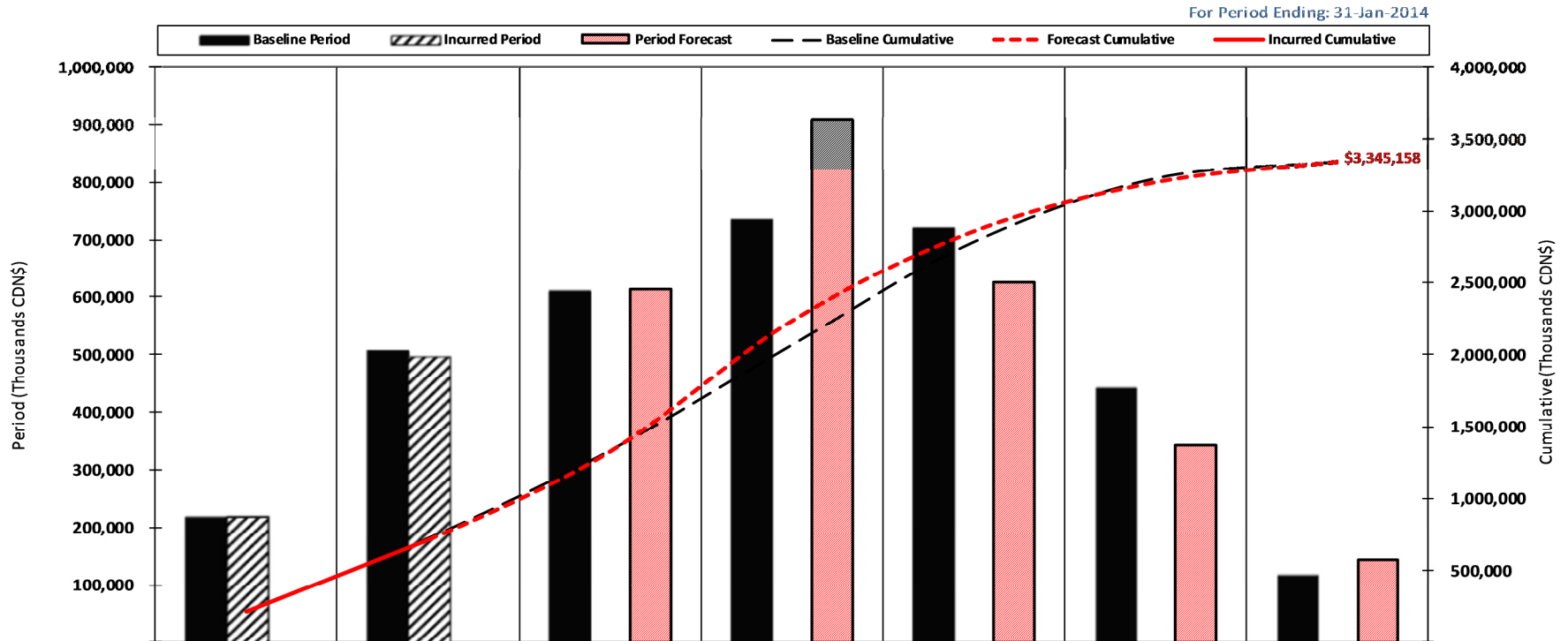
MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 73 of 86

LCP Phase I - Muskrat Falls Generation

Annual Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)



Period	History	2013	2014	2015	2016	2017	2018
Baseline	218,871	505,128	609,555	732,321	718,210	442,894	118,252
Incurred	218,871	493,204	-	-	-	-	-
Forecast	-	-	613,687	907,068	625,434	341,660	145,234
Cumulative	History	2013	2014	2015	2016	2017	2018
Baseline	218,871	723,999	1,333,554	2,065,875	2,784,085	3,226,979	3,345,231
Incurred	218,871	712,075	1,325,762	2,232,830	2,858,264	3,199,924	3,345,158
Forecast	-	-	613,687	907,068	625,434	341,660	145,234

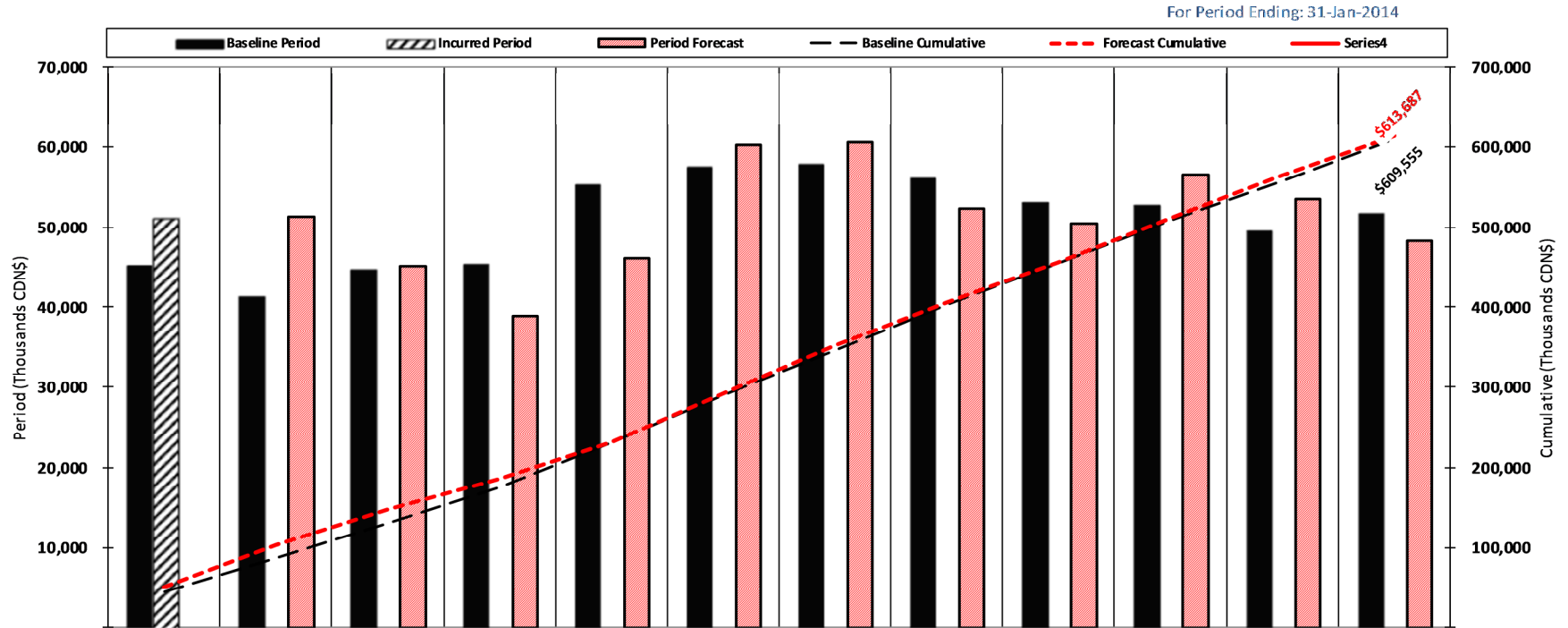


MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 74 of 86

LCP Phase I - Muskrat Falls Generation
Current Year Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)



Period	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	45,132	41,318	44,592	45,330	55,224	57,304	57,665	55,969	53,047	52,716	49,571	51,689
Incurred	51,063											
Forecast		51,251	44,995	38,878	46,057	60,109	60,456	52,194	50,441	56,471	53,474	48,297
Cumulative	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	45,132	86,449	131,042	176,372	231,596	288,900	346,564	402,533	455,580	508,296	557,867	609,555
Incurred	51,063											
Forecast		102,314	147,309	186,187	232,244	292,353	352,810	405,004	455,445	511,916	565,390	613,687

 nalcor <i>energy</i> <small>LOWER CHURCHILL PROJECT</small>	MONTHLY PROGRESS REPORT	Period Ending: 31-Jan-2014
		Page : 75 of 86

12.7 COST REPORT – LABRADOR - ISLAND TRANSMISSION LINK

Monthly Incurred Cost Report - Labrador-Island Transmission Link

NALCOR ENERGY - Lower Churchill Project

COST IN CAD (\$ Thousands)

For Period Ending: 31-Jan-2014

	A Original Control Budget (OCB)	B Approved Project Changes	C = A + B Current Control Budget (CCB)	Incurred Costs		E Final Forecast Cost (FFC)	G= E - C Variance from CCB
				Current Period	D Project-to-Date		
100 NE-LCP Owners Team, Admin and EPCM Services	\$253,363	-\$1,132	\$252,231	\$2,064	\$78,896	\$247,074	-\$5,157
200 Feasibility Engineering	\$33,629	\$384	\$34,013	-\$4	\$21,248	\$23,799	-\$10,214
300 Environmental & Regulatory Compliance	\$25,768	\$0	\$25,768	\$45	\$8,118	\$25,768	\$0
400 Aboriginal Affairs	\$2,244	\$0	\$2,244	\$0	\$449	\$2,244	\$0
500 Procurement & Construction	\$2,187,514	\$6,403	\$2,193,917	\$4,335	\$63,262	\$2,145,425	-\$48,492
900 Commercial & Legal	\$20,603	\$1,887	\$22,490	\$805	\$20,774	\$22,490	\$0
990 Contingency	\$86,628	-\$7,542	\$79,086	\$0	\$0	\$79,355	\$269
CAPEX Total:	\$2,609,749	\$0	\$2,609,749	\$7,245	\$192,747	\$2,546,155	-\$63,594
910 Interest Charges	\$4,372	\$0	\$4,372	\$0	\$4,031	\$4,031	-\$340
998 Project Debt Financing	\$79,674	-\$16	\$79,658	\$466	\$18,726	\$78,126	-\$1,532
999 Other Project Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Component Total:	\$2,693,795	-\$16	\$2,693,779	\$7,711	\$215,505	\$2,628,312	-\$65,467

- (1) Although Project Sanction (Decision Gate 3) for Phase I occurred on Dec. 17, 2012 cost reporting is done on a monthly rather than a daily basis therefore for cost reporting purposes costs incurred on or before Nov. 30, 2012 are considered Pre-Sanction costs and costs incurred on or after Dec. 1, 2012 are considered Post-Sanction Costs. Pre-Sanction incurred costs for the Labrador Island Transmission Link total: **\$108,441,166**
- (2) Historical Interest Charges are allocated across the Muskrat Falls (12.14%), LITL (9.90%), LTA (0.00%), Gull Island (76.88%) and the Maritime Link (1.08%)
- (3) Project Debt Financing costs are allocated across the the Muskrat Falls (41.06%), LITL (48.00%), LTA (10.40%) components only.
- (4) Other Project Costs are related to the Upper Churchill Redress and are allocated between Gull Island and Muskrat Falls on a 70/30 basis with 70% being applied to Gull Island and 30% to Muskrat Falls.



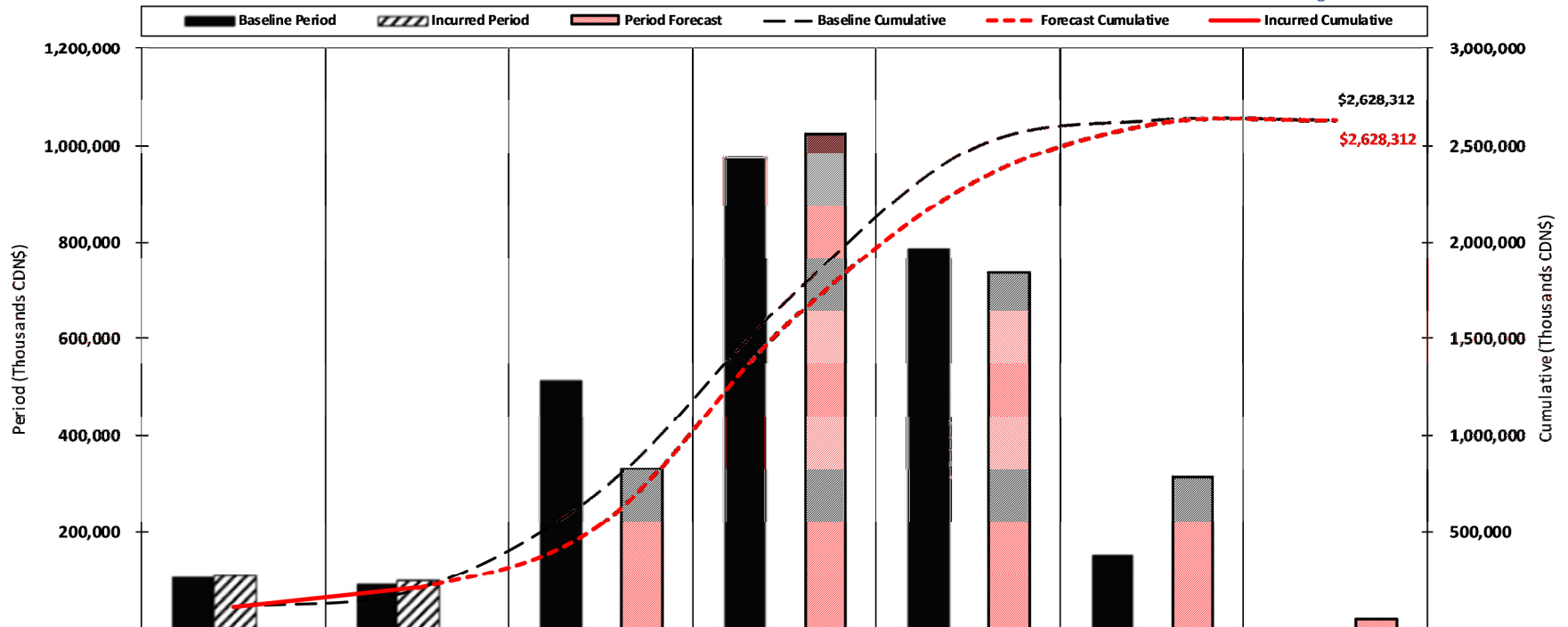
MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 76 of 86

LCP Phase I - Labrador Island Transmission Link
Annual Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)

For Period Ending: 31-Jan-2014



Period	History	2013	2014	2015	2016	2017	2018
Baseline	109,209	93,219	511,851	972,288	786,842	153,249	1,654
Incurred	109,209	98,586	-	-	-	-	-
Forecast	-	-	330,845	1,021,310	734,255	312,286	21,820
Cumulative	History	2013	2014	2015	2016	2017	2018
Baseline	109,209	202,428	714,279	1,686,567	2,473,409	2,626,658	2,628,312
Incurred	109,209	207,795	538,640	1,559,950	2,294,205	2,606,491	2,628,312
Forecast	-	-	330,845	1,021,310	734,255	312,286	21,820



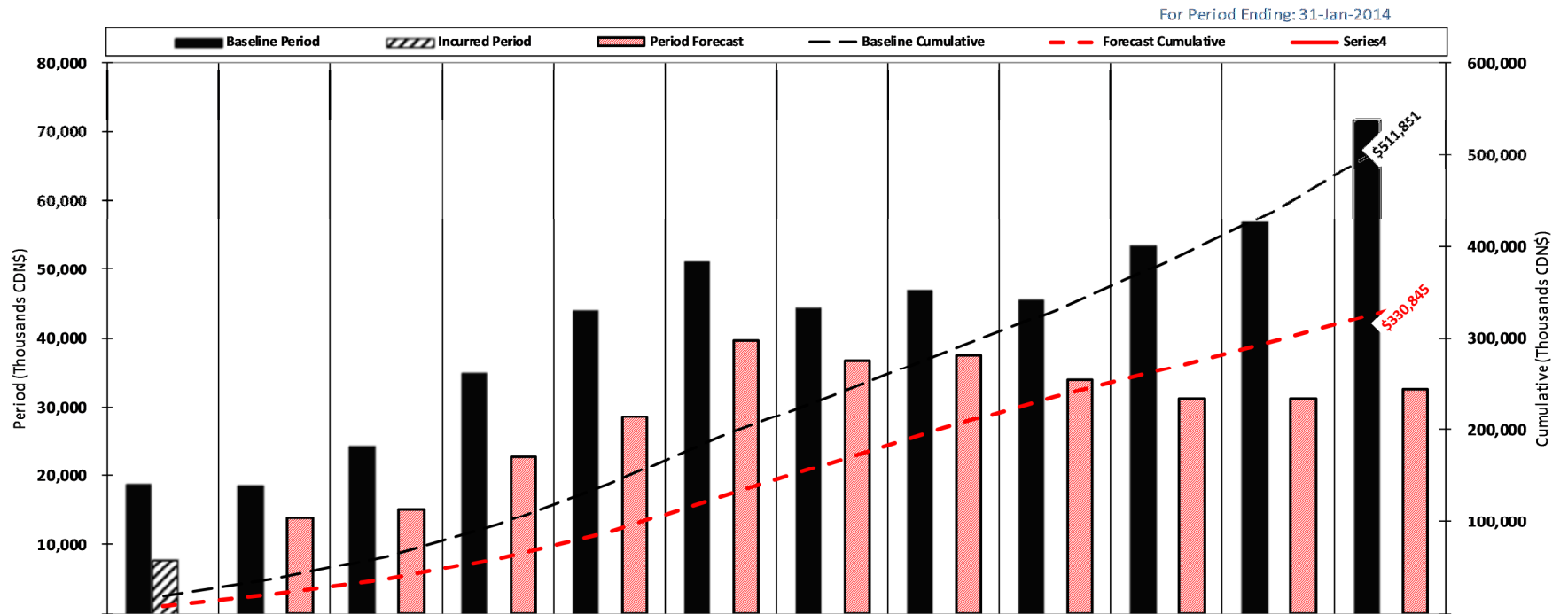
MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 77 of 86

LCP Phase I - Labrador-Island Transmission Link

Current Year Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)



Period	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	18,969	18,688	24,382	34,890	44,206	51,184	44,553	47,081	45,739	53,477	56,980	71,703
Incurred	7,711											
Forecast		13,842	15,074	22,796	28,467	39,635	36,792	37,569	33,883	31,179	31,316	32,582
Cumulative	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	18,969	37,657	62,039	96,929	141,135	192,319	236,872	283,953	329,691	383,169	440,148	511,851
Incurred	7,711											
Forecast		21,553	36,627	59,422	87,890	127,525	164,316	201,886	235,768	266,947	298,263	330,845

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 78 of 86</p>

12.8 COST REPORT – LABRADOR TRANSMISSION ASSET

Monthly Incurred Cost Report - Labrador Transmission Asset

NALCOR ENERGY - Lower Churchill Project

COST IN CAD (\$ Thousands)

For Period Ending: 31-Jan-2014

	A		C = A + B		Incurring Costs		E	G = E - C
	Original Control Budget (OCB)	Approved Project Changes	Current Control Budget (CCB)	Current Period	D Project-to-Date	Final Forecast Cost (FFC)		
100 NE-LCP Owners Team, Admin and EPCM Services	\$90,385	-\$13,421	\$76,964	\$871	\$45,721	\$76,238	-\$726	
200 Feasibility Engineering	\$136	\$120	\$256	\$0	\$220	\$256	\$0	
300 Environmental & Regulatory Compliance	\$709	\$0	\$709	\$5	\$667	\$710	\$1	
400 Aboriginal Affairs	\$188	\$0	\$188	\$0	\$0	\$188	\$0	
500 Procurement & Construction	\$543,309	\$99,213	\$642,522	\$10,194	\$87,363	\$626,869	-\$15,653	
900 Commercial & Legal	\$2,479	-\$449	\$2,030	\$27	\$1,734	\$2,030	\$0	
990 Contingency	\$54,375	-\$54,375	\$0	\$0	\$0	\$14,030	\$14,030	
CAPEX Total:	\$691,582	\$31,088	\$722,670	\$11,097	\$135,705	\$720,321	-\$2,349	
910 Interest Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
998 Project Debt Financing	\$16,596	\$53	\$16,649	\$98	\$3,750	\$16,650	\$1	
999 Other Project Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Component Total:	\$708,177	\$31,141	\$739,318	\$11,195	\$139,455	\$736,971	-\$2,348	

- (1) Although Project Sanction (Decision Gate 3) for Phase I occurred on Dec. 17, 2012 cost reporting is done on a monthly rather than a daily basis therefore for cost reporting purposes costs incurred on or before Nov. 30, 2012 are considered Pre-Sanction costs and costs incurred on or after Dec. 1, 2012 are considered Post-Sanction Costs. Pre-Sanction incurred costs for the Labrador Transmission Asset total: **\$20,823,222**
- (2) Historical Interest Charges are allocated across the Muskrat Falls (12.14%), LITL (9.90%), LTA (0.00%), Gull Island (76.88%) and the Maritime Link (1.08%)
- (3) Project Debt Financing costs are allocated across the the Muskrat Falls (41.06%), LITL (48.00%), LTA (10.40%) components only.
- (4) Other Project Costs are related to the Upper Churchill Redress and are allocated between Gull Island and Muskrat Falls on a 70/30 basis with 70% being applied to Gull Island and 30% to Muskrat Falls.



MONTHLY PROGRESS REPORT

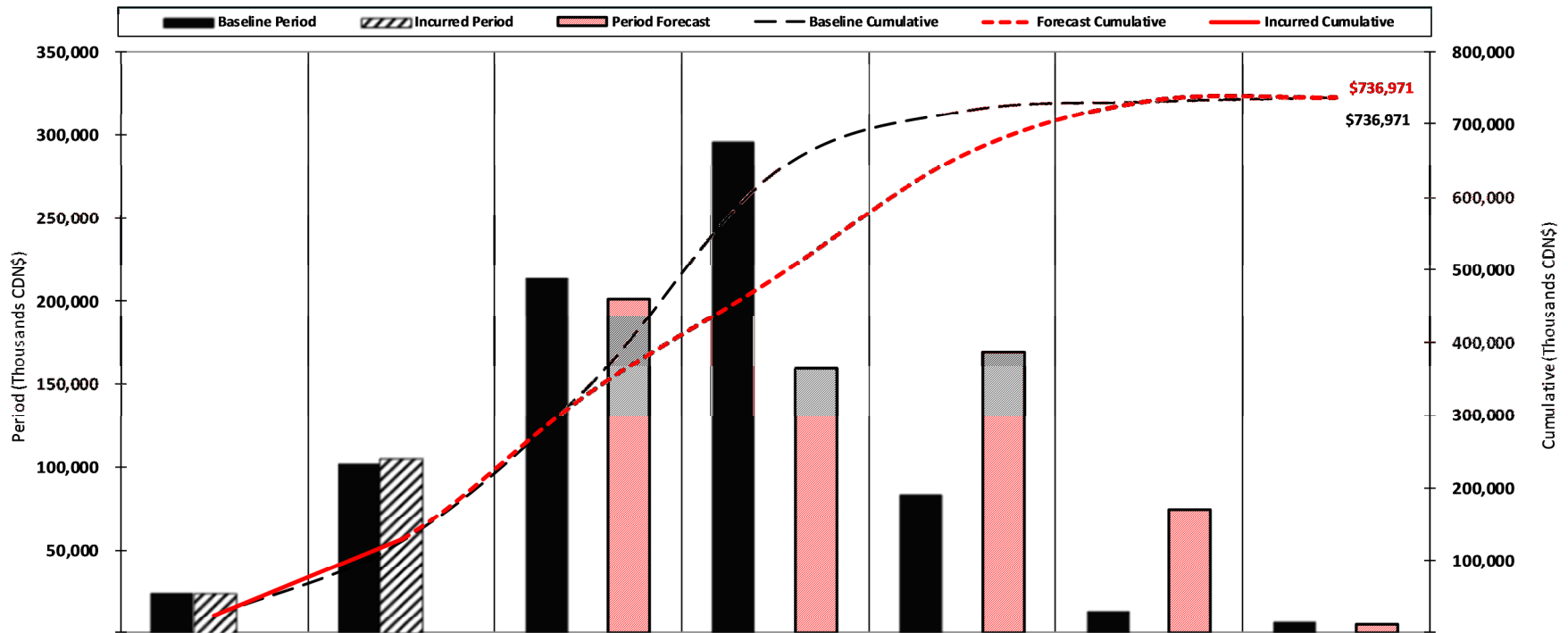
Period Ending: 31-Jan-2014

Page : 79 of 86

LCP Phase I - Labrador Transmission Asset

Annual Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)

For Period Ending: 31-Jan-2014



Period	History	2013	2014	2015	2016	2017	2018
Baseline	23,697	101,986	213,250	295,195	83,259	13,474	6,110
Incurred	23,697	104,564	-	-	-	-	-
Forecast	-	-	201,084	159,324	168,866	74,520	4,917
Cumulative	History	2013	2014	2015	2016	2017	2018
Baseline	23,697	125,683	338,933	634,128	717,387	730,861	736,971
Incurred	23,697	128,261	329,345	488,669	657,535	732,055	736,971
Forecast	-	-	201,084	488,669	657,535	732,055	736,971



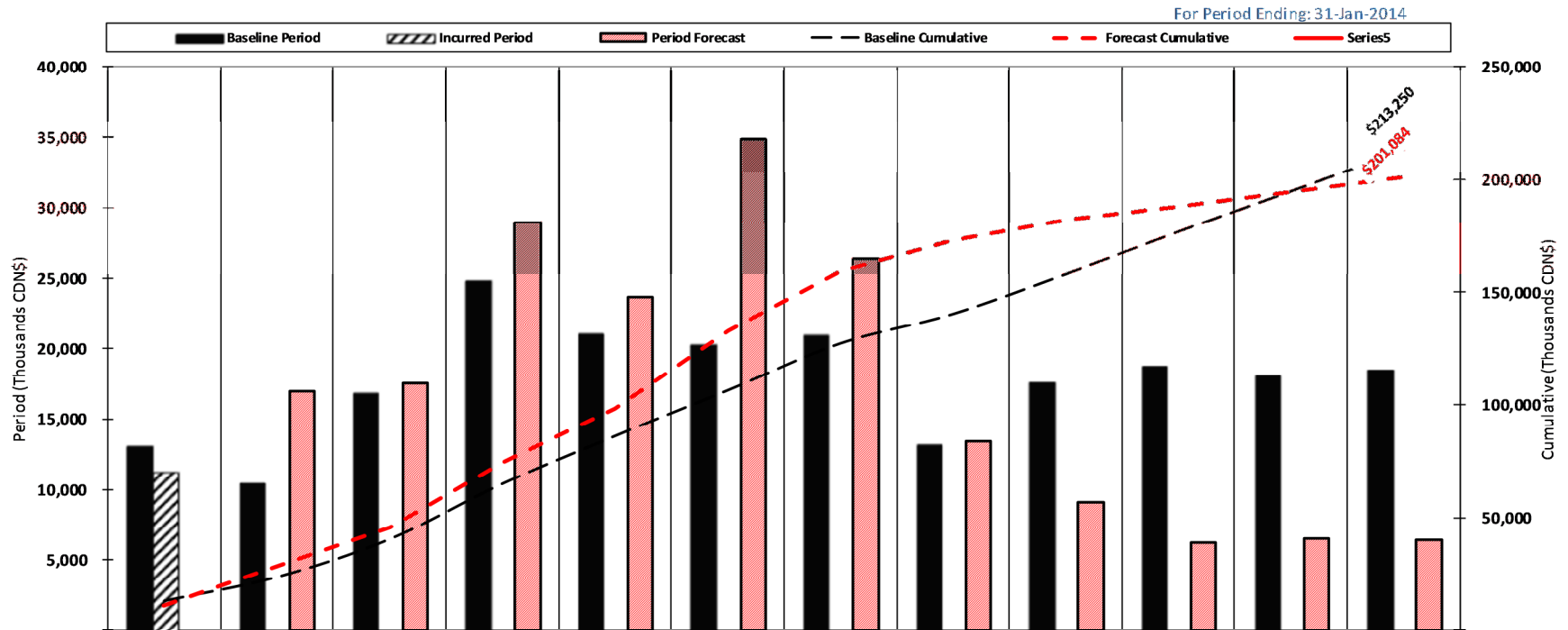
MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 80 of 86

LCP Phase I - Labrador Transmission Assets

Current Year Control Budget (Baseline), Incurred and Forecast Cost (Capital and Project Financing)



Period	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Baseline	13,087	10,470	16,840	24,717	20,983	20,291	20,913	13,148	17,581	18,730	18,019	18,469
Incurred	11,195											
Forecast		16,991	17,560	28,860	23,624	34,803	26,286	13,423	9,157	6,274	6,500	6,409
Cumulative												
Baseline (OCB)	13,087	23,557	40,398	65,115	86,098	106,389	127,303	140,451	158,031	176,762	194,781	213,250
Incurred	11,195											
Forecast		28,186	45,747	74,607	98,231	133,035	159,321	172,743	181,901	188,175	194,675	201,084



MONTHLY PROGRESS REPORT

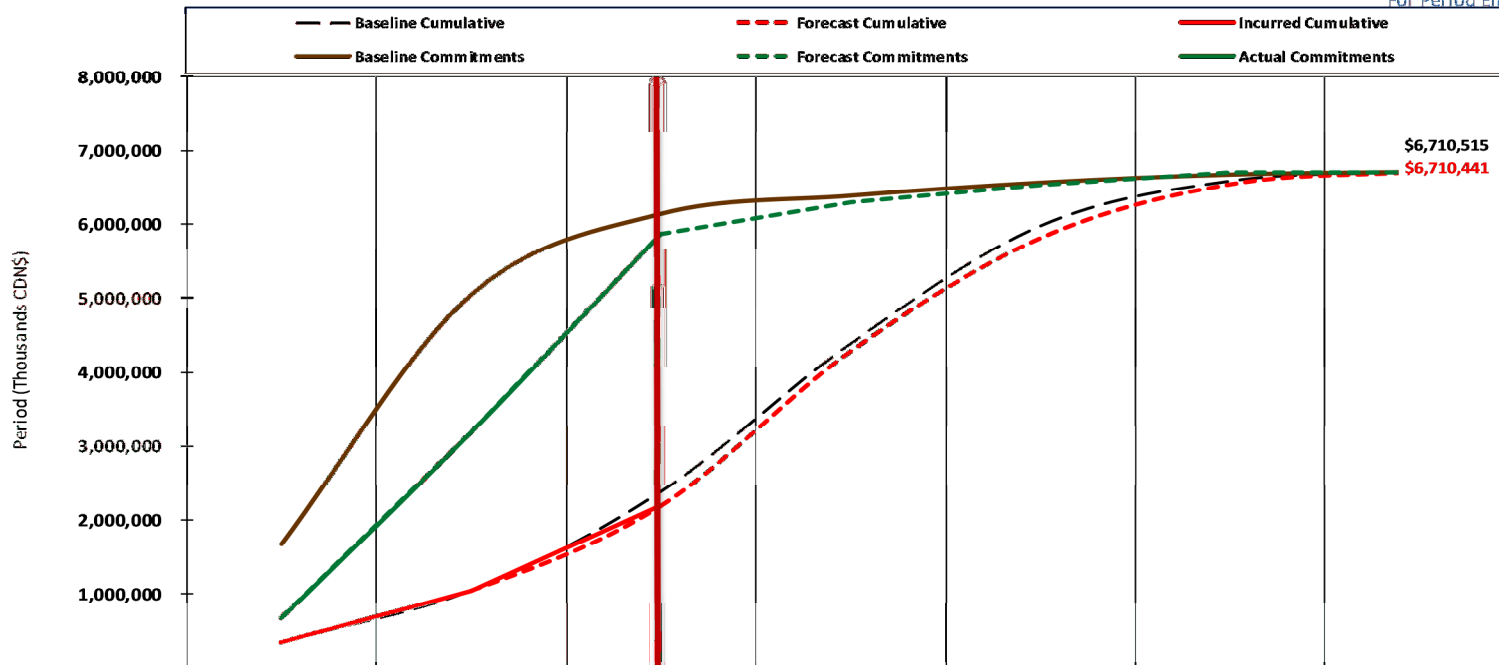
Period Ending: 31-Jan-2014

Page : 81 of 86

12.9 COMMITTED COST SUMMARY

LCP Phase I - Muskrat Falls Generation, Lab. Island Transmission Link, Lab Tx Asset
Annual Forecast and Committed Cost (Capital and Project Financing)

For Period Ending: 31-Jan-2014



Cumulative Forecast	History	2013	2014	2015	2016	2017	2018
Baseline	351,777	1,052,110	2,386,766	4,386,570	5,974,881	6,584,498	6,710,515
Incurred	351,777	1,048,131	2,386,766				(1)
Forecast			2,193,747	4,281,449	5,810,004	6,538,470	6,710,441
Cumulative Commit	History	2013	2014	2015	2016	2017	2018
Baseline	1,676,000	5,045,306	6,137,612	6,382,918	6,561,225	6,671,209	6,710,515
Actual	674,000	3,188,404	5,868,923				(1)
Forecast			5,868,923	6,291,883	6,533,515	6,699,804	6,710,441

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 82 of 86</p>

12.10 PERIOD EXPENDED HOURS BY COMPANY AND LOCATION

Company	Work Location								Grand Total	
	Island		Labrador		Other Canada		International		Period	YTD
	Period	YTD	Period	YTD	Period	YTD	Period	YTD		
Project Delivery Organization	42,183	42,183	12,250	12,250	969	969	240	240	55,642	55,642
Other Contractors	11,184	11,184	94,932	94,932	1,890	1,890	3	3	108,009	108,009
Grand Total	53,367	53,367	107,181	107,181	2,859	2,859	243	243	163,651	163,651

 <p>nalcor energy LOWER CHURCHILL PROJECT</p>	<p>MONTHLY PROGRESS REPORT</p>	<p>Period Ending: 31-Jan-2014</p>
		<p>Page : 83 of 86</p>

12.11 SLI ENGINEERING PROGRESS SUMMARY

Component	Stage Description	Current Budget	Period Progress	Complete
Power Generation Facilities (SLI Component 1)	Stages 1 & 2	63,212	0%	100%
	Stage 3 Balance of Services	235,755	0%	99.0%
	Total	298,967	0.0%	99.2%
Switchyards & DC Specialties (SLI Component 3)	Stages 1 & 2	16,601	0%	100%
	Stage 3 Balance of Services	66,856	1.0%	90.0%
	Total	83,457	0.8%	92.0%
Overland Transmission (SLI Component 4)	Stages 1 & 2	37,578	0%	100%
	Stage 3 Balance of Services	70,972	0%	96.0%
	Total	108,550	0.0%	97.4%
Total to-Date		490,974	0.2%	97.6%

Notes:

1. C1 - S3 budget based upon updated deliverables list and rebaseline of forecasted hours to complete.
2. Stage 1 was the Mobilization Stage, while Stage 2 was the period up to 15-December 2011.



MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 84 of 86

12.12 PROJECT PHOTOS



CH0002: Muskrat Falls Main Accommodations Complex - Dormitories



CH0003: Fire and Ambulance Shelter



CH0003: Testing Laboratory



CD0538: Churchill Falls Accommodations Camp



MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 85 of 86



CH0007: Crusher Assembly



CH0007: Spillway concrete foundation base temporary structure



Two JCL CMI 450 Mulchers at 2B+300

CT0341: ROW Clearing



SOBI: Forteau Point Drill Pad



MONTHLY PROGRESS REPORT

Period Ending: 31-Jan-2014

Page : 86 of 86



CH0007: Powerhouse-mobilization and dewatering activities



CH0004-1: Caroline Brook Resource Road Upgrade-complete at KM1