



Newfoundland Power Inc.

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HAND DELIVERED

November 9, 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 & Gentlemen:

Re: NP 2010 General Rate Application


On October 27, 2009, Mr. Simmons, the Board's hearing counsel, asked Newfoundland Power to undertake to provide the long-term Canada bond rates that are normally filed if the Automatic Adjustment Formula were to operate in 2009 to set rates for 2010.

Enclosed herewith are the original and 10 copies of the requested information.

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

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

Yours very truly,



Gerard M. Hayes
Senior Counsel

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Thomas Johnson
Consumer Advocate



Join us in the fight against cancer.

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1 **Q. Please provide the long-term Canada Bond Rates for the last five trading days in**
2 **October and the first five trading days in November (reference: Transcript, October**
3 **27th, Page 130, Line 14 to Page 131, Line 9)?**
4

5 A. The bond rates for the ten day period specified for the Automatic Adjustment Formula
6 are provided in Attachment A. The results show an average bond rate of 4.01% and,
7 assuming operation of the Formula for 2010, a forecast cost of common equity of 8.48%.

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**Automatic Adjustment Formula For 2010
Pro-Forma Forecast Cost of Common Equity**

Long Canada Bond Yields ¹				
	4.00% Series	5.00% Series	5.75% Series	
	Maturing	Maturing	Maturing	
2009	2041	2037	2033	Average
Oct. 27	4.01%	4.01%	4.12%	4.05%
Oct. 28	3.97%	3.98%	4.08%	4.01%
Oct. 29	3.95%	3.95%	4.06%	3.99%
Oct. 30	3.97%	3.97%	4.08%	4.01%
Oct. 31	3.92%	3.92%	4.03%	3.96%
Nov. 3	3.93%	3.93%	4.04%	3.97%
Nov. 4	3.93%	3.94%	4.04%	3.97%
Nov. 5	3.99%	3.99%	4.09%	4.02%
Nov. 6	4.03%	4.03%	4.14%	4.07%
Nov. 7	4.02%	4.03%	4.13%	4.06%
Average	3.97%	3.98%	4.08%	4.01%
Average Long Canada Bond Yield				
Average Long Canada Bond Yield: Order No. P.U. 32 (2007)				
Change in Long Canada Bond Yield				
Change in Cost of Common Equity ²				
Cost of Common Equity: Order No. P.U. 32 (2007)				
Change from Increased Long Canada Bond Yield				
Pro-Forma Forecast Cost of Common Equity				

(A)

(B)

¹ Yields are as reported in the Globe and Mail (*Globeinvestor.com*) for the relevant days.

² B = A x (1-.20). This reflects an adjustment in the risk premium by a factor of 0.20 times the change in the average Bond yield as required by Order No. P.U. 16 (1998-99).