

August 31, 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

Further to your letter of August 25, 2011 whereby Hydro was directed to file a List of Projects to be included in each of Phase I and Phase II with regard to the Board's review of the above noted application, please find enclosed the original and eight copies of the following:

Phase I (Section A, pages A-9 to A-16)

This phase contains non-Holyrood Thermal Generating Station (HTGS) capital budget proposals, as well as the multi-year HTGS projects that were approved in the previous Capital Budget Applications. Hydro wishes to include the multi-year HTGS projects in Phase I of the process as work on these projects has commenced in prior years, and Hydro wishes to avoid introducing any potential delays in 2012 execution.

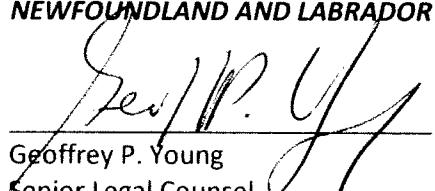
Phase II (Section A, pages A-17 and A-18)

This phase contains all the new HTGS capital budget proposals as submitted in the 2012 Capital Budget Application.

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

	<u>Expended to 2011</u>	<u>2012</u>	<u>Future Years</u>	<u>Total</u>
GENERATION	8,374	17,902	10,475	36,751
TRANSMISSION AND RURAL OPERATIONS	15,627	43,287	220,484	279,399
GENERAL PROPERTIES	3,421	7,765	1,607	12,792
MAJOR OVERHAULS AND INSPECTIONS	0	1,431	0	1,431
CONTINGENCY FUND		1,000	0	1,000
TOTAL CAPITAL BUDGET PHASE I	<u>27,422</u>	<u>71,384</u>	<u>232,566</u>	<u>331,373</u>

	<u>Expended to 2011</u>	<u>2012</u>	<u>Future Years</u>	<u>Total</u>
	(\$000)			
<u>GENERATION</u>				
Hydraulic Plant	1,200	11,033	10,191	22,424
Thermal Plant	4,546	3,306	285	8,136
Gas Turbines	2,629	3,367	0	5,995
Tools and Equipment	0	196	0	196
TOTAL GENERATION	<u>8,374</u>	<u>17,902</u>	<u>10,475</u>	<u>36,751</u>
<u>TRANSMISSION AND RURAL OPERATIONS</u>				
Terminal Stations	8,399	14,149	8,294	30,843
Transmission	289	5,829	207,625	213,743
Distribution	5,636	17,416	2,677	25,728
Generation	516	2,681	1,206	4,403
Properties	0	566	0	566
Metering	292	628	288	1,208
Tools and Equipment	494	2,019	396	2,909
TOTAL TRANSMISSION AND RURAL OPERATIONS	<u>15,627</u>	<u>43,287</u>	<u>220,484</u>	<u>279,399</u>
<u>MAJOR OVERHAULS AND INSPECTIONS</u>				
Major Overhauls and Inspections	0	1,431	0	1,431
TOTAL MAJOR OVERHAULS AND INSPECTIONS	<u>0</u>	<u>1,431</u>	<u>0</u>	<u>1,431</u>
<u>GENERAL PROPERTIES</u>				
Information Systems	999	2,347	388	3,734
Telecontrol	72	2,686	0	2,758
Transportation	2,351	2,350	1,219	5,920
Administrative	0	381	0	381
TOTAL GENERAL PROPERTIES	<u>3,421</u>	<u>7,765</u>	<u>1,607</u>	<u>12,792</u>
CONTINGENCY FUND		<u>1,000</u>		<u>1,000</u>
TOTAL CAPITAL BUDGET	<u>27,422</u>	<u>71,384</u>	<u>232,566</u>	<u>331,373</u>

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
HYDRAULIC PLANT					
Rewind Stators Units 1, 3 and 4 - Bay d'Espoir		4,954	8,689	13,643	B - 3
Replace Static Excitation Systems - Upper Salmon, Holyrood and Hinds Lake	487	2,403	1,219	4,109	
Upgrade Burnt Dam Spillway - Bay d'Espoir		1,703		1,703	B - 14
Replace Emergency Diesel Generator - Bay d'Espoir		611	283	894	B - 25
Upgrade Intake Gate Controls - Bay d'Espoir	352	468		820	
Upgrade Generating Station Service Water System - Cat Arm	360	440		800	
Replace Fuel Tank - Burnt Dam		208		208	C - 2
Replace Rip Rap - Bay d'Espoir		199		199	D - 2
Upgrade Public Safety Around Dams and Waterways - Bay d'Espoir		48		48	
TOTAL HYDRAULIC PLANT	1,200	11,033	10,191	22,424	
THERMAL PLANT					
Replace Programmable Logic Controllers - Holyrood	2,230	902		3,132	
Upgrade Hydrogen System - Holyrood	1,192	800		1,992	
Upgrade Synchronous Condenser Unit 3 - Holyrood	484	406		889	
Replace Relay Panels Unit 3 - Holyrood	277	554		831	
Upgrade Electrical Equipment - Holyrood	188	206	285	679	
Replace Steam Seal Regulator Unit 2 - Holyrood	175	438		613	
TOTAL THERMAL PLANT	4,546	3,306	285	8,136	
GAS TURBINES					
Upgrade Gas Turbine Plant Life Extension - Hardwoods	2,629	3,367		5,995	
TOTAL GAS TURBINE PLANTS	2,629	3,367	0	5,995	
TOOLS AND EQUIPMENT					
Purchase Tools and Equipment Less than \$50,000		196		196	
TOTAL TOOLS AND EQUIPMENT	0	196	0	196	
TOTAL GENERATION	8,374	17,902	10,475	36,751	

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
<u>TERMINAL STATIONS</u>					
Install Additional 230kV Transformer - Oxen Pond		3,535	7,004	10,540	B - 29
Upgrade Terminal Stations to 25 kV - Labrador City	6,483	3,507		9,990	
Upgrade Circuit Breakers - Various Sites		1,677		1,677	B - 45
Perform Grounding Upgrades - Various Sites	321	324	1,012	1,657	
Upgrade Power Transformers - Various Sites		1,246		1,246	B - 49
Upgrade Substation - Wabush	459	626		1,086	
Upgrade Station Reliability and Safety - Rocky Harbour	435	360		795	
Replace 69 kV SF6 Breakers - St. Anthony Airport	490	290		780	
Replace Compressed Air System - Bay d'Espoir	84	564		648	
Replace 230 kV Circuit Breaker - Sunnyside	41	590		631	
Replace Instrument Transformers - Various Sites		452		452	C - 35
Replace Insulators - Various Sites		412		412	C - 113
Replace Disconnects - Various Sites		352		352	C - 126
Replace Compressed Air Piping and Install Dew Point Monitor - Buchans		28	278	307	C - 166
Install Alternate Station Services - Stony Brook and Massey Drive	86	109		195	
Replace Surge Arrestors - Various Sites		76		76	D - 173
TOTAL TERMINAL STATIONS	8,399	14,149	8,294	30,843	
<u>TRANSMISSION</u>					
Upgrade Transmission Line Corridor - Bay d'Espoir to Western Avalon		2,632	206,744	209,376	B - 27
Perform Wood Pole Line Management Program - Various Sites		2,519		2,519	B - 36
Replace Guy Wires TL-215 - Doyles to Grand Bay	289	318	880	1,487	
Upgrade Transmission Line Access Trails - Stony Brook to Springdale		313		313	C - 136
Install Ice Monitoring Equipment - Various Sites		47		47	
TOTAL TRANSMISSION	289	5,829	207,625	213,743	
<u>DISTRIBUTION</u>					
Voltage Conversion - Labrador City	4,590	3,841	970	9,400	
Provide Service Extensions - All Service Areas		4,172		4,172	B - 32
Upgrade L2 Distribution Feeder - Glenburnie	845	2,115	597	3,556	
Upgrade Distribution Systems - All Service Areas		2,508		2,508	B - 38
Distribution System Additions - Various Sites		2,172		2,172	B - 42
Upgrade Distribution Lines - Bay d'Espoir, Parsons Pond and Plum Point		1,385	1,111	2,496	B - 34
Upgrade Distribution Systems - Francois, Rigolet and Happy Valley	73	652		726	
Replace Substation Infrastructure - Burgeo	128	368		496	
Replace Recloser Control Panels - Various Sites		202		202	C - 176
TOTAL DISTRIBUTION	5,636	17,416	2,677	25,728	

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
<u>GENERATION</u>					
Perform Arc Flash Remediation - Various Sites	430	380	1,206	2,016	
Increase Generation Capacity - Mary's Harbour		1,489		1,489	B - 48
Replace Fuel Storage Tanks - St. Lewis		465		465	C - 10
Replace Mini Hydro Turbine - Roddicton	87	235		322	
Perform Front End Engineering Design for Diesel Plant Remediation -Various Sites		110		110	D - 131
TOTAL GENERATION	516	2,681	1,206	4,403	
<u>PROPERTIES</u>					
Install Fall Protection Equipment - Various Sites		199		199	D - 87
Legal Survey of Primary Distribution Line Right of Way - Various Sites		198		198	D - 98
Upgrade Mechanical Workshop - St. Anthony		87		87	D - 134
Install Waste Oil Storage Tank - L'Anse au Loup		82		82	D - 170
TOTAL PROPERTIES	0	566	0	566	
<u>METERING</u>					
Install Automated Meter Reading - Rocky Harbour and Glenburnie		380	288	667	B - 53
Install Automated Meter Reading - Labrador City	292	58		351	
Purchase Meters, Equipment and Metering Tanks - Various Sites		190		190	D - 103
TOTAL METERING	292	628	288	1,208	
<u>TOOLS AND EQUIPMENT</u>					
Replace Off-Road Track Vehicles - Bishop's Falls and Fogo	494	609		1,104	
Replace Off Road Track Vehicles - Flower's Cove and Cow Head		483	396	878	B - 51
Purchase Tools and Equipment Less than \$50,000		406		406	
Replace Light Duty Mobile Equipment - Various Sites		401		401	C - 119
Replace Excavator - L'Anse au Loup		120		120	D - 128
TOTAL TOOLS AND EQUIPMENT	494	2,019	396	2,909	
TOTAL TRANSMISSION AND RURAL OPERATIONS	15,627	43,287	220,484	279,399	

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
<u>INFORMATION SYSTEMS</u>					
<u>SOFTWARE APPLICATIONS</u>					
<u>New Infrastructure</u>					
Perform Minor Application Enhancements - Hydro Place		123		123	D - 208
Cost Recoveries		(42)		(42)	
Implement Work Protection Safety Code Application - Hydro Place		116		116	D - 202
<u>Upgrade of Technology</u>					
Corporate Application Environment - Upgrade Microsoft Products	1,426	678		2,104	
Cost Recoveries	(428)	(203)		(631)	
Upgrade JD Edwards - Hydro Place		284	588	872	B - 60
Cost Recoveries		(97)	(200)	(296)	
Upgrade Energy Management System - Hydro Place		118		118	D - 200
Upgrade Microsoft Project - Hydro Place		91		91	D - 216
Cost Recoveries		(31)		(31)	
Upgrade Creditron System - Hydro Place		38		38	
TOTAL SOFTWARE APPLICATIONS	999	1,075	388	2,461	
<u>COMPUTER OPERATIONS</u>					
<u>Infrastructure Replacement</u>					
Replace Personal Computers - Various Sites		491		491	C - 194
Replace Peripheral Infrastructure - Various Sites		328		328	C - 199
Upgrade Enterprise Storage Capacity - Hydro Place		306		306	C - 210
Cost Recoveries		(104)		(104)	
<u>Upgrade of Technology</u>					
Upgrade Server Technology Program - Hydro Place		203		203	D - 195
Cost Recoveries		(31)		(31)	
Upgrade Computer Room - Hydro Place		122		122	D - 210
Cost Recoveries		(42)		(42)	
TOTAL COMPUTER OPERATIONS	0	1,273	0	1,273	
TOTAL INFORMATION SYSTEMS	999	2,347	388	3,734	

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
<u>TELECONTROL</u>					
<u>NETWORK SERVICES</u>					
<u>Infrastructure Replacement</u>					
Replace MDR 6000 Microwave Radio (West) - Various Sites	72	683		755	
Replace Radomes - Various Sites		172		172	D - 178
Upgrade Communication Services - Paradise River		98		98	D - 205
Purchase Tools and Equipment Less than \$50,000		85		85	
<u>Network Infrastructure</u>					
Replace Battery Banks and Chargers - Various Sites		881		881	B - 58
Replace Network Communications Equipment - Various Sites		522		522	B - 62
<u>Upgrade of Technology</u>					
Replace Telephone Systems - Port Saunders and Whitbourne		199		199	D -176
Upgrade Site Facilities - Various Sites		47		47	
TOTAL TELECONTROL	<u>72</u>	<u>2,686</u>	<u>0</u>	<u>2,758</u>	
<u>TRANSPORTATION</u>					
Replace Vehicles and Aerial Devices (2011-2012) - Various Sites	2,351	639		2,989	
Replace Vehicles and Aerial Devices (2012-2013) - Various Sites		1,711	1,219	2,930	B - 56
TOTAL TRANSPORTATION	<u>2,351</u>	<u>2,350</u>	<u>1,219</u>	<u>5,920</u>	
<u>ADMINISTRATION</u>					
Remove Safety Hazards - Various Sites		249		249	C - 205
Purchase Tools and Equipment Less than \$50,000		132		132	
TOTAL ADMINISTRATION	<u>0</u>	<u>381</u>	<u>0</u>	<u>381</u>	
TOTAL GENERAL PROPERTIES	<u>3,421</u>	<u>7,765</u>	<u>1,607</u>	<u>12,792</u>	

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
<u>MAJOR OVERHAULS AND INSPECTIONS¹</u>					
Overhaul Diesel Units - Various Sites		974		974	B - 70
Overhaul Turbine/Generator Units - Granite Canal and Upper Salmon		457		457	C - 215
TOTAL MAJOR OVERHAULS AND INSPECTIONS	<u>0</u>	<u>1,431</u>	<u>0</u>	<u>1,431</u>	

² Capital Budget proposals after consideration of International Financial Reporting Standards (IFRS) Requirements

	<u>Expended to 2011</u>	<u>2012</u>	<u>Future Years</u>	<u>Total</u>
		(\$000)		
THERMAL PLANT	0	11,069	14,276	25,345
MAJOR OVERHAULS AND INSPECTIONS	0	5,409	0	5,409
TOTAL CAPITAL BUDGET PHASE II	<u>0</u>	<u>16,478</u>	<u>14,276</u>	<u>30,753</u>

PROJECT DESCRIPTION	Expended to 2011	2012	Future Years (\$000)	Total	Page Ref
<u>THERMAL PLANT</u>					
Rewind Generator Units 1 and 2 - Holyrood		112	11,789	11,901	B - 5
Upgrade Marine Terminal - Holyrood		5,860		5,860	B - 7
Replace Fuel Oil Heat Tracing - Holyrood		1,474	1,414	2,888	B - 9
Install Plant Operator Training Simulator - Holyrood		1,028	1,073	2,101	B -12
Upgrade Stack Breaching Unit 2 - Holyrood		1,505		1,505	B - 20
Upgrade Forced Draft Fan Ductwork Unit 2 - Holyrood		929		929	B - 23
Replace Beta Attenuation Monitoring Analyzers - Holyrood		161		161	D - 21
TOTAL THERMAL PLANT	<u>0</u>	<u>11,069</u>	<u>14,276</u>	<u>25,345</u>	
<u>MAJOR OVERHAULS AND INSPECTIONS¹</u>					
Overhaul Unit 1 Turbine - Holyrood		4,193		4,193	B - 66
Condition Assessment and Life Extension Phase 2 - Holyrood		1,216		1,216	B - 68
TOTAL MAJOR OVERHAULS AND INSPECTIONS	<u>0</u>	<u>5,409</u>	<u>0</u>	<u>5,409</u>	

³ Capital Budget proposals after consideration of International Financial Reporting Standards (IFRIS) Requirements