

DELIVERED BY HAND

November 20, 2009

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: 2010 General Rate Application
Application for Approval of Interim Rates**

A. Introductory

Enclosed are the original and ten copies of an application for an interim order pursuant to Section 75 of the *Public Utilities Act* (the "Act") approving, effective January 1, 2010, the rates, tolls and charges proposed in Newfoundland Power's 2010 amended General Rate Application which was filed on September 28, 2009 (the "Application").

The hearing of the Application concluded on November 10, 2009 and the timing of issuance of a final order in the matter is currently uncertain. The timing of a final order has obvious impacts on the timing of implementation of new rates. It also has potential impacts on the Company's opportunity to earn a just and reasonable return on rate base for 2010.

The enclosed application (the "Interim Application") is made to mitigate the impacts associated with the timing of the Board's final order on the Application.

B. Impacts of Timing of the Final Order

To ensure that customer bills will be rendered accurately as of the effective date of any rate change, Newfoundland Power undertakes a rigorous testing and implementation process. At a minimum, this process takes 10 days. This is in addition to the approximately 5 days required to develop rates which reflect a Board determined revenue requirement. In the case of a contested application, it is not practical to commence this process until after a final order has been issued. For this reason, to effectively implement new rates for January 1, 2010 practically requires that the Company commence its rate development and implementation processes by mid-December.

The proposed average increase in customer rates of 7.2% reflects an increase in forecast 2010 revenue from rates of \$36,714,000 compared to forecast revenue from existing rates. Schedule A to the Interim Application provides a monthly breakdown of the forecast 2010 revenue increase proposed in the Application. \$4,367,000 of the proposed increase in 2010 revenue from rates is proposed to be recovered in January 2010. This reflects the fact that approximately 11% - 12% of Newfoundland Power's annual revenues are typically attributable to January sales.

If implementation of the rate increase ultimately approved by the Board is delayed beyond January 1, 2010, the Company could be deprived of its opportunity to recover the approved test year revenue requirement through customer rates in 2010. These dynamics would result in the Company being denied an opportunity to earn a just and reasonable return on its rate base in 2010.

C. Regulatory Options

Section 75 of the Act provides the Board with the latitude to deal with the current circumstances through an interim order.

The Interim Application proposes that, in the event a final order is not issued by mid-December 2009, the Board make an interim order approving the rates proposed in the Application effective January 1, 2010. The rates ultimately approved by the Board as final rates may differ from the rates proposed in the Application. In that case, Section 75 (3) effectively permits the Board to deal with any excess revenue generated by interim rates as compared to the revenue for the same period based on rates confirmed by final order of the Board on the Application.

If a final order on the Application is not issued by mid-December, and the Board chooses not to approve the rates proposed in the Interim Application, alternative relief will be required to permit the Company the opportunity to earn a just and reasonable return in 2010. An example of such alternate relief would be an order declaring the Company's existing rates to be interim effective January 1, 2010. This would preserve the Board's latitude to ensure Newfoundland Power has an opportunity to earn a just and reasonable return once a final order on the Application is issued. This was done by the Board in 1999. In Order No. P.U. 36 (1998-99), the Board approved the establishment of a reserve account to capture the revenue impacts arising from implementation of final 1999 rates on February 1, 1999 as opposed to January 1, 1999.

Other regulatory options would include the Board issuing an interim order for implementation on January 1, 2010 increasing rates at a level lower than that proposed in the Application.

D. Process Considerations

Newfoundland Power submits that it is both appropriate and consistent with regulatory efficiency that the Interim Application be considered in the context of the Application. In that regard, it is appropriate that the Board rely, to the extent necessary, on the record of the Application in its consideration of the Interim Application.

Given the nature of the enclosed application, and the provisions of Section 75 of the *Public Utilities Act*, a separate public notice and hearing would not appear to be necessary.

E. Concluding

A copy of this letter and enclosures has been forwarded directly to Geoffrey Young, Newfoundland and Labrador Hydro and Thomas Johnson, Consumer Advocate.

For the convenience of the Board, a draft of the proposed order is enclosed.

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

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Thomas Johnson
Consumer Advocate

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

IN THE MATTER OF a general rate application (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) to establish customer electricity rates for 2010.

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

THE APPLICATION OF Newfoundland Power **SAYS THAT:**

1. Newfoundland Power is a corporation 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 subject to the provisions of the *Electrical Power Control Act, 1994*.
2. Section 70 of the Act provides that a public utility shall not charge, demand, collect or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls and charges, and the schedule of rates, tolls and charges so approved shall be the only lawful rates, tolls and charges of the public utility, until altered, reduced or modified as provided in the Act.
3. On May 28, 2009, Newfoundland Power filed the Application with the Board.
4. On September 28, 2009, Newfoundland Power amended the Application to reflect changes resulting from: (i) revisions to 2010 forecasts of costs and sales, and (ii) revisions resulting from the Settlement Agreement.
5. The Application proposes, amongst other things, that the Board approve an overall average increase in current customer rates of 7.2% with effect from January 1, 2010, reflecting an increase in 2010 forecast revenue from rates of \$36,714,000, as set out in the evidence filed in support of the Application.

6. The Application proposes that the Board approve rates, tolls and charges effective for service provided on and after January 1, 2010, which would result in average increases in current customer rates by class as follows:

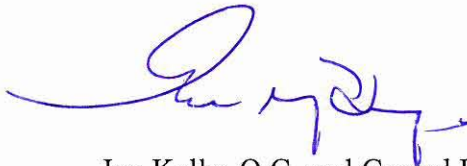
<i>Rate</i>	<i>Class</i>	<i>Percentage Change</i>
1.1	Domestic	7.9
2.1	General Service 0-10 kW	5.2
2.2	General Service 10-100 kW (110 kVA)	5.2
2.3	General Service 110-1000 kVA	6.2
2.4	General Service 1000 kVA and Over	7.2
4.1	Street and Area Lighting	7.2

7. The public hearing of the Application commenced on October 14, 2009 and concluded on November 10, 2009. The timing of issuance of a final order in the matter of the Application is currently uncertain.
8. Implementing revised customer rates to be effective January 1, 2010 practically requires that Newfoundland Power commence the rate development and implementation process by mid-December 2009.
9. Delayed implementation beyond January 1, 2010 of the rate increase proposed in the Application will deprive the Company of the opportunity to earn a just and reasonable return on rate base for 2010 as required under Section 80 of the Act.
10. Schedule A to this application provides a monthly breakdown of the increase in 2010 forecast revenue from rates proposed in the Application, and shows the impact on the Company's proposed test year revenue of delayed implementation of the rate increase beyond January 1, 2010.
11. The Applicant proposes that, in the event a final order on the Application is not issued by mid-December, the Board make an interim order approving the schedule of rates, tolls and charges proposed in the Application to become effective January 1, 2010 until superseded by a final order of the Board. The proposed interim rates are attached as Schedule B to this application.
12. Section 75 of the Act provides that the Board may make an interim order unilaterally and without public hearing or notice, approving with or without modification a schedule of rates, tolls and charges submitted by a public utility, upon the terms and conditions that it may decide. A public hearing of this application is therefore not necessary.
13. Communication with respect to this application should be forwarded to the attention of Ian Kelly, Q.C. and Gerard Hayes, Counsel to Newfoundland Power.

14. **THE APPLICANT REQUESTS** that the Board make an interim order pursuant to Section 75 of the Act approving:
- a) the schedule of rates, tolls and charges set out in Schedule B to this application, to be effective on and after January 1, 2010 until superseded by a final order of the Board in the matter of the Application, or
 - b) such other, further or alternate relief as may, upon consideration of this application, appear just and reasonable in the circumstances.

DATED at St. John's, Newfoundland and Labrador, this 20th day of November, 2009.

NEWFOUNDLAND POWER INC.

A handwritten signature in blue ink, appearing to be "Ian Kelly" followed by a flourish, likely representing Gerard Hayes as well.

Ian Kelly, Q.C. and Gerard Hayes
Newfoundland Power Inc.
P.O. Box 8910
55 Kenmount Road
St. John's, Newfoundland
A1B 3P6

Telephone: (709) 737-5609
Telecopier: (709) 737-2974

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

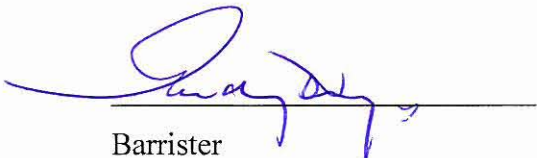
IN THE MATTER OF a general rate application (the "Application") by Newfoundland Power Inc. ("Newfoundland Power") to establish customer electricity rates for 2010.

AFFIDAVIT


I, Peter Alteen, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. That I am employed with Newfoundland Power Inc. as Vice-President, Regulatory Affairs.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in the Application are true.

SWORN to before me at St. John's
in the Province of Newfoundland and
Labrador this 20th day of November, 2009:



Barrister



Peter Alteen

NEWFOUNDLAND POWER INC.

**Increase in
2010 Forecast Revenue from Rates¹
(\$000s)**

Month	Increase
January	4,367
February	3,844
March	3,990
April	3,285
May	2,780
June	2,277
July	2,054
August	2,002
September	2,146
October	2,698
November	3,205
December	4,066
Total	36,714

¹ Exhibit 10 (1st Revision), Line 1, Column E.

NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2009)

Basic Customer Charge: \$15.57 per month

Energy Charge:

All kilowatt-hours @ 9.714¢ per kWh

Minimum Monthly Charge \$15.57 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-10 kW**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2009)

Basic Customer Charge: \$17.86 per month

Energy Charge:
All kilowatt-hours @ 11.607 ¢ per kWh

Minimum Monthly Charge, Single Phase \$17.86 per month
Three Phase \$35.72 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.2
GENERAL SERVICE 10-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2009)

Basic Customer Charge: \$20.57 per month

Demand Charge:

\$8.63 per kW of billing demand in the months of December, January, February and March and \$7.13 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kW of billing demand..... @ 9.051 ¢ per kWh

All excess kilowatt-hours @ 6.583 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 17.3 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

Single Phase \$20.57 per month

Three Phase \$35.72 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2009)

Basic Customer Charge: \$92.61 per month

Demand Charge:

\$7.45 per kVA of billing demand in the months of December, January, February and March and \$5.95 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,

up to a maximum of 30,000 kilowatt-hours @ 8.982 ¢ per kWh

All excess kilowatt-hours @ 6.475 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 17.4 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2009)

Basic Customer Charge: \$185.23 per month

Demand Charge:

\$7.04 per kVA of billing demand in the months of December, January, February and March and \$5.54 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 100,000 kilowatt-hours @ 7.545 ¢ per kWh
All excess kilowatt-hours @ 6.390 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 17.4 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2009)

	Sentinel/Standard	Post Top
High Pressure Sodium*		
100W (8,600 lumens)	\$16.09	\$17.28
150W (14,400 lumens)	20.63	-
250W (23,200 lumens)	27.83	-
400W (45,000 lumens)	38.61	-

* For all new installations and replacements.

Mercury Vapour

175W (7,000 lumens)	\$16.09	\$17.28
250W (9,400 lumens)	20.63	-
400W (17,200 lumens)	27.83	-

Special poles used exclusively for lighting service**

Wood	\$ 7.01
30' Concrete or Metal, direct buried	10.17
45' Concrete or Metal, direct buried	15.49
25' Concrete or Metal, Post Top, direct buried	7.84

Underground Wiring (per run)**

All sizes and types of fixtures	\$12.39
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

$$\text{Curtailment Credit} = \text{Contracted Demand Reduction} \times \$29 \text{ per kVA}$$

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

$$\text{Maximum Demand Curtailed} = (\text{Maximum Winter Demand} - \text{Firm Demand})$$

$$\text{Peak Period Load Factor} = \frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

$$\text{Curtailment Credit} = ((\text{Maximum Demand Curtailed} \times 50\%) + (\text{Maximum Demand Curtailed} \times 50\% \times \text{Peak Period Load Factor})) \times \$29 \text{ per kVA}$$

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

NEWFOUNDLAND AND LABRADOR

AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

No. P.U. (2009)

INTERIM RATES ORDER

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

IN THE MATTER OF a general rate application (the “Application”) by Newfoundland Power Inc. (“Newfoundland Power”) to establish customer electricity rates for 2010.

WHEREAS Newfoundland Power filed the Application with the Board on May 28, 2009; and

WHEREAS Newfoundland Power amended the Application on September 28, 2009 to reflect changes resulting from: (i) revisions to 2010 forecasts of costs and sales, and (ii) revisions resulting from an agreement of settlement between the Consumer Advocate and Newfoundland Power regarding certain matters raised in the Application; and

WHEREAS the hearing of the Application commenced on October 14, 2009 and concluded on November 10, 2009; and

WHEREAS the Application proposed new customer rates to be effective January 1, 2010; and

WHEREAS to implement revised customer rates effective January 1, 2010 as proposed in the Application, it is necessary for Newfoundland Power to commence its rate implementation process by mid-December 2009; and

WHEREAS Newfoundland Power has advised the Board that a delayed implementation of the rate increase proposed in the Application beyond January 1, 2010 would deprive the Company of the opportunity to earn a just and reasonable return on rate base for 2010, as required under Section 80 of the Act; and

WHEREAS Newfoundland Power filed an application with the Board on November 20, 2009 proposing that, in the event a final order of the Board in the matter of the Application is not issued by mid-December 2009, the Board make an interim order approving the schedule of rates, tolls and charges proposed in its Application to become effective January 1, 2010 and to remain in effect until the final order of the Board in the matter of the Application (the “Interim Rates Order”); and

WHEREAS a final order in the matter of the Application has not yet been issued, and

WHEREAS Section 75 of the Act provides that the Board may make an interim order unilaterally and without public hearing or notice, approving with or without modification, a schedule of rates, tolls and charges submitted by a public utility, upon the terms and conditions that it may decide; and

WHEREAS the Board is satisfied that granting the Interim Rates Order is necessary and appropriate in the circumstances.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 75 of the *Public Utilities Act* RSN 1990, Chapter P-47, the Board approves, on an interim basis from January 1, 2010, the schedule of rates, tolls and charges of Newfoundland Power attached in Schedule A to this Interim Rates Order, to remain in effect until superseded by a final order of the Board.
2. Newfoundland Power shall pay all expenses of the Board arising from this application.

DATED at St. John’s, Newfoundland and Labrador this _____ day of December, 2009.