

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

**IN THE MATTER OF** a General Rate Application  
(the “Application”) by Newfoundland and Labrador  
Hydro for approvals of, under Section 70 of the Act,  
changes in the rates to be charged for the supply of  
power and energy to Newfoundland Power, Rural  
Customers and Industrial Customers; and under  
Section 71 of the Act, changes in the Rules and  
regulations applicable to the supply of electricity to  
Rural Customers.

**APPLICANT’S ISSUES LIST  
(Submitted August 12, 2003)**

In the Applicant’s submission, the issues arising in this proceeding are as follows:

**A. Issues Affecting Return**

1. Use of a Return on Rate Base of 8.15%
2. Approval of a Forecast 2004 average Rate Base of \$1,485,450,000.
3. Use of a Return on Equity of 9.75%
4. A target of 80% debt to capital structure

**B. Revenue Requirement Issues**

5. Test Year Revenue Requirement of \$371,841,000

6. Incorporation into Revenue Requirement Costs of new sources of supply: Granite Canal and two new Power Purchase Contracts
7. Methodology for forecasting hydraulic production
8. Conversion Factor for No. 6 fuel for Holyrood
9. Forecast Test Year – No. 6 fuel price
10. Amortization over a three-year period, the estimated Board and Consumer Advocate's regulatory costs of \$1.2 million incurred with respect to this Application

**C. Rates, Rules and Regulations Issues**

12. Demand / Energy Rate Structure for Newfoundland Power
13. Following proposed minor changes in Cost of Service Methodology approved by Order No. P. U.7 (2002-2003)
  - i.) Systemization – Hydro Place to be systemized to all systems on basis of direct generation, transmission, distribution and customer expenses
  - ii.) Functionalization – General plant assets functionalized on expenses basis rather than plant ratios
  - iii.) Municipal taxes and the Board Assessment – to be recognized as being revenue-related
14. Proposed minor amendments to the Rules and Regulations governing the provision of service to Rural Customers to eliminate the statement preparation fee, to reduce the fee applicable for customer name changes from \$14 to \$8 and to extend the application of the reconnection fee to a request for reconnection following a request by a landlord to disconnect.
15. Automatic annual rate adjustments for Labrador Interconnected Customers to provide for phasing in of uniform rates.

16. Automatic annual rate adjustments for General Service Customers to provide for phase-out of lifeline block and to implement a demand energy rate structure.
17. Assignment of Plant
  - i.) system changes from 2002 Approved cost of service
  - ii.) GNP transmission and generation assets
17. Rate Stabilization Plan

**DATED** at St. John's, Newfoundland, this 12<sup>th</sup> day of August, 2003.

**NEWFOUNDLAND & LABRADOR HYDRO**

---

Maureen P. Greene  
Counsel for the Applicant  
Newfoundland & Labrador Hydro  
P. O. Box 12400  
St. John's, Newfoundland.  
A1B 4K7

Telephone: (709) 737-1465  
Telecopier: (709) 737-1782