

December 8, 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 – 2013 General Rate Application
Responses to Requests for Information – Revisions**

Enclosed please find the original plus 12 copies of revisions to Hydro's responses to Requests for Information (RFIs) as listed below with regard to the above-noted application.

Amended GRA RFI Responses

NP-NLH-series: 025(Rev 3), 221(Rev 3), 223(Rev 2), and 243(Rev 2)
PUB-NLH-series: 138(Rev 3), 169(Rev 4), 170(Rev 4), 228(Rev 6), 240(Rev 4), 252(Rev 4)
and 260(Rev 4)

During the preparation of its 2016 Budget, Hydro managers have been required to limit 2016 expenditures levels to that forecast for the 2015 Test Year. The 2015 Test Year amounts are the funding levels that Hydro has requested in the rates it charges customers in order to provide least cost, reliable power to its customers.

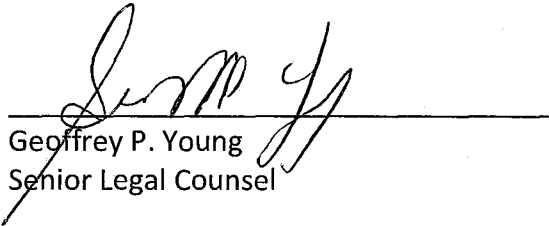
Limiting 2016 expense levels to the 2015 Test Year presents a demanding task for managers given 2016 inflationary pressures and known salary and benefits adjustments. Based on the 2015 Test Year, Hydro is projecting Operating Expenses of \$138 million. The largest components of these expenses are Salaries and Benefits of \$85.8 million and System Equipment Maintenance of \$26.4 million.

As an initial assumption in preparing the 2016 Budget, Hydro has assumed that there will be savings from delay in hiring activity partially offset by an increase in system equipment maintenance. Hydro will continue to assess its 2016 work plans to identify efficiencies and cost savings. With regard to funding, Hydro is in the process of completing its GRA and will await the Board's final report with regard to the revenue that will be approved to provide least cost, reliable power to customers.

Should you have any questions, please contact the undersigned.

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 J. O'Reilly, Q.C. – Cox & Palmer
Dennis Browne, Q.C. – Browne Fitzgerald Morgan & Avis

Thomas Johnson – Consumer Advocate
Yvonne Jones, MP Labrador
Senwung Luk – Olthuis, Kleer, Townshend LLP
Genevieve M. Dawson – Benson Buffett