

DELIVERED BY HAND

October 6, 2006

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Newfoundland and Labrador Hydro 2006 General Rate Application

Please find enclosed the original and 10 copies of Newfoundland Power's Issues List and Witness List.

The enclosed documents are necessarily preliminary in nature, given that a significant number of responses to Requests for Information issued in the first round remain outstanding as of this writing. It is possible that responses to Requests for Information issued in the first round may address certain issues to Newfoundland Power's satisfaction, or may raise issues that have not yet been identified. It is also possible that the outcome of negotiations among the parties may result in a need to revise the enclosed documents. If it becomes necessary to update either or both documents, Newfoundland Power will endeavour to do so at the earliest possible time.

Copies of this letter with enclosures have been sent directly to the persons listed below in accordance with the Rules of Procedure set out in Order No. P.U. 28 (2006).

A copy of the documents in PDF file format will be provided in accordance with the Rules of Procedure.



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Board of Commissioners
of Public Utilities
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We trust the foregoing and enclosed are found to be in order. However, please feel free to contact the undersigned if you have any questions.

Yours very truly,

Peter Alteen
Vice President, Regulatory Affairs
& General Counsel

c. Geoffrey Young & Gillian Butler, Q.C
Newfoundland & Labrador Hydro

Thomas Johnson
O'Dea Earle Law Offices

Joseph Hutchings, Q.C.
Poole Althouse

Paul Coxworthy
Stewart McKelvey



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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.

NEWFOUNDLAND POWER INC.’S ISSUES LIST
(Submitted October 6, 2006)

In Newfoundland Power’s submission, the following issues arise in this proceeding:

A. Issues Affecting Return

1. What should be the proper treatment of interest earned on overdue accounts?
2. What is the appropriate capital expenditures level to use in setting the 2007 rate base for test year purposes and determining depreciation?
3. What should be the appropriate method for determining return within the automatic adjustment formula?
4. What is the appropriate method for determining the debt related costs of Hydro’s regulated operations?

B. Revenue Requirement Issues

1. What is Hydro’s test year revenue requirement?
2. Has Hydro properly capitalized internal costs?
3. Has Hydro provided adequate explanation of the reason for cost increases?

4. Should Hydro's estimate of hydraulic production be accepted for setting test year forecast expenses?
5. Should the cost of the overhaul of the Holyrood Unit #3 be amortized over a number of years?
6. Management of the Rural deficit.

C. Rates, Rules and Regulations Issues

7. How should marginal cost be used in determining rate design and setting the level of energy and demand costs?
8. What recommendations in the NERA Report on marginal cost rate design should be implemented?
9. What is the value of curtailable/interruptible load on the system?
10. What is the appropriate treatment of Newfoundland Power's generation within Hydro's cost of service study?

D. Rate Stabilization Plan

11. What recommendations in the Review of the Rate Stabilization Plan should be implemented?
12. How should the Load Variation Component of the RSP be assigned to customers?
13. Should Newfoundland Power's customers absorb the risk of CFB Goose Bay load changes when Hydro's non-regulated operations are impacted through a change in sales to Hydro Quebec?
14. Should a mechanism be designed to deal with revenue risk associated with sales to CFB Goose Bay separately from revenue risk associated with fuel cost variation?

15. Who should bear the risk of diesel fuel price variances on Hydro's rural systems?
16. Should there be change in the method for disposing of the balance in the Hydraulic Production Variation?

D. Other

17. Issues arising from the Evidence and Issues Lists of other Intervenor and the Board's Staff as they may affect or impact Newfoundland Power or its customers.

DATED at St. John's, Newfoundland and Labrador, this 6th day of October, 2006.

NEWFOUNDLAND POWER INC.

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NEWFOUNDLAND POWER INC.’S WITNESS LIST
(Submitted October 6, 2006)

Newfoundland Power Inc. intends to call the following witnesses:

1. Mr. Phonse Delaney
2. Mr. Lorne Henderson
3. Mr. Larry Brockman

Newfoundland Power reserves the right to call further witnesses as it considers appropriate to respond to issues or matters arising from the evidence of, and issues raised by, other Intervenors and the Board’s staff.

DATED at St. John’s, Newfoundland and Labrador, this 6th day of October, 2006.

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