

DELIVERED BY HAND

December 16, 2009

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

Attention: Ms. Cheryl Blundon  
Board Secretary

Ladies & Gentlemen:

**Re: Application Filed in Compliance with Order No. P.U. 43 (2009)**

**A. General:**

***The Compliance Application***

In Order No. P.U. 43 (2009) (the "General Rate Order"), the Board of Commissioners of Public Utilities (the "Board") made a number of determinations on proposals contained in, and matters arising from, Newfoundland Power's 2010 amended General Rate Application (the "General Rate Application").

Enclosed please find the original and 11 copies of an application made in compliance with the directions of the Board contained in the General Rate Order (the "Compliance Application").

***Summary of Customer Rate Impacts***

In the Compliance Application, Newfoundland Power is proposing the following changes to electricity rates:

1. an average overall increase in electrical rates of 3.5% effective for consumption on and after January 1, 2010; and



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2. rates, tolls and charges effective for service provided on and after January 1, 2010, which result in average increases in current customer rates by class as follows:

<i>Rate Class</i>	<i>Average Increase</i>
Domestic	4.2%
General Service 0-10 kW	1.5%
General Service 10-100 kW (110 kVA)	1.5%
General Service 110-1000 kVA	2.5%
General Service 1000 kVA and Over	3.5%
Street and Area Lighting	3.5%

#### **B. Contents of the Compliance Application:**

The evidence in support of the Compliance Application is contained in 10 schedules (the "Schedules").

Schedules 1 through 8 show the derivation of the revised revenue requirements for the 2010 test year and customer rates which are based upon the General Rate Application and Order.

Revisions to the Rate Stabilization Clause and Excess Earnings Account definition to reflect the General Rate Order are provided in Schedules 9 and 10 to the Compliance Application. Changes in these Schedules are indicated by shading as follows: 

Following is a brief description of each of the Schedules:

##### ***Schedule 1: 2010 Forecast Average Rate Base***

Schedule 1 shows the revised forecast average rate base for 2010, which is based on the proposals in the General Rate Application, and incorporates the Board's determinations set out in the General Rate Order.

Schedule 1 is in a format consistent with Exhibit 6 (1<sup>st</sup> Revision) filed in support of the General Rate Application.

##### ***Schedule 2: 2010 Forecast Capital Structure and Return on Rate Base***

Schedule 2 shows the calculation of the rate of return on rate base of 8.23% and the return on rate base for 2010.



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Schedule 2 reflects the Board's determinations on capital structure and return on regulated common equity to be used in determining the return on rate base, as set out in item 1, page 3 of the General Rate Order.

Schedule 2 is in a format consistent with Exhibit 8 (2<sup>nd</sup> Revision) filed in support of the General Rate Application.

***Schedule 3: Elasticity Impacts on Forecast Sales***

Schedule 3 provides the 2010 energy sales forecast adjusted to reflect the forecast elasticity impacts of the rate increase based on the Board's determinations set out in the General Rate Order.

Based on an average customer rate increase of 3.5%, the forecast elasticity impact on 2010 energy sales has been calculated by interpolation as 23.2 GWh, a reduction from the 45 GWh (difference between existing and proposed electricity sales) shown at page 1 of 9 of Exhibit 11 (1<sup>st</sup> Revision) filed in support of the General Rate Application. The revised 2010 sales forecast is therefore 21.8 GWh higher than the forecast under the rates proposed in the General Rate Application. This is reflected in the Compliance Application in an increase in revenue from rates and in purchased power expense.

***Schedule 4: 2010 Revenue Requirements***

Schedule 4 shows the detail of the calculation of the revised revenue requirements for 2010 based on the Board's determinations set out in the General Rate Order.

Schedule 4 is in a format consistent with Exhibit 7 (1<sup>st</sup> Revision) filed in support of the General Rate Application.

***Schedule 5: 2010 Average Customer Billing Impacts***

Schedule 5 shows the average customer billing impacts by rate class resulting from setting rates to obtain the 2010 revenue requirement set out in Schedule 4.

***Schedule 6: Conversion of Base Rates to Customer Rates***

Base rates are designed to recover Newfoundland Power's 2010 test year revenue requirement as set out in Schedule 4. Base rates exclude the current rate stabilization adjustment factor ("RSA Factor") and municipal tax adjustment factor ("MTA Factor"), which are updated annually. These adjustment items are not revenue or expense items. Customer rates are derived by applying the current RSA Factor and MTA Factor to base rates.

Schedule 6 shows the derivation of customer rates from base rates.



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***Schedule 7: Revised Customer Rates***

Schedule 7 contains the revised customer rates to be applied to electricity consumption on and after January 1, 2010.

***Schedule 8: Summary of Existing and Revised Customer Rates***

Schedule 8 is a summary and comparison of existing rates and the revised rates set out in Schedule 7.

Schedule 8 is in a format consistent with Exhibit 12 (1<sup>st</sup> Revision) filed in support of the General Rate Application.

***Schedule 9: Rate Stabilization Clause***

Schedule 9 contains the proposed Rate Stabilization Clause for inclusion in the rules and regulations governing the provision of electrical service by Newfoundland Power. The change in the Rate Stabilization Clause is required to effect recovery of the Energy Supply Cost Variance through the Rate Stabilization Account until a further order of the Board, as approved by the Board in item 11 (i), page 4 of the General Rate Order. The revised language is shaded on page 5 of 5.

***Schedule 10: Excess Earnings Account***

Schedule 10 contains the current definition of Newfoundland Power's Excess Earnings Account, and a revised definition of the Excess Earnings Account for which approval is requested in the Compliance Application. The revised definition reflects the upper limit of the 36 basis point range of rate of return on rate base approved by the Board in item 2, page 3 of the General Rate Order.

**C. Concluding:**

We trust that the foregoing and enclosed are found to be in order. A draft order in respect of the Compliance Application is enclosed for the Board's convenience.

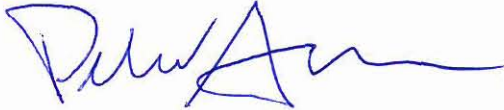
A copy of this letter, together with a copy of the enclosures, has been forwarded directly to Geoff Young of Newfoundland & Labrador Hydro and Tom Johnson, Consumer Advocate.



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If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,



Peter Alteen  
Vice President, Regulatory Affairs  
& General Counsel

Enclosures

- c.            Geoffrey Young  
                Newfoundland & Labrador Hydro
- Tom Johnson, Consumer Advocate



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**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 “General Rate Application”) by Newfoundland Power Inc. (“Newfoundland Power”) to establish customer electricity rates for 2010; and

**IN THE MATTER OF** an application (the “Compliance Application”) for approval of customer rates, tolls and charges reflecting the determinations set out in Order No. P.U. 43 (2009).

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

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

**A. Background:**

1. Newfoundland Power 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 subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The Act provides that the Board has the general supervision of public utilities and requires that a public utility, in effect, submit for the approval of the Board the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. On May 28<sup>th</sup> 2009, Newfoundland Power filed the General Rate Application together with evidence in support thereof to establish customer electricity rates for 2010.
4. On December 11<sup>th</sup>, 2009, the Board issued Order No. P.U. 43 (2009) setting out its determinations in respect of the proposals in the General Rate Application (the “General Rate Order”).
5. In the General Rate Order, the Board ordered, among other things, that Newfoundland Power:
  - (a) calculate and file a revised forecast average rate base and return on rate base for 2010;
  - (b) calculate and file a revised forecast total revenue requirement for the 2010 test year; and

- (c) file for the approval of the Board revised rates, tolls and charges effective for service provided on and after January 1, 2010,

based on the proposals in the General Rate Application and incorporating the determinations of the Board as set out in the General Rate Order.

## **B. The Compliance Application:**

6. The Compliance Application reflects the determinations of the Board in the General Rate Order and, in particular:
  - (a) Schedule 1 shows the calculation of the forecast average rate base for 2010 incorporating the Board's determinations set out in the General Rate Order;
  - (b) Schedule 2 shows the calculation of the rate of return on rate base of 8.23% for 2010 based on the Board's determinations set out in the General Rate Order;
  - (c) Schedule 3 provides the 2010 energy sales forecast reflecting the forecast elasticity impacts of the rate increase based on the Board's determinations set out in the General Rate Order;
  - (d) Schedule 4 shows the detail of the calculation of revenue requirements for 2010 based on the Board's determinations set out in the General Rate Order;
  - (e) Schedule 5 shows the average customer billing impacts by rate class resulting from setting rates to obtain the 2010 revenue requirement;
  - (f) Schedule 6 shows the derivation of the customer rates set out in Schedule 7 to the Compliance Application from base rates;
  - (g) Schedule 7 contains the revised customer rates to be applied to electricity consumption on and after January 1, 2010;
  - (h) Schedule 8 is a summary and comparison of existing rates and the revised rates set out in Schedule 7 to the Compliance Application;
  - (i) Schedule 9 contains the proposed Rate Stabilization Clause for inclusion in the rules and regulations governing the provision of electrical service by Newfoundland Power; and
  - (j) Schedule 10 contains the current definition of Newfoundland Power's Excess Earnings Account and a revised definition of the Excess Earnings Account.



7. The Compliance Application shows that Newfoundland Power requires an overall average increase in current customer rates of 3.5 percent, with effect from January 1, 2010, based upon:

- (a) a forecast average rate base for 2010 of \$871,585,000;
- (b) a rate of return on average rate base for 2010 of 8.23 percent in a range of 8.05 percent to 8.41 percent; and
- (c) a forecast revenue requirement for 2010 of \$528,783,000 to be recovered from electrical rates,

to reflect the Board's determinations set out in the General Rate Order.

8. The Compliance Application shows the rates, tolls and charges set out in Schedule 7, effective for service provided on and after January 1, 2010 and reflecting the proposals in the General Rate Application, will result in average increases in current customer rates by class as follows:

<i>Rate Class</i>	<i>Average Increase</i>
Domestic	4.2%
General Service 0-10kW	1.5%
General Service 10-100 kW (110 kVA)	1.5%
General Service 110-1000 kVA	2.5%
General Service 1000 kVA and Over	3.5%
Street and Area Lighting	3.5%

9. The Compliance Application shows a revised Rate Stabilization Clause, as set out in Schedule 9, to provide for the recovery of the Energy Supply Cost Variance through the Rate Stabilization Account in accordance with item 11 (i), page 4 of the General Rate Order.
10. The Compliance Application shows the revised definition of the Excess Earnings Account, as set out in Schedule 10, reflecting the upper limit of the 36 basis point range of rate of return on rate base provided for in item 2, page 3 of the General Rate Order.



**C. Order Requested:**

11. Further to the General Rate Order, Newfoundland Power requests that the Board make an Order approving:
- (a) pursuant to Section 80 of the Act, a forecast average rate base for 2010 of \$871,585,000;
  - (b) pursuant to Section 80 of the Act, a rate of return on rate base for 2010 of 8.23% in a range of 8.05% to 8.41%;
  - (c) pursuant to Section 70(1) of the Act, rates, tolls and charges as set out in Schedule 7 of the Compliance Application;
  - (d) pursuant to Sections 71 and 80 of the Act, the amendment to the rules and regulations governing Newfoundland Power's provision of service to its customers as set out in Schedule 9 of the Compliance Application, to effect the change set out in paragraph 9 hereof; and
  - (e) pursuant to Sections 58 and 80 of the Act, a revised definition of the Excess Earnings Account, as set out in Schedule 10 of the Compliance Application, to reflect the Board's determinations in the General Rate Order in respect of the range of return on rate base.

**D. Communications:**

12. Communication with respect to this Compliance Application should be forwarded to the attention of Ian F. Kelly, Q.C. and Gerard M. Hayes, Counsel to Newfoundland Power.

**DATED** at St. John's, Newfoundland, this 16<sup>th</sup> day of December, 2009.

**NEWFOUNDLAND POWER INC.**



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

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 Telecopier: (709) 737-2974  
 Internet: ghayes@newfoundlandpower.com

**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 “General Rate Application”) by Newfoundland Power Inc. (“Newfoundland Power”) to establish customer electricity rates for 2010; and

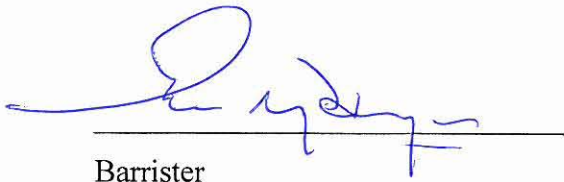
**IN THE MATTER OF** an application (the “Compliance Application”) for approval of customer rates, tolls and charges reflecting the determinations set out in Order No. P.U. 43 (2009).

### **AFFIDAVIT**

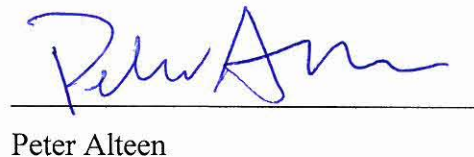
I, Peter Alteen, of St. John’s in the Province of Newfoundland and Labrador, make oath and say as follows:

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

**SWORN** at St. John's  
in the Province of Newfoundland and Labrador  
this 16<sup>th</sup> day of December, 2009,  
before me:



Barrister



Peter Alteen

**Newfoundland Power Inc.**

**2010 Forecast Average Rate Base<sup>1</sup>**  
**(\$000s)**

	<u>Proposed<sup>2</sup></u>	<u>Adjustments</u>	<u>Revised<sup>3</sup></u>
1 Plant Investment	755,649	(194) <sup>4</sup>	755,455
2			
3 Add:			
4 Deferred Charges	102,935	250 <sup>5</sup>	103,185
5 Weather Normalization Reserve	4,377	-	4,377
6 Deferred Energy Replacement Costs	192	-	192
7 Cost Recovery Deferral - Depreciation	3,257	-	3,257
8 Customer Finance Programs	1,714	-	1,714
9	<u>112,475</u>	<u>250</u>	<u>112,725</u>
10			
11 Deduct:			
12 2005 Unbilled Revenue	2,309	-	2,309
13 Accrued Pension Liabilities	3,511	-	3,511
14 Accrued OPEBS Liability	3,350	(3,350) <sup>6</sup>	-
15 Municipal Tax Liability	683	-	683
16 Future Income Taxes	1,895	972 <sup>7</sup>	2,867
17 Purchased Power Unit Cost Reserve	224	-	224
18 Customer Security Deposits	602	-	602
19	<u>12,574</u>	<u>(2,378)</u>	<u>10,196</u>
20			
21 Average Rate Base Before Allowances	855,550	2,434	857,984
22			
23 Cash Working Capital Allowance	9,230	(90) <sup>8</sup>	9,140
24			
25 Materials and Supplies Allowance	4,461	-	4,461
26			
27 Average Rate Base At Year End	<u>869,241</u>	<u>2,344</u>	<u>871,585</u>

<sup>1</sup> All amounts shown are averages.

<sup>2</sup> As filed in the Application.

<sup>3</sup> Pursuant to Order No. P.U. 43 (2009).

<sup>4</sup> Reduction in capitalization of OPEBs related to maintaining the cash method of accounting.

<sup>5</sup> Increase in deferred charges related to the amortization of 2010 hearing costs over a 3-year period.

<sup>6</sup> Reflects the continuation of OPEBs on a cash basis.

<sup>7</sup> Increase in future taxes related to the continuation of OPEBs on a cash basis.

<sup>8</sup> Decrease in cash working capital allowance related to changes in purchased power, income taxes and municipal tax revenue.

## Newfoundland Power Inc.

### 2010 Forecast Capital Structure and Return on Rate Base (\$000s)

	<u>Proposed<sup>1</sup></u>	<u>Adjustments</u>	<u>Revised<sup>2</sup></u>
1			
2 <b>Average Capitalization</b>			
3 Debt	474,166	1,282 <sup>3</sup>	475,448
4 Preference Shares	9,113	-	9,113
5 Common Equity	390,362	1,213 <sup>3</sup>	391,575
6	<u>873,641</u>	<u>2,495</u>	<u>876,136</u>
7			
8 <b>Average Capital Structure</b>			
9 Debt	54.27%	0.00%	54.27%
10 Preference Shares	1.04%	0.00%	1.04%
11 Common Equity	44.69%	0.00%	44.69%
12	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>
13			
14 <b>Cost of Capital</b>			
15 Debt	7.65%	-0.01% <sup>4</sup>	7.64%
16 Preference Shares	6.23%	0.00%	6.23%
17 Common Equity	11.00%	-2.00% <sup>2</sup>	9.00%
18			
19 <b>Rate of Return on Rate Base</b>			
20 Debt	4.15%	0.00%	4.15%
21 Preference Shares	0.06%	0.00%	0.06%
22 Common Equity	4.92%	-0.90%	4.02%
23	<u>9.13%</u>	<u>-0.90%</u>	<u>8.23%</u>
24			
25 <b>Return on Rate Base</b>			
26 Return on Debt	35,852	76 <sup>4</sup>	35,928
27 Return on Preference Shares	568	-	568
28 Return on Common Equity	42,941	(7,687) <sup>5</sup>	35,254
29	<u>79,361</u>	<u>(7,611)</u>	<u>71,750</u>

<sup>1</sup> As filed in the General Rate Application.

<sup>2</sup> Pursuant to Order No. P.U. 43 (2009).

<sup>3</sup> Increase due to a forecast increase in average rate base (see Schedule 1 for the calculation of the 2010 average rate base).

<sup>4</sup> Increase in debt, primarily short-term debt which slightly reduces the average cost of debt.

<sup>5</sup> Reduction in cost of equity from 11.0% to 9.0%.

**Newfoundland Power Inc.**

**Elasticity Impacts on Forecast Sales  
2010 Test Year  
(GWh)**

		Existing <sup>1</sup>		Proposed <sup>2</sup>		Elasticity <sup>3</sup>		Proposed <sup>4</sup>		Revised <sup>5</sup>		Revised <sup>6</sup>		Revised <sup>7</sup>		Increase <sup>8</sup>	
		Sales		Sales		Adjustment		Rate		Rate		Elasticity		Sales		from	
		Forecast		Forecast		Adjustment		Increase		Increase		Adjustment		Forecast		Proposed	
1		(A)		(B)		(C)		(D)		(E)		(F)		(G)		(H)	
2																	
3	Domestic	1.1	3,257.3		3,215.1		(42.2)		7.9%		4.2%		(22.4)		3,234.9		19.8
4																	
5	General Service																
6																	
7	0-10 kW	2.1	89.8		89.5		(0.3)		5.2%		1.5%		(0.1)		89.7		0.2
8	10-100 kW	2.2	653.7		651.2		(2.5)		5.2%		1.5%		(0.7)		653.0		1.8
9	110-1000 kVA	2.3	898.7		898.7		0.0		6.2%		2.5%		0.0		898.7		0.0
10	Over 1000 kVA	2.4	437.6		437.6		0.0		7.2%		3.5%		0.0		437.6		0.0
11																	
12	Total General Service		2,079.8		2,077.0		(2.8)						(0.8)		2,079.0		2.0
13																	
14	Street and Area Lighting	4.1	36.0		36.0		0.0		7.2%		3.5%		0.0		36.0		0.0
15																	
16	Total Energy Sales		5,373.1		5,328.1		(45.0)						(23.2)		5,349.9		21.8

<sup>1</sup> Column A is taken from Appendix B of the Customer, Energy and Demand Forecast (1<sup>st</sup> Revision), Volume 2, Supporting Materials, Tab 6. The existing forecast assumes no change in rates on January 1, 2010.

<sup>2</sup> Column B is taken from Appendix B of the Customer, Energy and Demand Forecast (1<sup>st</sup> Revision), Volume 2, Supporting Materials, Tab 6. The proposed sales forecast assumes a 7.2% increase in rates effective January 1, 2010.

<sup>3</sup> Column C is the forecast elasticity impact of the proposed rate increase of 7.2% (Column B - Column A).

<sup>4</sup> As per the General Rate Application.

<sup>5</sup> As per Schedule 5 of the Compliance Application.

<sup>6</sup> Column F is the forecast elasticity impact of the revised rate increase of 3.5% (Column E divided by Column D times Column C).

<sup>7</sup> Column G is the forecast sales under revised rates including revised elasticity impacts (Column A + Column F).

<sup>8</sup> Column H is the difference between forecast sales under revised rates and those under proposed rates (Column G - Column B).

## Newfoundland Power Inc.

**2010 Revenue Requirements**  
**(\$000s)**

	<u>Proposed<sup>1</sup></u>	<u>Changes</u>	<u>Revised<sup>2</sup></u>
1 <b>Return on Rate Base</b>	79,361	(7,611) <sup>4</sup>	71,750
2			
3 <b>Other Costs</b>			
4 Power Supply Cost	349,009	2,025 <sup>5</sup>	351,034
5 Operating Costs	52,189	(500) <sup>6</sup>	51,689
6 Pension	8,196	-	8,196
7 Additional OPEBs Expense	6,841	(6,841) <sup>7</sup>	-
8 Amortization of Depreciation Cost Recovery Deferral	3,861	-	3,861
9 Depreciation	43,383	(5) <sup>8</sup>	43,378
10 Income Taxes	21,300	(4,202) <sup>9</sup>	17,098
11	<u>484,779</u>	<u>(9,523)</u>	<u>475,256</u>
12			
13 <b>2010 Revenue Requirement</b>	564,140	(17,134)	547,006
14			
15 <b>Deductions</b>			
16 Other Revenue	(13,692)	-	(13,692)
17 2005 Unbilled Revenue	(4,618)	-	(4,618)
18 Other Adjustments <sup>3</sup>	<u>87</u>	<u>-</u>	<u>87</u>
19	<u>(18,223)</u>	<u>-</u>	<u>(18,223)</u>
20			
21			
22 <b>2010 Revenue Requirement from Rates</b>	<u>545,917</u>	<u>(17,134)</u>	<u>528,783</u>
23			
24 RSA	3,502	13 <sup>10</sup>	3,515
25			
26 MTA	13,359	(416) <sup>11</sup>	12,943
27			
28 <b>Total</b>	<u>562,778</u>	<u>(17,537)</u>	<u>545,241</u>

<sup>1</sup> As filed in the General Rate Application.

<sup>2</sup> Pursuant to Order No. P.U. 43 (2009).

<sup>3</sup> Includes \$37,000 related to the amortization of capital stock issue expenses and \$50,000 related to customer security deposits.

<sup>4</sup> Reduction in forecast return on rate base due primarily to a reduction in the return on equity from 11.0% to 9.0%.

<sup>5</sup> A 3.5% increase in rates effective January 1, 2010 will result in an increase in forecast 2010 energy sales of 21.8 GWh relative to the proposed energy sales provided in the Application as a result of elasticity effects (see Schedule 3). As a result, forecast 2010 purchased power requirements have increased by 23.0 GWh (21.8 GWh sales divided by (1 minus 5.4% losses)) and purchased power expense will increase by approximately \$2,025,000 (23.0 GWh times 8.80¢ per kWh).

<sup>6</sup> The reduction in 2010 forecast operating costs based on a 3-year amortization of forecast 2010 hearing costs of \$750,000.

<sup>7</sup> Reduction in forecast OPEB costs as a result of maintaining the cash basis of accounting.

<sup>8</sup> Reduction in forecast 2010 capital due to a decrease in forecast OPEBs costs.

<sup>9</sup> Reduction in forecast income taxes due to a lower forecast return on equity offset by changes in future income tax associated with continuing to account for OPEBs on a cash basis.

<sup>10</sup> Reflects forecast increased 2010 energy sales of 21.8 GWh as a result of elasticity (see Schedule 3) at the RSA Factor of 0.066 effective July 1, 2009.

<sup>11</sup> Reflects forecast decrease in municipal taxes collected from customers as a result of overall reduction in revenue requirement at the MTA factor of 1.02447 effective July 1, 2009.

**Newfoundland Power Inc.**

**2010 Average Customer Billing Impacts  
(\$000s)**

**Forecast Impacts by Rate Class Under Existing and Revised Rates  
(includes July 1, 2009 RSA and MTA)**

	Category	Adjustment Due to Price		Adjusted Existing Rates	Revised Rates	Increase	Rate Increase
		<u>Existing Rates</u>	<u>Elasticity</u>				
		( A ) <sup>1</sup>	( B ) <sup>2</sup>	( C ) <sup>3</sup>	( D ) <sup>4</sup>	( E ) <sup>5</sup>	( F ) <sup>6</sup>
1							
2							
3	1.1 Domestic	\$ 324,506	\$ (1,978)	\$ 322,528	\$ 336,028	\$ 13,500	4.2%
4	2.1 General Service 0-10 kW	12,214	(8)	12,206	12,383	177	1.5%
5	2.2 General Service 10-100 kW	66,760	(42)	66,718	67,687	969	1.5%
6	2.3 General Service 110-1000 kVA	77,138	-	77,138	79,028	1,890	2.5%
7	2.4 General Service over 1000 kVA	32,452	-	32,452	33,572	1,120	3.5%
8	4.1 Street and Area Lighting	13,302	-	13,302	13,761	459	3.5%
9	Forfeited Discounts	2,707	(10)	2,697	2,782	85	3.2%
10							
11	<b>Total</b>	<u>\$ 529,079</u>	<u>\$ (2,038)</u>	<u>\$ 527,041</u>	<u>\$ 545,241</u>	<u>\$ 18,200</u>	3.5%

<sup>1</sup> Column A is the forecast revenue plus RSA and MTA under existing rates, based on the 2010 test year sales forecast without elasticity impacts.  
See Exhibit 10 (1<sup>st</sup> Revision) Column A.

<sup>2</sup> Column B is the revised elasticity impact on existing customer billings under rates reflecting a 3.5% average increase in customer rates.

<sup>3</sup> Column C is the forecast customer billings under existing rates including revised elasticity impacts (Column A + Column B).

<sup>4</sup> Column D is the forecast under revised rates including revised elasticity impacts. Corresponds to Total shown in Schedule 4, line 28.

<sup>5</sup> Column E is the difference between forecast under revised rates and that under existing rates adjusted for elasticity (Column D - Column C).

<sup>6</sup> Column F is the forecast rate increase (Column E / Column C).



**Newfoundland Power Inc.**

**Conversion of Base Rates to Customer Rates**

<b>Rate Class</b>	<b>Base Rate</b>	<b>Calculation<sup>1</sup></b>	<b>Revised Customer Rate</b>
<b>Rate #1.1: Domestic Service</b>			
Basic Customer Charge (B.C.C.) (\$)	15.22	$[(15.22 - 1.00) \times 1.02447] + 1.00$	15.57
Energy Charge - All kilowatt hours (¢/kWh)	9.049	$[9.049 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	9.339
Minimum Monthly Charge (\$)	15.22	Same as B.C.C. for Rate #1.1	15.57
<b>Rate #2.1: General Service 0-10 kW</b>			
Basic Customer Charge (B.C.C.) (\$)	17.46	$[(17.46 - 1.00) \times 1.02447] + 1.00$	17.86
Energy Charge - All kilowatt hours (¢/kWh)	10.766	$[10.766 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	11.098
Minimum Monthly Charge (\$)			
Single Phase	17.46	Same as B.C.C. for Rate #2.1	17.86
Three Phase	34.92	$2 \times \text{B.C.C.}$	35.72
<b>Rate #2.2: General Service 10-100 kW</b>			
Basic Customer Charge (B.C.C.) (\$)	20.08	$20.08 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]$	20.57
Demand Charge (\$/kW)			
Winter	8.42	Other Demand Charge plus 1.50	8.63
Other	6.96	$6.96 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]$	7.13
Energy Charge (¢/kWh)			
First 150 kWh/kW of billing demand	8.338	$[8.338 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	8.611
All Excess kWh	6.047	$[6.047 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	6.264
Maximum Monthly Charge (¢/kWh)	$16.4 + \text{B.C.C.}$	$16.4 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]^2$	$16.8 + \text{B.C.C.}$
Minimum Monthly Charge (\$)			
Single Phase	20.08	Same as B.C.C. for Rate #2.2	20.57
Three Phase	34.92	Same as Rate 2.1 Three Phase Minimum Monthly Charge	35.72

<sup>1</sup> MTA Factor of 1.02447 effective July 1, 2009. RSA Factor of 0.066¢ per kWh effective July 1, 2009.

<sup>2</sup> RSA Factor does not apply to the Maximum Monthly Charge.

**Newfoundland Power Inc.**

**Conversion of Base Rates to Customer Rates**

Rate Class	Base Rate	Calculation <sup>1</sup>	Revised Customer Rate
<b>Rate #2.3: General Service 110-1000 kVA</b>			
Basic Customer Charge (B.C.C.) (\$)	90.40	$90.40 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]$	92.61
Demand Charge (\$/kVA)			
Winter	7.27	Other Demand Charge plus 1.50	7.45
Other	5.81	$5.81 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]$	5.95
Energy Charge (¢/kWh)			
First 150 kWh/kVA			
of billing demand (max. 30,000 kWh)	8.309	$[8.309 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	8.581
All Excess kWh	5.972	$[5.972 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	6.187
Maximum Monthly Charge (¢/kWh)	16.4 + B.C.C.	$16.4 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]^2$	16.8 + B.C.C.
Minimum Monthly Charge (\$)	90.40	Same as B.C.C. for Rate #2.3	92.61
<b>Rate #2.4: General Service 1000 kVA and Over</b>			
Basic Customer Charge (B.C.C.) (\$)	180.81	$180.81 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]$	185.23
Demand Charge (\$/kVA)			
Winter	6.87	Other Demand Charge plus 1.50	7.04
Other	5.41	$5.41 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]$	5.54
Energy Charge (¢/kWh)			
First 100,000 kWh	6.989	$[6.989 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	7.229
All Excess kWh	5.909	$[5.909 \times (1 - 0.015) + 0.066] \times 1.02447 \times [1 / (1 - 0.015)]$	6.122
Maximum Monthly Charge (¢/kWh)	16.4 + B.C.C.	$16.4 \times (1 - 0.015) \times 1.02447 \times [1 / (1 - 0.015)]^2$	16.8 + B.C.C.
Minimum Monthly Charge (\$)	180.81	Same as B.C.C. for Rate #2.4	185.23

<sup>1</sup> MTA Factor of 1.02447 effective July 1, 2009. RSA Factor of 0.066¢ per kWh effective July 1, 2009.

<sup>2</sup> RSA Factor does not apply to the Maximum Monthly Charge.

**Newfoundland Power Inc.**

**Conversion of Base Rates to Customer Rates (\$)**

<b>Rate Class</b>	<b>Base Rate</b>	<b>Monthly kWh</b>	<b>Calculation<sup>1</sup></b>	<b>Revised Customer Rate</b>
<b>1 Rate #4.1: Street and Area Lighting Service<sup>2</sup></b>				
<b>2 <u>Sentinel/Standard Fixtures</u></b>				
<b>3 <i>High Pressure Sodium</i></b>				
4 HPS 100 W	15.13	48	$[15.13 + .03] \times 1.02447$	15.53
5 HPS 150 W	19.38	71	$[19.38 + .05] \times 1.02447$	19.91
6 HPS 250 W	26.15	110	$[26.15 + .07] \times 1.02447$	26.86
7 HPS 400 W	36.26	166	$[36.26 + .11] \times 1.02447$	37.26
<b>8</b>				
<b>9 <i>Mercury Vapour</i></b>				
10 MV 175 W	15.13	48	$[15.13 + .03] \times 1.02447$	15.53
11 MV 250 W	19.38	71	$[19.38 + .05] \times 1.02447$	19.91
12 MV 400 W	26.15	110	$[26.15 + .07] \times 1.02447$	26.86
<b>13</b>				
<b>14</b>				
<b>15 <u>Post Top Fixtures</u></b>				
16 HPS 100 W	16.25	48	$[16.25 + .03] \times 1.02447$	16.68
17 MV 175 W	16.25	48	$[16.25 + .03] \times 1.02447$	16.68
<b>18</b>				
<b>19 <u>Poles</u></b>				
<b>20</b>				
21 Wood	6.60		$6.60 \times 1.02447$	6.76
22 30' Concrete or Metal	9.58		$9.58 \times 1.02447$	9.81
23 45' Concrete or Metal	14.59		$14.59 \times 1.02447$	14.95
24 25' Concrete or Metal, Post Top	7.38		$7.38 \times 1.02447$	7.56
<b>25</b>				
<b>26</b>				
<b>27 <u>Underground Wiring (per run)</u></b>				
<b>28</b>				
29 All sizes and types of fixtures	11.67		$11.67 \times 1.02447$	11.96

<sup>1</sup> [Base rate plus RSA] times MTA factor of 1.02447. RSA = [RSA Factor of 0.066¢ per kWh effective July 1, 2009] times monthly kWh.

<sup>2</sup> Early payment discount does not apply to Street and Area Lighting rates.

Page 20  
Effective January 1, 2010

**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)

Basic Customer Charge: ..... \$15.57 per month

Energy Charge:

All kilowatt-hours ..... @ 9.339¢ 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)

Basic Customer Charge: ..... \$17.86 per month

Energy Charge:  
All kilowatt-hours ..... @ 11.098 ¢ 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.**

Page 22  
Effective January 1, 2010

**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)

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..... @ 8.611 ¢ per kWh

All excess kilowatt-hours..... @ 6.264 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 16.8 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)

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 ..... @ 8.581 ¢ per kWh  
All excess kilowatt-hours ..... @ 6.187 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 16.8 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.**



Page 24  
Effective January 1, 2010

**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)

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 ..... @ 7.229 ¢ per kWh

All excess kilowatt-hours ..... @ 6.122 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 16.8 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)

	<b>Sentinel/Standard</b>	<b>Post Top</b>
<b>High Pressure Sodium*</b>		
100W ( 8,600 lumens)	\$15.53	\$16.68
150W (14,400 lumens)	19.91	-
250W (23,200 lumens)	26.86	-
400W (45,000 lumens)	37.26	-

\* For all new installations and replacements.

**Mercury Vapour**

175W ( 7,000 lumens)	\$15.53	\$16.68
250W ( 9,400 lumens)	19.91	-
400W (17,200 lumens)	26.86	-

**Special poles used exclusively for lighting service\*\***

Wood	\$ 6.76
30' Concrete or Metal, direct buried	9.81
45' Concrete or Metal, direct buried	14.95
25' Concrete or Metal, Post Top, direct buried	7.56

**Underground Wiring (per run)\*\***

All sizes and types of fixtures	\$11.96
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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.**

Page 26  
Effective January 1, 2010

**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 Power Inc.**

**Summary of Existing and Revised Customer Rates**

	<b><u>July 1, 2009 Existing Rates</u></b>	<b><u>January 1, 2010 Revised Rates</u></b>
<b>Rate #1.1: Domestic</b>		
Basic Customer Charge (B.C.C.)	\$15.57/month	\$15.57/month
Energy Charge - All kilowatt hours	8.916 ¢/kWh	9.339 ¢/kWh
Minimum Monthly Charge	\$15.57/month	\$15.57/month
Prompt Payment Discount	1.5% (min. \$1)	1.5% (min. \$1)
 <b>Rate #2.1: General Service 0-10 kW</b>		
Basic Customer Charge (B.C.C.)	\$17.86/month	\$17.86/month
Energy Charge - All kilowatt hours	10.896 ¢/kWh	11.098 ¢/kWh
Minimum Monthly Charge		
- single phase	\$17.86/month	\$17.86/month
- three phase	\$35.72/month	\$35.72/month
Prompt Payment Discount	1.5% (min. \$1)	1.5% (min. \$1)
 <b>Rate #2.2: General Service 10-100 kW</b>		
Basic Customer Charge (B.C.C.)	\$20.57/month	\$20.57/month
Demand Charge	\$8.63/kW – winter \$7.13/kW – other	\$8.63/kW – winter \$7.13/kW – other
Energy Charge		
First 150 kWh/kW of billing demand	8.448 ¢/kWh	8.611 ¢/kWh
All Excess kWh	6.146 ¢/kWh	6.264 ¢/kWh
Maximum Monthly Charge	16.3 ¢/kWh + B.C.C.	16.8 ¢/kWh + B.C.C.
Minimum Monthly Charge		
- single phase	\$20.57/month	\$20.57/month
- three phase	\$35.72/month	\$35.72/month
Prompt Payment Discount	1.5% (min. \$1)	1.5% (min. \$1)

**Newfoundland Power Inc.**

**Summary of Existing and Revised Customer Rates**

	<b><u>July 1, 2009 Existing Rates</u></b>	<b><u>January 1, 2010 Revised Rates</u></b>
<b>Rate #2.3: General Service 110-1000 kVA</b>		
Basic Customer Charge (B.C.C.)	\$92.61/month	\$92.61/month
Demand Charge		
- winter	\$7.45/kVA	\$7.45/kVA
- other	\$5.95/kVA	\$5.95/kVA
Energy Charge		
First 150 kWh/kVA		
of billing demand (max. 30,000 kWh)	8.317 ¢/kWh	8.581 ¢/kWh
All Excess kWh	5.997 ¢/kWh	6.187 ¢/kWh
Maximum Monthly Charge	16.3 ¢/kWh + B.C.C.	16.8 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$92.61/month	\$92.61/month
Prompt Payment Discount	1.5% (max. \$500)	1.5% (max. \$500)
<b>Rate #2.4: General Service 1000 kVA and Over</b>		
Basic Customer Charge (B.C.C.)	\$185.23/month	\$185.23/month
Demand Charge		
- winter	\$7.04/kVA	\$7.04/kVA
- other	\$5.54/kVA	\$5.54/kVA
Energy Charge		
First 100,000 kWh	6.933 ¢/kWh	7.229 ¢/kWh
All Excess kWh	5.872 ¢/kWh	6.122 ¢/kWh
Maximum Monthly Charge	16.3 ¢/kWh + B.C.C.	16.8 ¢/kWh + B.C.C.
Minimum Monthly Charge	\$185.23/month	\$185.23/month
Prompt Payment Discount	1.5% (max. \$500)	1.5% (max. \$500)

**Newfoundland Power Inc.**

**Summary of Existing and Revised Customer Rates**

			<b>July 1, 2009</b> <b><u>Existing Rates</u></b>	<b>January 1, 2010</b> <b><u>Revised Rates</u></b>
<b>Rate #4.1: Street and Area Lighting</b>				
<u>Sentinel/Standard Fixtures</u>				
High Pressure Sodium	-	100W	\$15.07	\$15.53
	-	150W	\$18.98	\$19.91
	-	250W	\$25.09	\$26.86
	-	400W	\$34.24	\$37.26
Mercury Vapour	-	175W	\$15.07	\$15.53
	-	250W	\$18.98	\$19.91
	-	400W	\$25.09	\$26.86
<u>Post Top Fixtures</u>				
High Pressure Sodium	-	100W	\$15.89	\$16.68
Mercury Vapour	-	175W	\$15.89	\$16.68
<u>Poles</u>				
Wood			\$6.28	\$6.76
30' Concrete or Metal,				
direct buried			\$9.27	\$9.81
45' Concrete or Metal,				
direct buried			\$14.68	\$14.95
25' Concrete or Metal,				
Post Top, direct buried			\$7.38	\$7.56
<u>Underground Wiring (per run)</u>				
All sizes and types of fixtures			\$12.37	\$11.96



Page 14  
Effective January 1, 2010

**NEWFOUNDLAND POWER INC.**

**RATE STABILIZATION CLAUSE**

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan ("RSP").

**I. RATE STABILIZATION ADJUSTMENT ("A")**

The Rate Stabilization Adjustment ("A") shall be calculated as the total of the Recovery Adjustment Factor and the Fuel Rider Adjustment.

The Recovery Adjustment Factor shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA.

The Recovery Adjustment Factor expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B + C}{D}$$

Where:

B = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.

C = the balance in the Company's RSA as of March 31st of the current year.

D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

The Fuel Rider Adjustment shall be recalculated annually, effective the first day of July in each year, to reflect changes in the RSP fuel rider applicable to Newfoundland Power. The Fuel Rider Adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{E \times F}{D}$$

**NEWFOUNDLAND POWER INC.**

**RATE STABILIZATION CLAUSE**

**I. RATE STABILIZATION ADJUSTMENT ("A") (Cont'd)**

Where:

D = corresponds to the D above.

E = the total kilowatt-hours of energy (including secondary energy) sold to the Company by Hydro during the 12 months ending March 31 of the current year.

F = the fuel rider designated to be charged to Newfoundland Power through Hydro's RSP.

The Rate Stabilization Adjustment ("A") shall be recalculated and be applied as of the effective date of a new wholesale mill rate by Hydro, by resetting the Fuel Rider Adjustment included in the Rate Stabilization Adjustment to zero.

**II. RATE STABILIZATION ACCOUNT ("RSA")**

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:

(i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of the operation of its Rate Stabilization Plan.

(ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

Page 16  
Effective January 1, 2010

**NEWFOUNDLAND POWER INC.**

**RATE STABILIZATION CLAUSE**

**II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)**

P = the 2<sup>nd</sup> block base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

(iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = the price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = the kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

(iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

(v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.

**NEWFOUNDLAND POWER INC.**

**RATE STABILIZATION CLAUSE**

**II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)**

3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly streetlighting rates are as follows:

	Fixture Size (watts)				
	<u>100</u>	<u>150</u>	<u>175</u>	<u>250</u>	<u>400</u>
Mercury Vapour	-	-	840	1,189	1,869
High Pressure Sodium	546	802	-	1,273	1,995

4. On December 31st, 2007, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the change in base rates attributable to the flow through of Hydro's wholesale rate change, effective January 1, 2007, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged by Hydro effective January 1, 2007.

The methodology to calculate the RSA adjustment at December 31, 2007 is as follows:

Calculation of increase in Revenue:

2007 Revenue with Flow-through (Q)	\$ -
2007 Revenue without Flow-through (R)	<u>\$ -</u>
Increase in Revenue (S = Q – R)	\$ -

Calculation of increase in Purchased Power Expense:

2007 Purchased Power Expense with Hydro Increase (T)	\$ -
2007 Purchased Power Expense without Hydro Increase (U)	<u>\$ -</u>
Increase in Purchased Power Expense (V = T – U)	\$ -

Adjustment to Rate Stabilization Account (W = S – V)	\$ -
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Where:

- Q = Normalized revenue from base rates effective January 1, 2007.
- R = Normalized revenue from base rates determined based on rates pursuant to the operation of the Automatic Adjustment Formula for 2007.
- T = Normalized purchased power expense from Hydro's wholesale rate effective January 1, 2007 (not including RSP rate).
- U = Normalized purchased power expense determined based on Hydro's wholesale rate effective January 1, 2006 (not including RSP rate).

**NEWFOUNDLAND POWER INC.**  
**RATE STABILIZATION CLAUSE**

**II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)**

5. On December 31<sup>st</sup> of each year from 2008 until further order of the Board, the Rate Stabilization Account (RSA) shall be increased (reduced) by the Energy Supply Cost Variance.

This Energy Supply Cost Variance identifies the change in purchased power cost that is related to the difference between purchasing energy at the 2<sup>nd</sup> block energy charge in the wholesale rate and the test year energy supply cost reflected in customer rates.

The Energy Supply Cost Variance expressed in dollars shall be calculated as follows:

$$\frac{(A - B) \times (C - D)}{100}$$

Where:

- A = the wholesale rate 2<sup>nd</sup> block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized annual purchases in kWh.
- D = the test year annual purchases in kWh.

6. The RSA shall be adjusted by any other amount as ordered by the Board.

**III. RATE CHANGES**

The energy charges in each rate classification (other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge) shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.

**Newfoundland Power Inc.**

**Excess Earnings Account**

Current Definition

**3.05    Excess Earnings Account 284xx**

This account shall be credited with any earnings in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 2008 and subsequent years, all earnings in excess of an 8.55% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.

Proposed Definition

**3.05    Excess Earnings Account 284xx**

This account shall be credited with any earnings in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 2010 and subsequent years, all earnings in excess of an 8.41% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.

NEWFOUNDLAND AND LABRADOR

AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NO. P.U. \_\_ (2009)

**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 “General Rate Application”) by Newfoundland Power Inc. (“Newfoundland Power”) to establish customer electricity rates for 2010; and

**IN THE MATTER OF** an application (the “Compliance Application”) for approval of customer rates, tolls and charges reflecting the determinations set out in Order No. P.U. 43 (2009).

**WHEREAS** Newfoundland Power filed the General Rate Application with the Newfoundland and Labrador Board of Commissioners of Public Utilities (the “Board”) on May 28, 2009, which General Rate Application was amended on September 28, 2009, for an Order or Orders of the Board approving among other things, proposed rates for the various customers of Newfoundland Power, to be effective January 2010; and

**WHEREAS** on December 11, 2009 after holding a public hearing, the Board issued Order No. P.U. 43(2009) directing Newfoundland Power to inter alia:

- (1) calculate and file a revised forecast average rate base and return on rate base for 2010 based on its proposals in the General Rate Application, incorporating the determinations set out in Order No. P.U. 43 (2009), including the use of a return on common equity of 9.00 % to calculate the rate of return on rate base for the 2010 test year;



- (2) calculate and file a revised forecast total revenue requirement for the 2010 test year based on its proposals in the General Rate Application, incorporating the determinations set out in Order No. P.U. 43 (2009);
- (3) file a revised Schedule of Rates, Tolls and Charges which shall become effective for service provided on and after January 1, 2010, based on the proposals in the General Rate Application, incorporating the determinations set out in Order No. P.U. 43 (2009); and

**WHEREAS** on December 16, 2009, Newfoundland Power submitted an application in compliance with Order No. P.U. 43 (2009), including supporting Schedules (the “Compliance Application”), proposing changes to electricity rates resulting in an average increase in electrical rates of 3.5% effective on monthly bills issued on and after January 1, 2010; and

**WHEREAS** the Compliance Application also proposed a change to the Rate Stabilization Clause included in Newfoundland Power’s Rules and Regulations to provide for the recovery of the Energy Supply Cost Variance in accordance with Order No. P.U. 43(2009); and

**WHEREAS** the Compliance Application also proposed a revised definition of the Excess Earnings Account to reflect the Board’s determinations in Order No. P.U. 43(2009) in respect of the range of return on rate base; and

**WHEREAS** the Board has reviewed the Compliance Application and confirmed that the Compliance Application is based on Newfoundland Power's proposals in the General Rate Application and reflects the determinations of the Board set out in Order No. P.U. 43(2009).

**IT IS THEREFORE ORDERED THAT:**

1. Pursuant to Section 80 of the Act, the Board hereby approves the forecast average rate base for 2010 of \$871,585,000.
2. Pursuant to Section 80 of the Act, the Board hereby approves the rate of return on rate base for 2010 of 8.23% in a range of 8.05% to 8.41%.
3. Pursuant to Section 70(1) of the Act, the Board hereby approves the Schedule of Rates, Tolls and Charges of Newfoundland Power attached hereto and marked Schedule "A", to be effective for service provided on and after January 1, 2010.
4. Pursuant to Sections 71 and 80 of the Act the Board hereby approves the Rules and Regulations attached hereto as Schedule "B", to be effective January 1, 2010.
5. The Board hereby approves the revised definition of the Excess Earnings Account attached hereto and marked as Schedule "C".

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

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G. Cheryl Blundon  
Director of Corporate Services  
and Board Secretary