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December 7, 2009

Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary
Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2

Ladies & Gentlemen:

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

On November 20, 2009 Newfoundland Power Inc. filed an application (Interim Rate Application) with the Board which proposes that in the event a final order on the GRA 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the schedule of rates, tolls and charges proposed in the Application to become effective January 1, 2010 until superceded by a final order of the Board. The rates, tolls and charges proposed in the Interim Rate Application are those proposed in the Company's amended GRA filed on September 28, 2009.

Section 75 of the Public Utilities 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.

In the Company's covering letter which accompanied the Interim Rate Application, the Company noted that if a final order on the GRA is not issued by mid-December and the Board chooses not to approve the rates proposed in the Interim Rate Application, an example of alternative relief would be an order declaring the Company's existing rates to be interim effective January 1, 2010. As a further presented alternative, the Board could consider issuing an interim order for implementation on January 1, 2010 increasing rates at a level lower than that proposed in the Application.

While the Interim Rates Application itself does not propose that the Board consider these alternatives in the event that the Board is not disposed to grant the specific relief as applied

for, the Company has appropriately referred to these alternatives in its cover letter.

We submit that it would not be appropriate for the Board to approve interim rates for the Company as proposed in the Interim Rate Application. We submit that it would be inappropriate to implement interim rates based on the rates, tolls and charges proposed in the amended GRA because the need for the Company to have rates set at this level has not been determined or accepted. Indeed, the need to have rates at this level was the subject of much evidence and controversy at the recently concluded hearing.

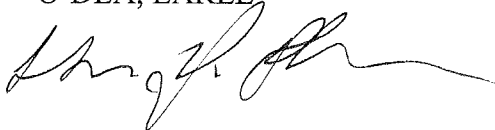
Should the Board deem it appropriate to approve interim rates for Newfoundland Power, the option referenced in the Company's letter of declaring the Company's existing rates to be interim effective January 1, 2010 would be the more appropriate course in our view. The Company's letter indicates that there is regulatory precedent in this jurisdiction for using this option as opposed to the manner as applied for in the Interim Rates Application. With this option, a reserve account could be established, for future disposition, to capture the revenue impacts arising from the implementation of final 2010 rates on a date subsequent to January 1, 2010.

A copy of this correspondence has been forwarded to Messrs Kelly and Hayes, Newfoundland Power and to Mr. Young at Newfoundland and Labrador Hydro.

We trust that the foregoing is found to be in order. However, please feel free to contact the undersigned if you have any questions.

Yours very truly,

O'DEA, EARLE

A handwritten signature in black ink, appearing to read 'Thomas Johnson', written over the printed name.

THOMAS JOHNSON

TJ/cel

cc: Newfoundland Power
Mr. Ian Kelly, Q.C./Mr. Gerard Hayes

Newfoundland and Labrador Hydro
Mr. Geoffrey Young