

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 2013 and 2014

### CONSUMER ADVOCATE'S ISSUES LIST

In the Consumer Advocate's submission, the issues arising in the proceeding are as follows:

**A. Issues Affecting Revenue Requirements:**

1. Forecast Revenue Requests for 2013 of \$601,551,000 and for 2014 of \$618,846,000.
2. Operating Costs for Test Years 2013 and 2014.
3. Customer, Energy and Demand Forecast for 2013 and 2014.
4. Appropriateness of the proposal that the Board approve the calculation of depreciation expense with effect from January 1, 2013 by:
  - a. Use of the depreciation rates as recommended in the Depreciation Study by Gannett Fleming filed with the Application; and
  - b. Adjustment of depreciation expense to amortize over the remaining life of the assets an accumulated reserve variance of approximately \$2.6 million identified in the Depreciation Study filed with the Application.

5. Appropriateness of the proposal as set out in the Application that the Board approve with effect from January 1, 2013:
  - a. the calculation of defined benefit pension expense for regulatory purposes in accordance with U.S. GAAP; and
  - b. the amortization over 15 years of the forecast defined benefit pension expense regulatory asset of approximately \$12.4 million.
6. Appropriateness of the proposal as set out in the Application that the Board approve, with effect from January 1, 2013, the deferral and amortization of annual customer energy conservation program costs over a seven year period.
7. Appropriateness of the proposal as set out in the Application that the Board approve with effect from January 1, 2013, the annual disposition of prior year end balances in the Weather Normalization Reserve through the Rate Stabilization Account.
8. Appropriateness of the proposal as set out in the Application that the Board approve amortizations, for the period 2013 through 2015; to:
  - a. amortize the recovery over a three year period of certain cost recovery deferrals approved in 2011 and 2012;
  - b. amortize the recovery over a three year period of an estimated \$1.25 million in Board and Consumer Advocate costs related to the Application;
  - c. amortize over a three year period of a forecast 2013 revenue shortfall of an estimated \$980,000.00.

**B. Issues Affecting Return on Rate Base:**

9. Approval of 2013 forecast average rate base for 2013 of \$917,891,000 and for 2014 of \$954,123,000.
10. Approval of an appropriate capital structure for ratemaking purposes.
11. Approval of a rate of return on average rate base for 2013 of 8.64% in a range of 8.46% to 8.82%, and for 2014 of 8.58% in a range of 8.40% to 8.76%.
12. Appropriateness of Newfoundland Power's proposal that the Board discontinue use of the Automatic Adjustment Formula for setting the allowed rate of return on rate base for Newfoundland Power.
13. Approval of a fair return on equity for Newfoundland Power for 2013 and 2014.

**C. Issues Affecting Rates:**

14. Approval of rates, tolls and charges effective for service on and after March 1, 2013, which result in average increases in customer rates by class as follows:

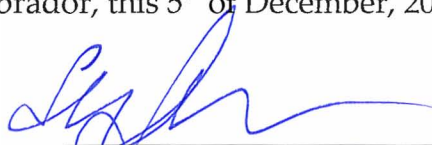
<b>Rate Class</b>	<b>Average Increase</b>
Domestic	7.2%
General Service 0-100 kW (110 kVA)	0.6%
General Service 110-1000 kVA	6.0%
General Service 1000 kVA and over	6.0%

Street and Area Lighting 6.0%

**D. Issues Effecting Rate Stabilization Clause:**

15. Appropriateness of the proposal that the Board approve amendments to the Rate Stabilization Clause in the rules and regulations governing Newfoundland Power's provision of electrical service to its customers, to in effect:
- a. reflect changing fuel costs between test years for customers that benefit from the maximum monthly charges provided for in proposed Rate 2.1 and existing Rates 2.3 and 2.4;
  - b. reflect the most recent energy consumption information for street and area lighting fixtures;
  - c. permit recovery through the Rate Stabilization Account of customer energy conservation program costs; and
  - d. permit credit, or recovery, through the Rate Stabilization Account of annual transfers to the Weather Normalization Reserve.

**DATED** at St. John's, Newfoundland & Labrador, this 5<sup>th</sup> of December, 2012



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Thomas J. Johnson, Consumer Advocate  
O'Dea, Earle Law Offices  
P.O. Box 5955, 323 Duckworth Street  
St. John's, NL A1C 5X4  
Telephone: 726-3524  
Facsimile: 726-9600  
email: [tjohnson@odeaearle.ca](mailto:tjohnson@odeaearle.ca)

To: Newfoundland Power Inc.

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Attention: Gerard Hayes/Ian F. Kelly, Q.C.

Newfoundland and Labrador Hydro  
Attention: Mr. Geoffrey Young