

October 1, 2014

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

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

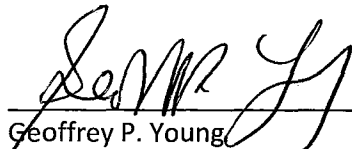
Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – 2015 Capital Budget Application**

Enclosed is a revision to Section C, Page C-32. This revision is necessary to show a change in numbers and has been shaded for ease of reference.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

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

GPY/cp

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

Thomas Johnson – Consumer Advocate  
Leanne O'Leary – Cox & Palmer

**Table 2: Five Year Expenditures**

Expenditures (\$000)										
	2009		2010		2011		2012		2013	
Region	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Central	1,028	1,133	1,001	1,448	1,045	1,886	1,200	1,231	1,437	1,751
Northern	758	1,432	768	1,356	1,092	1,040	1,267	1,728	1,371	1,218
Labrador	653	1,446	659	2,051	1,248	2,665	1,705	3,073	2,198	2,720
<b>Total</b>	<b>2,439</b>	<b>4,011</b>	<b>2,428</b>	<b>4,855</b>	<b>3,385</b>	<b>5,591</b>	<b>4,172</b>	<b>6,032</b>	<b>5,006</b>	<b>5,689</b>

**Project Justification:**

In recent years, rural areas of the province have experienced increased expenditures for service extensions due to higher customer growth and economic activity. Because of this, for 2015, a two year historical average was used to determine the service extension budget for the Labrador region. These expenditures are forecast to decline across the next three to four years. A five year historical average was used for the Central and Northern regions. The 2015 budget was developed assuming distribution line costs escalation of approximately two percent over 2014. The budget by region is shown in Table 3 below.

**Table 3: Budget for Distribution System**

Region	2015 Budget (\$000)
Central	1,600
Northern	1,460
Labrador	3,020
<b>Total</b>	<b>6,080</b>

**Future Plans:**

This is an annual allotment which is adjusted from year to year depending on historical expenditures. Please see the five-year capital plan (2015 Capital Plan Tab, Appendix A).