

Muskkrat Falls Project Oversight Committee

Quarterly Report

Period Ending March 2017

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1. Summary

- The Muskrat Falls Project Oversight Committee Quarterly Report for the period ending March 31, 2017 is provided in a new format designed to increase the amount of project information available in an easier to review format.
- This approach is in keeping with the Committee's decision to commence releasing Monthly Reports that focus on monthly project data as it is received and reviewed by the Committee. August 2016 to February 2017 data is available on the Committee website.
- This report presents baseline cost and schedule information from June 2016 to March 2017 with any changes noted. This includes the conclusion of a project amendment agreement with Astaldi in December 2016 that secured the engagement of the company to complete the Intake, Powerhouse, Spillway, and Transition Dams contract.

1. Summary

- This Astaldi amending agreement added an additional \$270 million to the project cost and is incremental to the \$450 million Nalcor had allocated to this contract in the June 2016 update.
- In keeping with previous Quarterly Reports, this report provides details on costs incurred, changes in project milestone schedule, the status of manufacturing contracts, major contracts yet to be awarded and other oversight activities to the end of March 2017.
- New independent members were also added to the Oversight Committee in April 2017.
- The Committee receives and analyzes information that is made available by the Project. The Committee identifies risk and issues and follows up with Nalcor to obtain more detail and explanation.

1. Summary

- In this report, the Committee identified a number of issues that it is addressing with Nalcor as these could have an impact on project cost and schedule. These include:
 - Safety Performance
 - Cost and Schedule Update;
 - Cofferdam Performance;
 - Schedule Slippage;
 - Contractor Management;
 - Statements of Claims and Liens;
 - Quality Control and Quality Assurance;
 - Insurance Claims and Limitations;
 - Impacts of Protests; and
 - Project Integration and Operations Readiness
- The Committee will continue to follow up and report on these and any new risks that are identified.

1. Summary

- As of the end of March 2017, **Nalcor reported:**
 - Overall construction progress resided at 70.7% as measured against the June 2016 Project Capital Budget re-baseline planned progress of 71.9%;
 - Muskrat Falls Generation construction progress was 61.4% vs. planned of 63.2% - cumulative progress continues to trend behind plan;
 - The Labrador Transmission Assets construction progress was at 92.3% vs. planned 97.5% and the Labrador Island Transmission Link construction progress was 75.8% vs. planned of 75.4%;
 - LCP's current Integrated Project Schedule and key milestones continued to be in compliance across all assets with the high end of the probabilistic range of most likely outcomes as per the June 2016 risk assessment and aligned with June 2016 Project Capital Budget; and
 - Project to date incurred costs were \$6.505 billion not including interest and financing charges while committed costs were \$8.105 billion. Contingency allocation of the available contingency budget was \$140 million.

1. Summary

- This Report is based on Project information provided up to March 31, 2017. The Committee notes that Nalcor will provide a cost and schedule update in June 2017 and analysis of that update will be provided in the next Oversight Committee Quarterly Report.

2. June 2016 Project Capital Budget

Project Capital Budget - Total Cost (billions)	Capital Costs	Financing and Other Costs	Total
• December 2012 (Sanction)	\$6.20	\$1.2	\$7.40
• December 2013 (Financial Close)	\$6.53	\$1.2	\$7.73
• June 2014	\$6.99	\$1.3	\$8.29
• September 2015	\$7.65	\$1.3	\$8.95
• June 2016	\$9.13	\$2.3	\$11.43

- June 2016 Project Capital Budget:
 - included \$450 million for the purpose of concluding a powerhouse completion agreement
- See Annex A for June 2016 Project Capital Budget details

2. June 2016 Project Capital Budget

Contingency Budget

- September 2015 \$187 million*
- June 2016 \$386 million*

- See Annex A for Contingency Budget details

*Represents the total amount of contingency funding available within the Project Capital Budget for additional expenditure, if required

2. June 2016 Project Capital Budget

Key Project Milestone Revised Schedule Dates*

• First Power MFGen	Aug 2019	+20 months
• LITL Ready for Power Transmission	Sep 2018	+11 months
• LTA Ready for Power Transmission	Oct 2017	+ 5 months
• Commissioning Complete	Jun 2020	+24 months

* September 2015 Project Capital Budget project milestone dates vs. June 2016 Project Capital Budget project milestone dates

- Nalcor advised the Committee that contractors are being held to original baseline contract schedule as issued, unless otherwise agreed
- See Annex B for Project Milestone Schedule details

3. December 2016 Project Capital Budget

Project Capital Budget - Total Cost (billions)	Capital Costs	Financing and Other Costs	Total
June 2016	\$9.13	\$2.3	\$11.43
December 2016	\$9.40	\$2.3	\$11.70

- Powerhouse Completion Agreement
 - Finalizing the agreement required an additional \$270 million increase to the Procurement and Construction Expenditure Category for MFGen above the incremental \$450 million included in the June 2016 Project Capital Budget
- No other changes to the Project Capital Budget
- No project milestone date schedule changes
- See Annex C for December 2016 Project Capital Budget details

4. March 2017 Reporting

Expenditure

- \$6.505 billion incurred vs. planned \$6.658 billion
- \$8.105 billion committed
- Project cost and schedule update planned for June 2017

Contingency Allocation

- \$140 million allocated of the \$386 million available (June 2016 Project Capital Budget)
 - Contingency allocation primarily related to costs associated with: LITL proud strand conductor replacement, Muskrat Falls camp expansion, cofferdam repairs and mitigation, impact of protests, early delivery of Churchill Falls power (single pole re-sequencing of power delivery and commissioning), and increased foundation material requirements for the North Dam
- See Annex C for March 2017 cost details

4. March 2017 Reporting

Earned Progress	Actual	Planned
MFGGen	61.4%	63.2%
LITL	75.8%	75.4%
LTA	92.3%	97.5%
Project Overall	70.7 %	71.9%

- See Annex C for Earned Progress details and Astaldi concrete placement volumes

4. March 2017 Reporting

Project Milestones Schedule

- LITL Soldiers Pond Synchronous Condenser forecast dates behind June 2016 Project Capital Budget planned project milestone schedule
- LTA project milestone forecast dates behind June 2016 Project Capital Budget planned project milestone schedule
- Other project milestone changes anticipated for LITL and LTA to facilitate re-sequencing of commissioning to enable distribution of Upper Churchill recall power
- See Annex D for details

Manufacturing Contracts Progress

- Most contracts behind original baseline schedule
- Nalcor advises that the delays are accounted for in June 2016 Project Capital Budget and associated project milestone schedule

4. March 2017 Reporting

Un-awarded Contracts

- CH0031- Supply and Install Mechanical & Electrical Auxiliaries
 - Major contract for completion of the powerhouse
 - Anticipated to be awarded in Q3 2017
 - A budget allocation for this work scope was included in the June 2016 Project Capital Budget

5. Risks / Issues Identified by the Committee

- Safety Performance
 - Draft Tube 2 failure, increased risk associated with simultaneous operations across multiple work sites and impact on project delivery
- Cost and Schedule Update
 - Nalcor will provide a project update in June 2017 (cost and schedule) - Committee will review final forecast cost and schedule information
- Cofferdam
 - Performance of existing temporary cofferdam to enable impoundment for winter ice protection

5. Risks / Issues Identified by the Committee

- Schedule Slippage
 - Some forecast project milestone completion dates slipping behind June 2016 planned project milestone schedule dates
- Contractor Management
 - Nalcor/Contractor project execution challenges and dispute avoidance between parties
 - Knock-on effects resulting from project delays and execution challenges
- Statement of Claims and Liens
 - Actions against Nalcor and potential financial impact on project costs

5. Risks / Issues Identified by the Committee

- **Quality Control and Quality Assurance**
 - Occurrences of rework, including: conductor replacement on the LITL, Draft Tube 2 formwork failure, LTA concrete foundation quality testing, water ingress in subsea cable section, and bend limits and cycling of subsea cable
- **Insurance Claims and Limitations**
 - Primarily LITL conductor modification and replacement, MFGen cofferdam repairs and other powerhouse protection mitigation, requirement to replace section of subsea cable, and Draft Tube 2 formwork failure

5. Risks / Issues Identified by the Committee

- Impact of Protests
 - Potential disruption of worksites or movement of materials and equipment due to protest activity
- Project Integration and Operations Readiness
 - Nalcor readiness to connect the Muskrat Falls Project to the existing North American electricity grid and operate facilities

6. Other Oversight Activities

- April 2016 EY Interim Report available on the Oversight Committee website
- 2016 - 2017 Independent Engineer site visits and reports available on the Oversight Committee website
- 2016 Combined Statements available on the Oversight Committee website
- New independent Oversight Committee members added (April 2017)
- EY engaged to review status of implementation of recommendations from Interim Report

7. Oversight Committee Reporting

- August 2016 - February 2017 Oversight Committee Monthly Reports (cost and schedule data) added to Oversight Committee website
- Oversight Committee Quarterly Reports (cost, schedule and risks/issues)
 - Next report August 2017 covering period April 2017-June 2017

8. Annex A

*Data columns in Annexes that follow may not total due to rounding

June 2016 Project Capital Budget

Muskrat Falls Generating Facility (in \$ thousands)	Dec 2012 Sanction	Dec 2013 Financial Close	Jun 2014	Sep 2015	Jun 2016	Change (Sep 15 vs. Jun 16)	
						\$	%
<i>Expenditure Category</i>							
NE-LCP Owners Team, Admin and EPCM Services	\$369,386	\$378,969	\$382,811	\$408,723	\$536,423	\$127,700	31.2%
Feasibility Engineering	\$5,784	\$18,345	\$17,949	\$17,949	\$17,626	(\$323)	-1.8%
Environmental & Regulatory Compliance	\$28,883	\$20,312	\$24,312	\$25,825	\$25,825	\$0	0.0%
Aboriginal Affairs	\$13,314	\$13,314	\$13,314	\$13,314	\$15,370	\$2,056	15.4%
Procurement & Construction	\$2,236,921	\$2,719,626	\$2,786,766	\$3,121,813	\$3,927,984	\$806,171	25.8%
Commercial & Legal	\$20,021	\$20,457	\$25,989	\$25,239	\$42,431	\$17,192	68.1%
Contingency	\$226,849	\$94,255	\$120,847	\$73,102	\$235,755	\$162,653	222.5%
Muskrat Falls Generation Total	\$2,901,158	\$3,265,278	\$3,371,988	\$3,685,965	\$4,801,414	\$1,115,449	30.3%
Labrador -Island Transmission Link (in \$ thousands)	Dec 2012 Sanction	Dec 2013 Financial Close	Jun 2014	Sep 2015	Jun 2016	Change (Sep 15 vs. Jun 16)	
						\$	%
<i>Expenditure Category</i>							
NE-LCP Owners Team, Admin and EPCM Services	\$254,581	\$247,074	\$225,814	\$221,293	\$306,767	\$85,474	38.6%
Feasibility Engineering	\$38,824	\$34,012	\$21,252	\$21,252	\$19,470	(\$1,782)	-8.4%
Environmental & Regulatory Compliance	\$25,751	\$25,768	\$22,306	\$14,446	\$14,726	\$280	1.9%
Aboriginal Affairs	\$2,244	\$2,244	\$2,244	\$2,684	\$1,753	(\$931)	-34.7%
Procurement & Construction	\$2,181,118	\$2,135,212	\$2,426,095	\$2,717,326	\$2,954,814	\$237,488	8.7%
Commercial & Legal	\$20,603	\$22,490	\$16,490	\$16,490	\$21,039	\$4,549	27.6%
Contingency	\$86,628	\$79,355	\$72,280	\$95,887	\$128,825	\$32,938	34.4%
Labrador-Island Transmission Link Total	\$2,609,749	\$2,546,155	\$2,786,481	\$3,089,378	\$3,447,394	\$358,016	11.6%
Labrador-Transmission Assets (in \$ thousands)	Dec 2012 Sanction	Dec 2013 Financial Close	Jun 2014	Sep 2015	Jun 2016	Change (Sep 15 vs. Jun 16)	
						\$	%
<i>Expenditure Category</i>							
NE-LCP Owners Team, Admin and EPCM Services	\$89,306	\$76,238	\$99,973	\$144,958	\$145,848	\$890	0.6%
Feasibility Engineering	\$2,240	\$256	\$220	\$220	\$363	\$143	65.0%
Environmental & Regulatory Compliance	\$705	\$710	\$710	\$811	\$811	\$0	0.0%
Aboriginal Affairs	\$188	\$188	\$188	\$188	\$188	\$0	0.0%
Procurement & Construction	\$542,289	\$626,869	\$696,322	\$709,643	\$704,884	(\$4,759)	-0.7%
Commercial & Legal	\$2,479	\$2,030	\$3,141	\$3,891	\$3,891	\$0	0.0%
Contingency	\$54,375	\$14,030	\$31,391	\$17,846	\$21,571	\$3,725	20.9%
Labrador Transmission Assets Total	\$691,582	\$720,321	\$831,945	\$877,557	\$877,556	(\$1)	0.0%
Muskrat Falls Capital Cost Budget Total	\$6,202,489	\$6,531,754	\$6,990,414	\$7,652,900	\$9,126,364	\$1,473,464	19%

June 2016 Project Capital Budget – Contingency Budget

Contingency Budget (in \$ thousands)	Project Budget at Sep 2015	Project Budget at Jun 2016
Sub-Project:		
Muskrat Falls Generating Facility	\$73,102	\$235,755
Labrador-Island Transmission Link	\$95,887	\$128,825
Labrador Transmission Assets	\$17,846	\$21,571
Total Project	\$186,835	\$386,151

December 2016 Project Capital Budget

Muskrat Falls Generating Facility (in \$ thousands)	Project Budget at June 2016	Project Budget at Dec 2016	Change
<i>Description</i>	<i>A</i>	<i>B</i>	<i>c</i>
NE-LCP Owners Team, Admin and EPCM Services	\$536,423	\$536,423	\$0
Feasibility Engineering	\$17,626	\$17,626	\$0
Environmental & Regulatory Compliance	\$25,825	\$25,825	\$0
Aboriginal Affairs	\$15,370	\$15,370	\$0
Procurement & Construction	\$3,927,984	\$4,197,984	\$270,000
Commercial & Legal	\$42,431	\$42,431	\$0
Contingency	\$235,755	\$235,755	\$0
TOTAL	\$4,801,414	\$5,071,414	\$270,000

- No changes to LITL or LTA June 2016 Project Capital Budget
- Total December 2016 Project Capital Budget = \$9,396,364

8. Annex B

June 2016 Project Capital Budget – Project Milestone Schedule

Muskrat Falls Generating Facility	Dec 2012 Sanction	Dec 2013 Financial Close	Jun 2014	Sep 2015	Jun 2016	Change Jun 2016 vs. Sep 2015 (Months)
North Spur Works Ready for Diversion	Nov-15	Nov-15	Nov-15	Nov-15	Oct-16	11
River Diversion Complete	Nov-16	Nov-16	Nov-16	Nov-16	Dec-16	1
Reservoir Impoundment Complete	Nov-17	Nov-17	Nov-17	Nov-17	Aug-19	21
Powerhouse Unit 1 Commissioned - Ready for Operation	Dec-17	Dec-17	Dec-17	Dec-17	Sep-19	21
First Power from Muskrat Falls	Dec-17	Dec-17	Dec-17	Dec-17	Aug-19	20
Powerhouse Unit 2 Commissioned - Ready for Operation	Feb-18	Feb-18	Feb-18	Feb-18	Dec-19	22
Powerhouse Unit 3 Commissioned - Ready for Operation	Apr-18	Apr-18	Apr-18	Apr-18	Mar-20	23
Powerhouse Unit 4 Commissioned - Ready for Operation	May-18	May-18	May-18	May-18	May-20	24
Full Power from Muskrat Falls	May-18	May-18	May-18	May-18	May-20	24
Commissioning Complete - Commissioning Certificate Issued	Jun-18	Jun-18	Jun-18	Jun-18	Jun-20	24

June 2016 Project Capital Budget – Project Milestone Schedule

Labrador-Island Transmission Link	Dec 2012 Sanction	Dec 2013 Financial Close	Jun 2014	Sep 2015	Jun 2016	Change Jun 2016 vs. Sep 2015 (Months)
SOBI Cable Systems Ready	Oct-16	Oct-16	Oct-16	Oct-16	Dec-16	2
MF Switchyard and Converter Station Ready for Operation	Feb-17	Feb-17	Feb-17	Feb-17	Mar-18	13
HVdc Transmission Line Construction Complete and Connected	Jun-17	Jun-17	Jun-17	Jun-17	Mar-18	9
Soldier's Pond Switchyard & Converter Stn. Ready for Operation	Oct-17	Oct-17	Oct-17	Oct-17	Mar-18	5
Ready for Power Transmission	Oct-17	Oct-17	Oct-17	Oct-17	Sep-18	11
Soldier's Pond Synchronous Condenser Ready for Operation	Nov-17	Nov-17	Nov-17	Nov-17	Nov-17	0
Commissioning Complete - Commissioning Certificate Issued	Jun-18	Jun-18	Jun-18	Jun-18	Jun-20	24

June 2016 Project Capital Budget – Project Milestone Schedule

Labrador Transmission Assets	Dec 2012 Sanction	Dec 2013 Financial Close	Jun 2014	Sep 2015	Jun 2016	Change Jun 2016 vs. Sep 2015 (Months)
Hvac Transmission Line Construction Complete	Jun-16	Jun-16	Jun-16	Jun-16	Oct-16	4
Churchill Falls Switchyard Ready to Energize	May-17	May-17	May-17	May-17	Jun-17	1
Muskrat Falls Switchyard Ready to Energize	May-17	May-17	May-17	May-17	Sep-17	4
Ready for Power Transmission	May-17	May-17	May-17	May-17	Oct-17	5
Commissioning Complete - Commissioning Certificate Issued	Jun-18	Jun-18	Jun-18	Jun-18	Jun-20	24

8. Annex C

March Costs - Project Overall

- Planned vs. Incurred (in \$ thousands)

March 2017	Project Budget	Cumulative \$			Cumulative %		
		Plan	Incurred	Variance	Plan	Incurred	Variance
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>C-B</i>	<i>D=B/A</i>	<i>E=C/A</i>	<i>E-D</i>
NE-LCP Owners Team, Admin and EPCM Services	\$989,038	\$763,911	\$732,202	(\$31,709)	77.2%	74.0%	-3.2%
Feasibility Engineering	\$37,459	\$37,459	\$37,073	(\$386)	100.0%	99.0%	-1.0%
Environmental & Regulatory Compliance	\$41,362	\$35,849	\$34,985	(\$864)	86.7%	84.6%	-2.1%
Aboriginal Affairs	\$17,311	\$11,363	\$10,237	(\$1,126)	65.6%	59.1%	-6.5%
Procurement & Construction	\$7,857,682	\$5,769,236	\$5,652,776	(\$116,460)	73.4%	71.9%	-1.5%
Commercial & Legal	\$67,361	\$39,935	\$37,770	(\$2,165)	59.3%	56.1%	-3.2%
Contingency	\$386,151	\$0	\$0	\$0	0.0%	0.0%	0.0%
TOTAL	\$9,396,364	\$6,657,753	\$6,505,043	(\$152,710)	70.9%	69.2%	-1.6%

March Costs - Project Overall

- Incurred and Project Forecast Cost (in \$ thousands)

March 2017	Project Budget at June 2016	Incurred Costs March 2017	Project Forecast Cost March 2017	Variance PFC from Budget
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D=A-C</i>
NE-LCP Owners Team, Admin and EPCM Services	\$989,038	\$732,202	\$999,549	(\$10,511)
Feasibility Engineering	\$37,459	\$37,073	\$37,073	\$386
Environmental & Regulatory Compliance	\$41,362	\$34,985	\$41,368	(\$6)
Aboriginal Affairs	\$17,311	\$10,237	\$17,311	\$0
Procurement & Construction	\$7,857,682	\$5,652,776	\$7,987,965	(\$130,283)
Commercial & Legal	\$67,361	\$37,770	\$67,361	\$0
Contingency	\$386,151	\$0	\$245,740	\$140,411
TOTAL	\$9,396,364	\$6,505,043	\$9,396,367	(\$3)

March Costs – Muskrat Falls Generation

- Planned vs Incurred (in \$ thousands)

March 2017	Project Budget at Dec 2016	Cumulative \$			Cumulative %		
		Planned	Incurred	Variance	Planned	Incurred	Variance
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>C-B</i>	<i>D=B/A</i>	<i>E=C/A</i>	<i>E-D</i>
NE-LCP Owners Team, Admin and EPCM Services	\$536,423	\$389,782	\$389,335	(\$447)	72.7%	72.6%	-0.1%
Feasibility Engineering	\$17,626	\$17,626	\$17,543	(\$83)	100.0%	99.5%	-0.5%
Environmental & Regulatory Compliance	\$25,825	\$22,457	\$22,705	\$248	87.0%	87.9%	1.0%
Aboriginal Affairs	\$15,370	\$10,023	\$9,625	(\$398)	65.2%	62.6%	-2.6%
Procurement & Construction	\$4,197,984	\$2,643,923	\$2,627,289	(\$16,634)	63.0%	62.6%	-0.4%
Commercial & Legal	\$42,431	\$21,898	\$19,940	(\$1,958)	51.6%	47.0%	-4.6%
Contingency	\$235,755	\$0	\$0	\$0	0.0%	0.0%	0.0%
TOTAL	\$5,071,414	\$3,105,709	\$3,086,437	(\$19,272)	61.2%	60.9%	-0.4%

March Costs – Muskrat Falls Generation

- Incurred and Project Forecast Cost (in \$ thousands)

March 2017	Project Budget at Dec 2016	Incurred Costs March 2017	Project Forecast Cost March 2017	Variance PFC from Budget
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D=A-C</i>
NE-LCP Owners Team, Admin and EPCM Services	\$536,423	\$389,335	\$541,629	(\$5,206)
Feasibility Engineering	\$17,626	\$17,543	\$17,543	\$83
Environmental & Regulatory Compliance	\$25,825	\$22,705	\$25,825	\$0
Aboriginal Affairs	\$15,370	\$9,625	\$15,370	\$0
Procurement & Construction	\$4,197,984	\$2,627,289	\$4,255,298	(\$57,314)
Commercial & Legal	\$42,431	\$19,940	\$42,431	\$0
Contingency	\$235,755	\$0	\$173,318	\$62,437
TOTAL	\$5,071,414	\$3,086,437	\$5,071,414	\$0

March Costs – Labrador Island Transmission Link

- Planned vs. Incurred (in \$ thousands)

March 2017 <i>Description</i>	Project Budget at June 2016 <i>A</i>	Cumulative \$			Cumulative %		
		Plan <i>B</i>	Incurred <i>C</i>	Variance <i>C-B</i>	Plan <i>D=B/A</i>	Incurred <i>E=C/A</i>	Variance <i>E-D</i>
NE-LCP Owners Team, Admin and EPCM Services	\$306,767	\$250,636	\$228,682	(\$21,954)	81.7%	74.5%	-7.2%
Feasibility Engineering	\$19,470	\$19,470	\$19,167	(\$303)	100.0%	98.4%	-1.6%
Environmental & Regulatory Compliance	\$14,726	\$12,581	\$11,466	(\$1,115)	85.4%	77.9%	-7.6%
Aboriginal Affairs	\$1,753	\$1,265	\$612	(\$653)	72.2%	34.9%	-37.3%
Procurement & Construction	\$2,954,814	\$2,424,766	\$2,365,679	(\$59,087)	82.1%	80.1%	-2.0%
Commercial & Legal	\$21,039	\$15,066	\$14,893	(\$173)	71.6%	70.8%	-0.8%
Contingency	\$128,825	\$0	\$0	\$0	0.0%	0.0%	0.0%
TOTAL	\$3,447,394	\$2,723,784	\$2,640,499	(\$83,285)	79.0%	76.6%	-2.4%

March Costs – Labrador Island Transmission Link

- Incurred and Project Forecast Cost (in \$ thousands)

March 2017	Project Budget at June 2016	Incurred Costs March 2017	Project Forecast Cost March 2017	Variance PFC from Budget
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D=A-C</i>
NE-LCP Owners Team, Admin and EPCM Services	\$306,767	\$228,682	\$311,621	(\$4,854)
Feasibility Engineering	\$19,470	\$19,167	\$19,167	\$303
Environmental & Regulatory Compliance	\$14,726	\$11,466	\$14,726	\$0
Aboriginal Affairs	\$1,753	\$612	\$1,753	\$0
Procurement & Construction	\$2,954,814	\$2,365,679	\$3,019,833	(\$65,019)
Commercial & Legal	\$21,039	\$14,893	\$21,039	\$0
Contingency	\$128,825	\$0	\$59,256	\$69,569
TOTAL	\$3,447,394	\$2,640,499	\$3,447,395	(\$1)

March Costs – Labrador Transmission Assets

- Planned vs. Incurred (in \$ thousands)

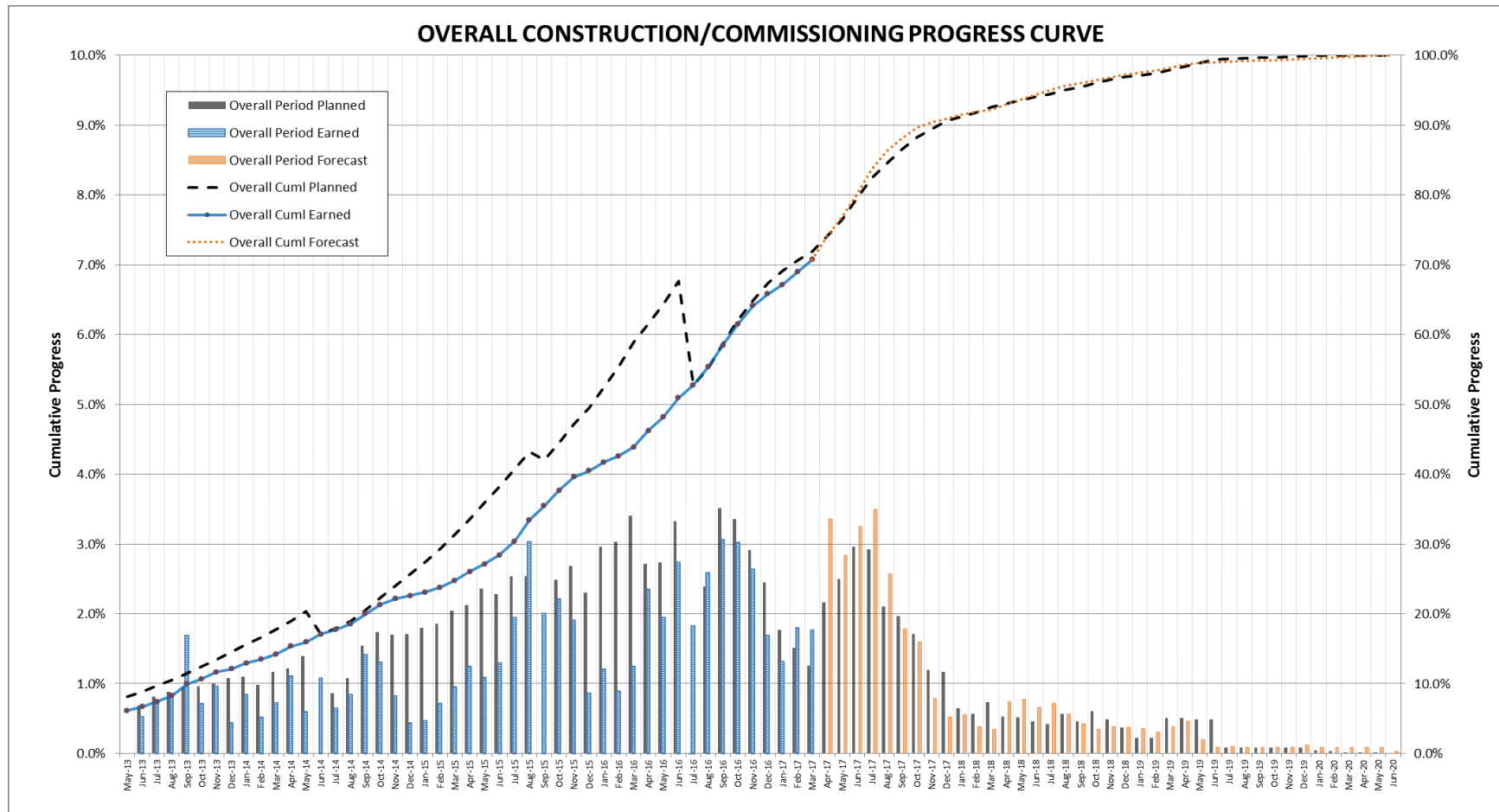
March 2017	Project Budget at June 2016	Cumulative \$			Cumulative %		
		Plan	Incurred	Variance	Plan	Incurred	Variance
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>C-B</i>	<i>D=B/A</i>	<i>E=C/A</i>	<i>E-D</i>
NE-LCP Owners Team, Admin and EPCM Services	\$145,848	\$123,493	\$114,185	(\$9,308)	84.7%	78.3%	-6.4%
Feasibility Engineering	\$363	\$363	\$363	\$0	100.0%	100.0%	0.0%
Environmental & Regulatory Compliance	\$811	\$811	\$814	\$3	100.0%	100.4%	0.4%
Aboriginal Affairs	\$188	\$75	\$0	(\$75)	39.9%	0.0%	-39.9%
Procurement & Construction	\$704,884	\$700,547	\$659,808	(\$40,739)	99.4%	93.6%	-5.8%
Commercial & Legal	\$3,891	\$2,971	\$2,937	(\$34)	76.4%	75.5%	-0.9%
Contingency	\$21,571	\$0	\$0	\$0	0.0%	0.0%	0.0%
TOTAL	\$877,556	\$828,260	\$778,107	(\$50,153)	94.4%	88.7%	-5.7%

March Costs – Labrador Transmission Assets

- Incurred and Project Forecast Cost (in \$ thousands)

March 2017	Project Budget at June 2016	Incurred Costs March 2017	Project Forecast Cost March 2017	Variance PFC from Budget
<i>Description</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D=A-C</i>
NE-LCP Owners Team, Admin and EPCM Services	\$145,848	\$114,185	\$146,299	(\$451)
Feasibility Engineering	\$363	\$363	\$363	\$0
Environmental & Regulatory Compliance	\$811	\$814	\$817	(\$6)
Aboriginal Affairs	\$188	\$0	\$188	\$0
Procurement & Construction	\$704,884	\$659,808	\$712,834	(\$7,950)
Commercial & Legal	\$3,891	\$2,937	\$3,891	\$0
Contingency	\$21,571	\$0	\$13,166	\$8,405
TOTAL	\$877,556	\$778,107	\$877,557	(\$1)

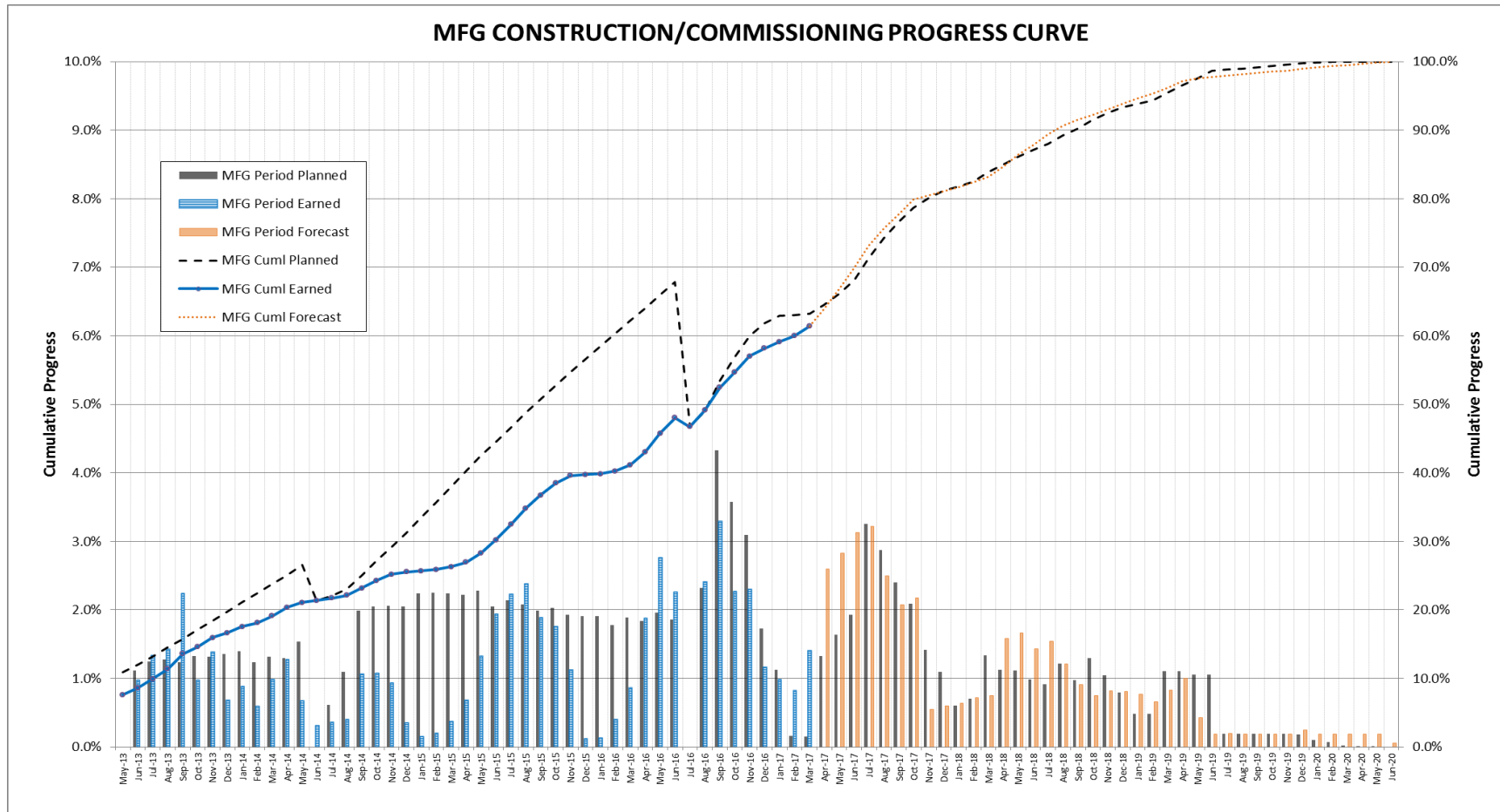
Earned Progress - Project Overall



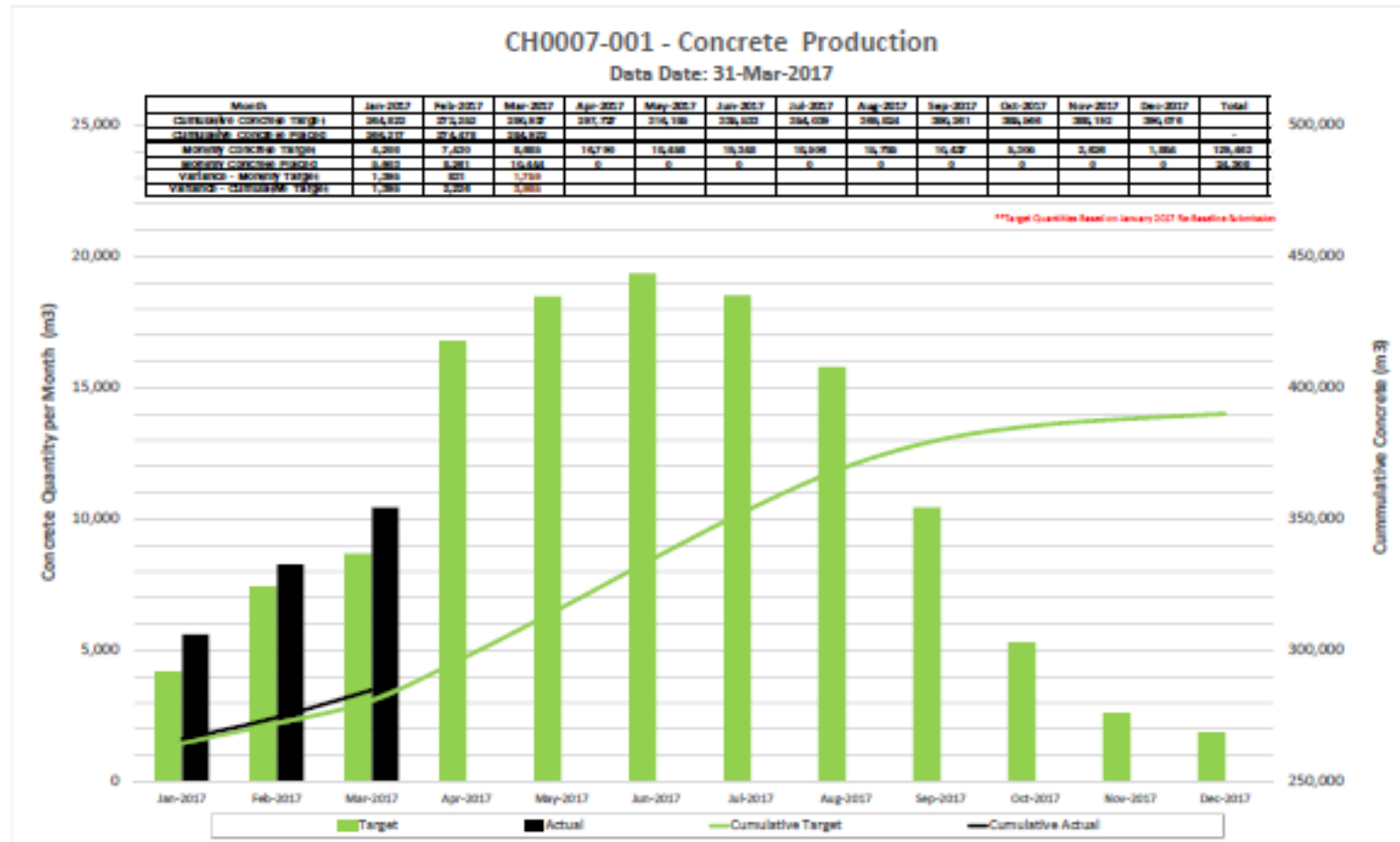
Earned Progress – Muskrat Falls Generation

<u>March 2017</u>	Weight Factor %	March 2017 Cumulative %			<u>February 2017</u> Variance
<i>Sub-Project</i>	A	B	C	D = C - B	E
MFG Road/Camp/Constr. Power	8.9%	100.0%	100.0%	0.0%	0.0%
MFG Reservoir Preparation	5.8%	100.0%	95.1%	-4.9%	-4.9%
MFG Spillway & Gates	12.2%	84.2%	84.5%	0.3%	0.3%
MFG North Spur Stabilization	3.9%	99.0%	98.8%	-0.2%	-0.2%
MFG North Dam	5.7%	36.3%	24.2%	-12.1%	-12.1%
MFG Powerhouse & intake	61.3%	50.1%	48.8%	-1.3%	-3.5%
MFG South Dam	1.1%	78.8%	68.3%	-10.5%	-3.3%
MFG Misc:Eng/ 315kV/Site Rest./logistic	1.1%	68.6%	70.5%	1.9%	3.7%
MFGGen - Overall	100.0%	63.2%	61.4%	-1.8%	-3.1%

Earned Progress – Muskrat Falls Generation



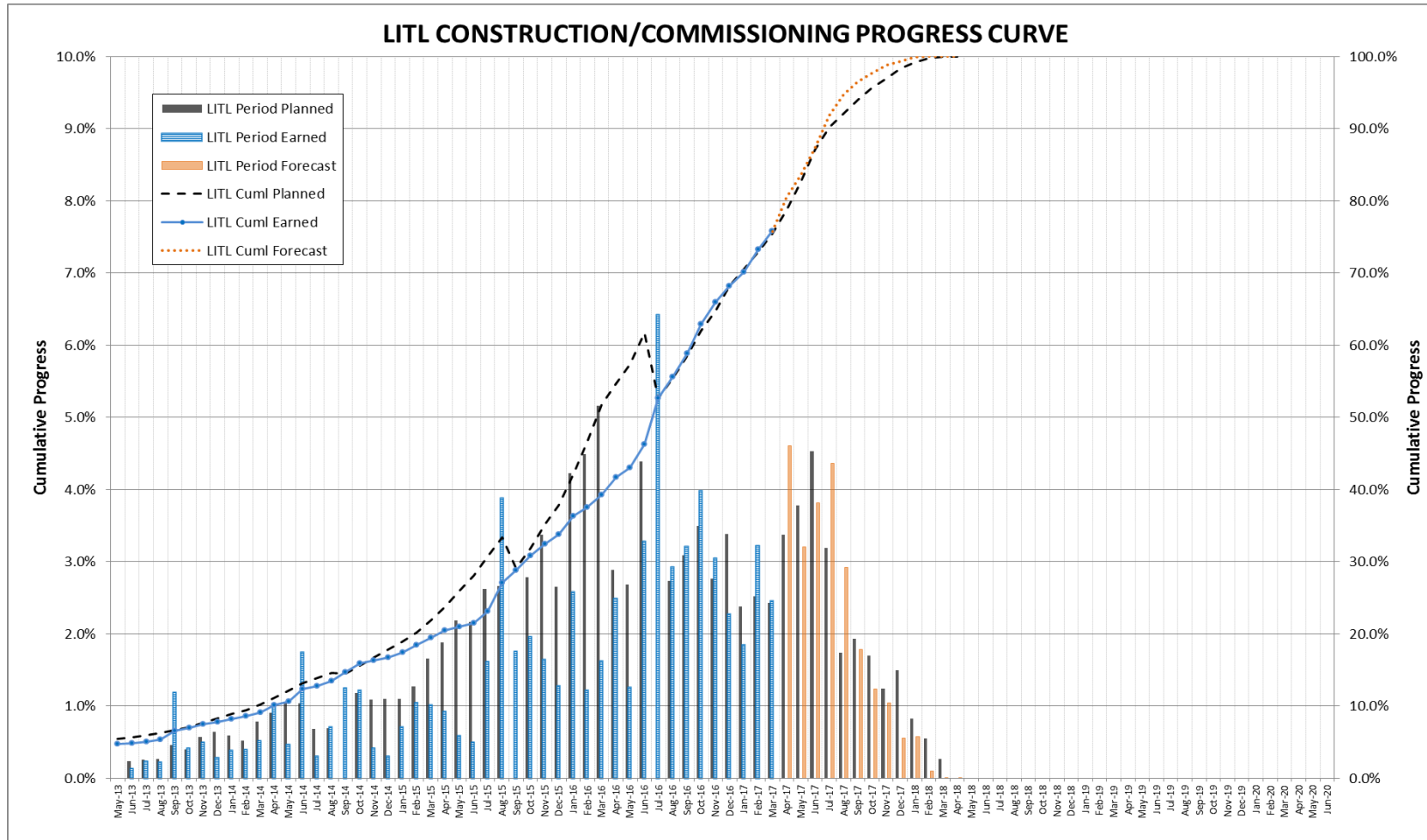
CH0007 Concrete Placement – Muskrat Falls Generation



Earned Progress – Labrador Island Transmission Link

March 2017	Weight	March 2017 Cumulative %			February
	Factor %	Plan	Earned	Variance	2017 Variance
<i>Sub-Project</i>	A	B	C	D = C - B	E
LITL Muskrat Falls Converter	6.1%	39.2%	30.0%	-9.2%	-5.8%
LITL Soldiers Pond Converter	5.5%	38.7%	35.8%	-2.9%	0.4%
LITL HVdc Transmission Line Seg 1/2	26.8%	97.5%	97.3%	-0.2%	-0.9%
LITL HVdc Transmission Line Seg 3/4/5	34.2%	55.7%	62.5%	6.8%	5.2%
LITL Electrode Sites	0.8%	75.0%	75.0%	0.0%	0.0%
LITL Transition Compounds	1.7%	62.3%	62.1%	-0.2%	0.0%
LITL SOBI Cable Crossing	17.7%	100.0%	100.0%	0.0%	0.0%
LITL Soldiers Pond Switchyard	2.7%	99.7%	91.6%	-8.1%	-4.4%
LITL Soldiers Pond Sync. Condensers	3.1%	80.2%	55.5%	-24.7%	-18.4%
LITL Misc	1.4%	82.9%	68.1%	-14.8%	-14.5%
LITL- Overall	100.0%	75.4%	75.8%	0.4%	0.3%

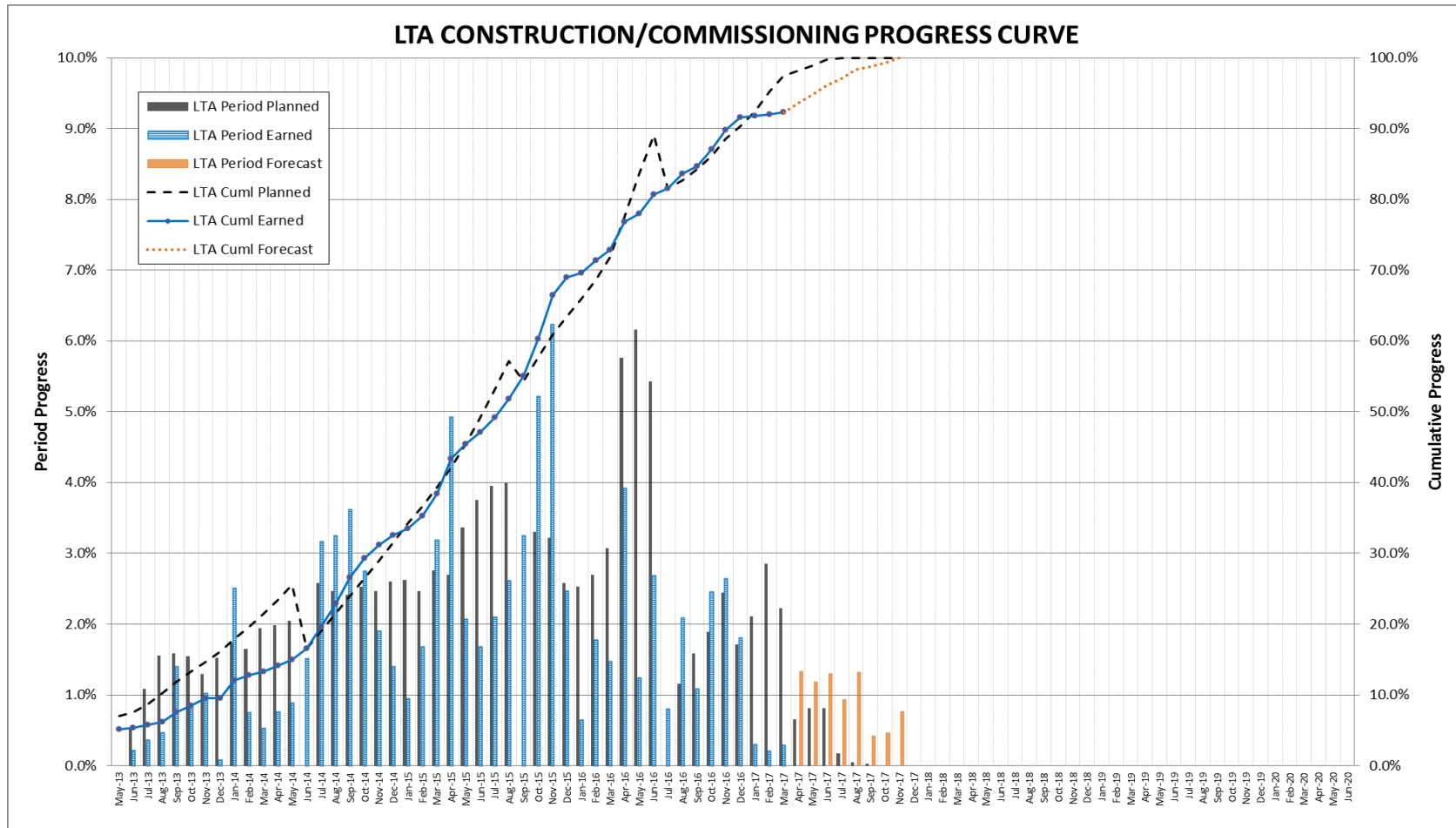
Earned Progress – Labrador Island Transmission Link



Earned Progress – Labrador Transmission Assets

<u>March 2017</u>	Weight	March 2017 Cumulative %			<u>February 2017</u>
	Factor %	Plan	Earned	Variance	Variance
Sub-Project	A	B	C	D = C - B	E
LTA CF Accommodations	N/A	N/A	N/A	N/A	N/A
LTA HVac Transmission Line Seg1/2 - MF to CF	62.8%	100.0%	100.0%	0.0%	0.0%
LTA Churchill Falls Switchyard	21.7%	93.6%	84.6%	-9.0%	-2.1%
LTA Muskrat Falls Switchyard	13.4%	91.5%	72.1%	-19.4%	-14.7%
LTA Misc	2.1%	100.0%	70.0%	-30.0%	-36.7%
LTA - Overall	100.0%	97.5%	92.3%	-5.2%	-3.2%

Earned Progress – Labrador Transmission Assets



8. Annex D

Milestone Schedule – Muskrat Falls Generation

MFGen	June 2016 Budget Planned Date	March 2017 Actual / Forecast
Project Sanction	17-Dec-12	Actual
North Spur Works Ready for Diversion	31-Oct-16	Actual
River Diversion Complete	15-Dec-16	Interim Impoundment (Feb 2017)
Powerhouse Unit 1 Commissioned - Ready for Operation	19-Sep-19	29-Apr-19
First Power from Muskrat Falls	2-Aug-19	1-Apr-19
Powerhouse Unit 2 Commissioned - Ready for Operation	3-Dec-19	23-Jul-19
Powerhouse Unit 3 Commissioned - Ready for Operation	9-Mar-20	28-Oct-19
Powerhouse Unit 4 Commissioned - Ready for Operation	14-May-20	28-Jan-20
Full Power from Muskrat Falls	14-May-20	28-Jan-20
Commissioning Complete - Commissioning Certificate Issued	1-Jun-20	1-Jun-20

Milestone Schedule – Labrador Island Transmission Link

LITL	June 2016 Budget Planned Date	March 2017 Actual/Forecast
Project Sanction	17-Dec-12	Actual
SOBI Cable Systems Ready	15-Dec-16	Actual
MF Switchyard and Converter Station Ready for Operation	15-Mar-18	22-Feb-18
HVdc Transmission Line Construction Complete and Connected	15-Mar-18	28-Oct-17
Soldier's Pond Switchyard & Converter Stn. Ready for Operation	15-Mar-18	22-Jan-18
Ready for Power Transmission	20-Sep-18	25-Jun-18
Soldier's Pond Synchronous Condenser Ready for Operation	30-Nov-17	15-Mar-18
Commissioning Complete - Commissioning Certificate Issued	1-Jun-20	1-Jun-20

Milestone Schedule – Labrador Transmission Assets

LTA	June 2016 Budget Planned Date	March 2017 Actual/Forecast
Project Sanction	17-Dec-12	Actual
Hvac Transmission Line Construction Complete	31-Oct-16	5-May-17
Churchill Falls Switchyard Ready to Energize	17-Jun-17	30-Oct-17
Muskrat Falls Switchyard Ready to Energize	15-Sep-17	25-Nov-17
Ready for Power Transmission	31-Oct-17	22-Dec-17
Commissioning Complete - Commissioning Certificate Issued	1-Jun-20	1-Jun-20

End of Report