

August 18, 2011

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL  
A1A 5B2

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

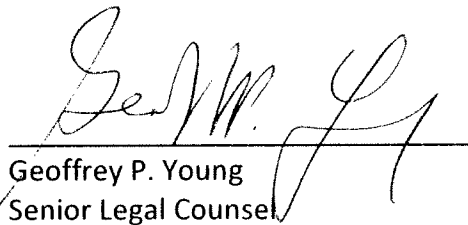
**Re: Newfoundland and Labrador Hydro – 2012 Capital Budget Application Revision**

Please find enclosed ten copies of Revision 1, Section K, Volume 1 of Hydro's 2012 Capital Budget Application. The revision is necessary to correct the content originally provided in this section from "Return on Rate Base" to "Computation of Rate Base".

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
\_\_\_\_\_  
Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales

Thomas Johnson – Consumer Advocate  
Dean Porter – Poole Althouse

	<b>2010</b>	<b>2009</b>
	<b>(\$000)</b>	<b>(\$000)</b>
Capital Assets*	2,124,663	2,082,459
Less:		
Accumulated Depreciation	669,742	632,085
Contributions in Aid of Construction	97,257	96,749
	<u>766,999</u>	<u>728,834</u>
Net Capital Assets	<u>1,357,664</u>	<u>1,353,625</u>
Balance Previous Year	<u>1,353,625</u>	<u>1,344,892</u>
Average Capital Assets	1,355,645	1,349,259
Working Capital	3,093	2,965
Fuel	29,908	20,817
Supplies Inventory	24,089	23,567
Average Deferred Charges	<u>71,924</u>	<u>76,870</u>
<b>Average Rate Base</b>	<b><u>1,484,659</u></b>	<b><u>1,473,478</u></b>

\* Excludes an amount of \$11,395K related to an Asset Retirement Obligation associated with the Holyrood Thermal Generating Station.