

IN THE MATTER OF the *Public Utilities Act*,
R.S.N. 1990 Chapter P-47 (the “Act”); and

IN THE MATTER OF an Application by
Newfoundland and Labrador Hydro for approvals of
(1) Under Section 70 of the Act, changes in the rates
to be charged for the supply of power and energy to
its Retail Customer, Newfoundland Power, its Rural
Customers and its Industrial Customers; (2) Under
Section 71 of the Act, its Rules and Regulations
applicable to the supply of electricity to its Rural
Customers; (3) Under Section 71 of the Act, the
contracts setting out the terms and conditions
applicable to the supply of electricity to its Industrial
Customers; and (4) Under Section 41 of the Act, its
2002 Capital Budget.

**Reply to Application of Newfoundland and Labrador Hydro
Regarding Extension of Interim Rates and Approval of the 2002 Capital Budget**

Gillian Butler, Q.C. and Peter Alteen
Counsel to Newfoundland Power Inc.

December 7th, 2001



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Customers; and (4) Under Section 41 of the Act, its
2002 Capital Budget.

TO: The Board of Commissioners of Public Utilities (“the Board”)

THE REPLY of Newfoundland Power Inc. to the Application of Newfoundland and Labrador
Hydro (“Hydro”) of November 20th, 2001 concerning the approval of the 2002 Capital Budget
states:

1. The disposition of the proceedings advocated by Newfoundland Power is that the Board is required pursuant to the Act to approve, and should approve, those proposed improvements or additions to Hydro’s property for 2002 as are reasonably necessary for Hydro to meet its obligations to provide electrical service as required by the Act.
2. Newfoundland Power does not object to any of the capital expenditures proposed in the 2002 Capital Budget, other than those expenditures specifically objected to in the Reply of the Industrial Customers dated the 3rd day of December, 2001 and the Reply of the Consumer Advocate dated the 5th day of December, 2001.

3. Newfoundland Power does not intend, on the hearing of the application for approval of the 2002 Capital Budget pursuant to Hydro's Application of November 20th, 2001, to make submissions with respect to appropriate standards for regulatory reporting and justification of capital expenditures by Hydro. Newfoundland Power reserves its right to make submissions with respect to those matters at the conclusion of the General Rate Proceeding.
4. Newfoundland Power consents to an Order extending the rates charged to Industrial Customers under Order No. P.U. 25 (2000-2001) until an order revising such rates is issued by the Board and approving those 2002 capital projects to which no party makes an objection.

DATED at St. John's, Newfoundland this 7th day of December, 2001.

NEWFOUNDLAND POWER INC.

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