

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

AND IN THE MATTER OF a General Rate Application (the "Application") by Newfoundland and Labrador Hydro dated August 3, 2006 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

CONSUMER ADVOCATE'S INFORMATION REQUESTS

CA-216-NLH

**To: Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 12040
St. John's, NL A1A 5B2
Attention: Ms. G. Cheryl Blundon,
Director of Corporate Services and Board Secretary**

CA-216-NLH (a) In the light of (1) the correction noted in Hydro's Response to NP 23 and (2) the procedure for calculating Hydro's embedded cost of debt as shown in Mr. Bradbury's Finance and Accounting Evidence, Schedule IV, please explain why the embedded cost of debt should not be lowered to 8.185% (i.e.,

\$103.7 divided by \$1267.0) or to some other figure. Does there need to be some corresponding adjustment to the "Total Debt" figure in the before-referenced Schedule IV, and, if so, what is it and how is it derived?

- (b) How has the correction noted in Hydro's Response to NP 23 been incorporated into the "iterative process" that is described in Hydro's Response to CA 215, particularly in the light of the statement in Response to CA 215 that "Hydro utilizes all projected cash flows to produce a forecast interest cost and weighted average cost of capital." Since Hydro's Response to NP 23 indicates that there is a revised division between regulated and non-regulated income and expenses, does this not drive a new "iterative process", resulting in a revised "interest impact", a revised embedded cost of debt, and a revised weighted average cost of capital? If not, please explain clearly why not? If so, please detail all revisions stemming from the correction noted in Hydro's Response to NP 23, including any revision to the estimated embedded cost of debt.

DATED at St. John's, in the Province of Newfoundland and Labrador, this ____ day of October, 2006.

CONSUMER ADVOCATE

Thomas Johnson

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St. John's, NL A1C 5X4

cc: Newfoundland and Labrador Hydro
Attention: Ms. Gillian Butler, Q.C., & Mr. Geoffrey P. Young

Newfoundland Power
Attention: Mr. Ian Kelly, Q.C., & Mr. Peter Alteen

Industrial Customers
Attention: Mr. Paul L. Coxworthy & Mr. Joseph S. Hutchings