

October 2, 2015

The 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 Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – 2016 Capital Budget Application - Projects  
“Upgrade Citrix” (Volume I, E-58) and “Replace Diesel Units” (Volume I, C-43 and  
Volume III, Tab 12)**

Hydro writes in relation to its 2016 Capital Budget Application, in particular, the 2016 projects “Upgrade Citrix” (Volume I, E-58) and “Replace Diesel Units” (Volume I, C-43 and Volume III, Tab 12).

“Upgrade Citrix” (Volume I, E-58)

As part of the 2016 Capital Budget application, Hydro proposed the project “Upgrade Citrix” (page E-58, Volume I). Hydro was seeking approval of \$159,600 in 2016.

Based upon information received from the vendor to the time of submission, the vendor-stated End of Life date was understood to be August 24, 2016. After this date Hydro would have no access to paid technical support, security patches, or critical fixes for the platform. According to Citrix published lifecycle phases, once a product reaches its End of Life date, the only support options available are self-help resources in the form of online documentation.

Hydro has since discovered from the Citrix website that there had been a change to the end of life date for version 6.5 increasing it from August 24, 2016 to June 30, 2018. Citrix did not notify Hydro of the change to the End of Life date and Hydro was not aware of this information until recently.

The extension of the End of Life date for version Citrix XenApp 6.5 into the 2018 timeframe gives Hydro approximately two more years of software support. While there may be other requirements for an upgrade to the current version over the next two years, such as additional functionality or efficiency requirements, vendor support and obsolescence is not a concern at this time.

Hydro respectfully withdraws the 2016 project "Upgrade Citrix – Hydro Place" from the 2016 budget application and will reassess it for possible inclusion in a future budget.

"Replace Diesel Units" (Volume I, C-43 and Volume III, Tab 12).

As part of the 2016 Capital Budget Application, Hydro proposed the project "Replace Diesel Units – Cartwright and Charlottetown" (Volume I, C-43 and Volume III, Tab 12). Since the Application was submitted August 1, 2015, Hydro has continued to consider diesel overhaul and replacement plans in the short term.

In the "Overhaul Diesel Engines – Various Sites" (Tab 15, Volume III) 2016 Capital Budget Application, Hydro stated,

Hydro is currently reviewing its experience and vendor recommendations that lower RPM units can safely and reliably operate longer between overhauls, up to 30,000 hours. The final recommendation on time between overhauls for lower RPM units is expected in the coming months.

This review, regarding the overhaul of lower RPM units, has now been extended to include the review of the timing of replacement of lower RPM engines. This review is not yet complete, however, Hydro has reviewed the replacement of Cartwright Unit 2052 (at 1200 RPM, a lower RPM unit) in 2016-2017. Hydro has determined that this lower RPM Cartwright unit will operate reliably, with an overhaul, to 115,000 operating hours. This triggered a change in the long term plan for the unit, and its replacement can be deferred to a future year, potentially 2018.

This project also included the replacement of an engine at Charlottetown, and this plan remains unchanged. In the original proposal, Hydro was seeking approval of \$4,938,900 in the 2016/17 project for both engines. The removal of Cartwright from the project results in Hydro seeking a forecasted 2016/2017 expenditure of \$1,431,000 for the project at Charlottetown only.

Hydro respectfully withdraws the Cartwright component of the 2016 project "Replace Diesel Units" from the 2016 budget application. The revised project estimate table is below.

<b>Project Cost:(\$ x1,000)</b>	<b>2016</b>	<b>2017</b>	<b>Beyond</b>	<b>Total</b>
<b>Material Supply</b>	549.4	0.0	0.0	549.4
<b>Labour</b>	373.8	36.5	0.0	410.2
<b>Consultant</b>	111.0	0.0	0.0	111.0
<b>Contract Work</b>	0.0	0.0	0.0	0.0
<b>Other Direct Costs</b>	79.4	0.0	0.0	79.4
<b>Interest and Escalation</b>	48.7	2.3	0.0	51.0
<b>Contingency</b>	222.7	7.3	0.0	230.0
<b>TOTAL</b>	<b>1,384.9</b>	<b>46.1</b>	<b>0.0</b>	<b>1,431.0</b>

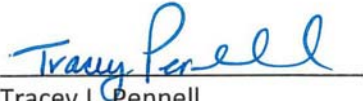
Ms. C. Blundon  
Public Utilities Board

3

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



Tracey L. Pennell  
Legal Counsel

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

Thomas Johnson, QC – Consumer Advocate  
Dean Porter, Poole Althouse