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P.U. 38(2006)

IN THE MATTER OF the
PUBLIC UTILITIES ACT,
RSNL 1990, c. P-47, as amended
(the "*Act*")

AND

IN THE MATTER OF the application
(the "Application") by Newfoundland Power
Inc. (the "Applicant") for an Order:

- (i) approving a revised rate of return on
rate base for 2007 and a revised definition
of the Excess Earnings Account; and
- (ii) permitting deferral of an application for a
revised schedule of rates, tolls and charges
effective January 1, 2007 to a date no later
than December 15, 2006;

as required by the automatic adjustment formula
(the "Formula") approved pursuant to Order No.
P.U. 19(2003).

WHEREAS the Applicant is a corporation duly organized and existing under the laws of the
Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is
also subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS by Order Nos. P.U. 16(1998-99), P.U. 36(1998-99) and P.U. 19(2003) the Board
ordered the establishment of the Formula for use in determining the Applicant's rate of return on rate
base and in setting customer rates, tolls and charges (collectively "Customer Rates") in years
subsequent to a test year; and

1 **WHEREAS** by Order No. P.U. 19(2003) the Board ordered that the Applicant's rate of return
2 on rate base and Customer Rates for 2005, 2006 and 2007 be set using the Formula; and

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4 **WHEREAS** by Order No. P.U. 19(2003) the Board ordered that the Applicant apply no later than
5 November 30 in 2006 for the application of the Formula to the rate of return on rate base and for
6 revised Customer Rates to be effective January 1, 2007; and

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8 **WHEREAS** the Applicant currently has an application before the Board with respect to deferral and
9 amortization of certain costs for 2007, the disposition of which by the Board may affect the
10 proposals contained in this Application regarding the Applicant's rate of return on rate base and the
11 excess earnings account for 2007; and

12
13 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") currently has an outstanding general
14 rate application before the Board seeking approval for changes to the wholesale rate charged to the
15 Applicant effective January 1, 2007 which may impact the Customer Rates the Applicant would seek
16 as of January 1, 2007; and

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18 **WHEREAS** the Applicant has requested, among other things, a deferral of the application for
19 revised Customer Rates to a date no later than December 15, 2006; and

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21 **WHEREAS** the Board will defer to a subsequent Order a decision on the Applicant's request for a
22 revised rate of return on rate base for 2007 and a revised definition of the Excess Earnings Account;
23 and

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25 **WHEREAS** the Board is satisfied that the Applicant's request for a deferral of the application for
26 revised Customer Rates for 2007 is reasonable in the circumstances.

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1 **IT IS THEREFORE ORDERED THAT:**

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3 The Applicant's request for a deferral of the application for a revised schedule of rates, tolls and
4 charges effective January 1, 2007 to a date no later than December 15, 2006 is approved.

DATED at St. John's, Newfoundland and Labrador, this 30th day of November 2006.

Robert Noseworthy
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

G. Cheryl Blundon
Board Secretary