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April 20, 2012

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**Via Electronic Mail & Courier**

Newfoundland and Labrador Board  
of Commissioners of Public Utilities  
Suite E210, 120 Torbay Road  
P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon**  
**Director of Corporate Services and Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland Power Inc. 2012 Cost of Capital Application**

We write on behalf of the Island Industrial Customers of Newfoundland and Labrador, Corner Brook Pulp & Paper Limited, North Atlantic Refining Limited, and Teck Resources Limited.

We note that the Island Industrial Customers' interest in the above Application arises from the directive of the Provincial Government to the Board, of in or about June 2009 (the "Government's Directive"). While the text of the Government's Directive to the Board has not yet been made publicly available, the Board's Notice of Application states that the target return on equity approved for Newfoundland Power as a result of this Application will be the basis for establishing the return on rate base for Newfoundland and Labrador Hydro in its next General Rate Application. The Board in the Notice of Application has duly noted that customers of Newfoundland and Labrador Hydro may be affected by the outcome of Newfoundland Power's Cost of Capital Application.

Based on the Notice of Application, the Island Industrial Customers understand that questions which may arise with respect to the implementation of Government's Directive, in the context of Hydro's next General Rate Application, will not be decided in the course of Newfoundland Power's Cost of Capital Application. Rather, it is the Island Industrial Customers' understanding that only one element in relation to Government's Directive, the determination by the Board of the approved target return on equity for Newfoundland Power, will be decided in and by Newfoundland Power's Application.

On the basis of this understanding, the Island Industrial Customers are electing at this time to limit their intervention in Newfoundland Power's Application to requesting that we be copied on all requests for information, evidence and submissions filed with the Board in the Application, and on all notices and other correspondence between the Board and the parties in relation to the scheduling and other matters in the course of the Application. The Island Industrial Customers do reserve the right to seek to enlarge the scope of their intervention in the Application, if as matters develop it appears a wider scope of intervention is necessary to address the interests of the Island Industrial Customers.

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We trust this is in order.

Yours truly,

Stewart McKelvey

A handwritten signature in cursive script, appearing to read "Paul J. Coxworthy".

Paul Coxworthy

PLC/kmcd

- c. Mr. Geoffrey P. Young, Senior Legal Counsel, Newfoundland and Labrador Hydro
- Mr. Thomas J. Johnson, Consumer Advocate
- Mr. Gerard Hayes, Newfoundland Power
- Mr. Dean A. Porter, Poole Althouse
- Mr. Ian F. Kelly Q.C., Curtis, Dawe