

APPLICATION

IN THE MATTER OF the *Public Utilities Act*, (the “Act”); and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for an Order approving: (1) its 2006 capital budget pursuant to s.41(1) of the Act; (2) its 2006 capital purchases, and construction projects in excess of \$50,000 pursuant to s.41 (3) (a) of the Act; (3) its leases in excess of \$5,000 pursuant to s. 41 (3) (b) of the Act; and (4) its estimated contributions in aid of construction for 2005 pursuant to s.41 (5) of the Act and for an Order pursuant to s. 78 of the Act fixing and determining its average rate base for 2004.

TO: The Board of Commissioners of Public Utilities (“the Board”)

THE APPLICATION of Newfoundland and Labrador Hydro (“Hydro”) (“the Applicant”) states that:

1. The Applicant is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. Section A to this Application is Hydro’s proposed 2006 Capital Budget in the amount of approximately \$42.6 million prepared in accordance with the guidelines and conditions outlined in Order No. P.U. 7 (2002-2003) and the Provisional Capital Budget Application Guidelines dated June 2, 2005 (the “Provisional Guidelines”).

3. Section B to this Application is a list of the proposed 2006 Construction Projects and Capital Purchases in excess of \$50,000 prepared in accordance with Order No. P.U. 7 (2002-2003) and the Provisional Guidelines.
4. Section C to this Application summarizes Hydro's proposed 2006 capital projects by definitions, by classification and by materiality as required by the Provisional Guidelines.
5. There are no new Leases in excess of \$5,000 per year for 2006 listed in Section D.
6. Section E to this Application is a Schedule of Hydro's Capital Expenditures for the period 2000 to 2009.
7. Section F to this Application is a report on the status of the 2005 capital expenditures including those approved by Orders Nos. P.U. 53 (2004), P.U. 3 (2005), P.U. 11 (2005), P.U. 12 (2005) and P.U. 14 (2005), projects under \$50,000 not included in these Orders, and the 2004 capital expenditures carried forward to 2005.
8. Section G to this Application is a report on the ten year Plan of Maintenance Expenditures for the Holyrood Generating Station required to be filed by Order No. P.U. 14 (2004).
9. Section H to this Application contains the supplementary reports referred to in various capital budget proposals.
10. Section **I** to this Application shows Hydro's actual average rate base for 2004 of \$1,476,724,000.

11. The proposed capital expenditures for 2006 as set out in this Application are required to allow Hydro to continue to provide service and facilities for its customers which are reasonably safe, adequate and reliable as required by section 37 of the Act.
12. The Applicant has estimated the total of contributions in aid of construction for 2006 to be approximately \$300,000. The information contained in the 2006 Capital Budget (Section A) takes into account this estimate of the contributions in aid of construction to be received from customers. All contributions to be recovered from customers shall be calculated in accordance with the relevant policies as approved by the Board.
13. Communications with respect to this Application should be forwarded to Maureen P. Greene, Q.C., Vice-President and General Counsel, P.O. Box 12400, St. John's, Newfoundland and Labrador, A1B 4K7, Telephone: (709) 737-1465.

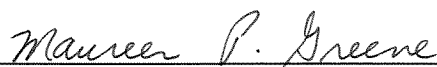
The Applicant requests that the Board make an Order as follows:

- (1) Approving Hydro's 2006 Capital Budget as set out in Section A hereto, pursuant to section 41 (1) of the Act;
- (2) Approving 2006 Capital Purchases and Construction Projects in excess of \$50,000 as set out in Section B hereto, pursuant to section 41 (3) (a) of the Act;

- (3) Approving the proposed estimated contributions in aid of construction as set out in paragraph 11 hereof for 2006 as required by section 41 (5) of the Act, with all such contributions to be calculated in accordance with the policies approved by the Board; and
- (4) Fixing and determining Hydro's average rate base for 2004 in the amount of \$1,476,724,000, pursuant to section 78 of the Act.

DATED at St. John's, Newfoundland, this first day of August, 2005.

NEWFOUNDLAND AND LABRADOR HYDRO



Maureen P. Greene
Vice-President and General Counsel

Newfoundland and Labrador Hydro
P.O. Box 12400
500 Columbus Drive
St. John's, Newfoundland and Labrador
A1B 4K7
Telephone: (709) 737-1465

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TO: The Board of Commissioners of Public Utilities ("the Board")

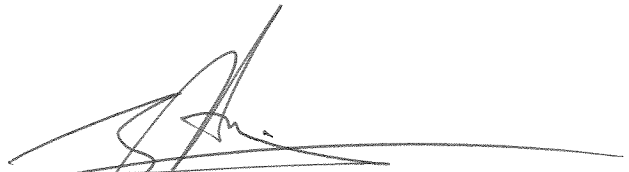
AFFIDAVIT

I, James R. Haynes, Professional Engineer, make oath and say as follows:

1. That I am the Vice-President of Production of Hydro and as such I have knowledge of the matters arising in the within matter.
2. That I have read the contents of the attached Application and those contents are correct and true to the best of my knowledge, information and belief.

SWORN TO in the)
City of St. John's, in the)
Province of Newfoundland and Labrador)
this 18 day of August, 2005,)
before me:)

Maureen P. Greene)
Maureen P. Greene)
Barrister (Nfld.))


James R. Haynes