

September 6, 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's 2012 Capital Budget Application

This is further to your request for a listing of capital proposals related to Holyrood which are included in non-Holyrood specific projects. The following was compiled from a review of the proposals. No other 2012 Holyrood capital work has been identified by Hydro.

Terminal Stations

Holyrood terminal station costs are not influenced by the infeed decision, as the terminal station will be in service in any case. However, the costs proposed for the Holyrood Terminal station are estimated at:

	Total (\$000)	Holyrood (\$000)
Upgrade Power Transformers - Various Sites	1,246	170
Replace Instrument Transformers - Various Sites	452	124
Replace Insulators - Various Sites	412	90
Replace Disconnects - Various Sites	352	183
Replace Surge Arrestors - Various Sites	76	25
Total	2,538	592

Vehicles

Neither the Replace Light Duty Mobile Equipment - Various Sites project, nor the Replace Vehicles and Aerial Devices (2012-2013) - Various Sites project has any planned expenditures related to Holyrood.

Information Systems

The Personal Computer replacement program has some forecast expenditures for Holyrood, but the expected useful life is four to five years, and the decision to replace would not be influenced by infeed. The peripheral infrastructure scheduled to be replaced in Holyrood during 2012 is also less than the expected useful life of the plant, regardless of infeed. The amounts for these two projects, however, are:

Information Systems		
	Total (\$000)	Holyrood (\$000)
Replace Personal Computers - Various Sites	491	46
Replace Peripheral Infrastructure - Various Sites	328	24
Total	818	70

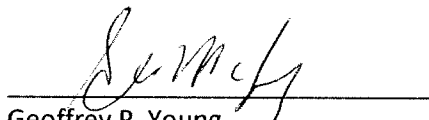
Telecontrol

There is also a router scheduled for replacement at Holyrood, under the network infrastructure program, but as it is the router for the back up Energy Control Centre, it has nothing to do with the Holyrood Generating Station.

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