

December 17, 2012

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**

Dear Ms. Blundon:

**Re: - Newfoundland Power December 13, 2012 Letter to the Board Concerning  
2013/2014 General Rate Application**

**- Interim Rates Application**

In its December 13, 2012 letter to the Board Newfoundland Power conveys an application for an interim order pursuant to Section 75 of the *Public Utilities Act* (the "Act") approving Newfoundland Power's current rates on an interim basis effective January 1, 2013 (the "Interim Application"). The Consumer Advocate acknowledges the background included in Newfoundland Power's letter that the 2013/2014 General Rate Application was filed on September 14, 2012 and that a public hearing of the application is scheduled to commence on January 10, 2013. The 2013/2014 General Rate Application requests the Board approve revised customer rates effective March 1, 2013.

Newfoundland Power's justification for the Interim Application follows:

*A final order on the 2013/2014 General Rate Application may not be available in time to permit the implementation of final rates by March 1, 2013. If this were to occur, the interim nature of the Company's rates since January 1, 2013 would provide the Board the latitude to ensure the delay does not deprive the Company of a reasonable opportunity to earn the return approved by the Board in 2013.*

The Consumer Advocate points out that the Interim Application more specifically requests that the current rates approved by the Board with effect since July 1, 2012 by Order No. P.U. 20 (2012) be made interim with effect from January 1, 2013.

The Consumer Advocate submits that the Company's request that existing rates be made interim as of January 1, 2013 is inconsistent with its GRA which is seeking an increase of rates effective March 1, 2013. If the Board accepts NP's Interim Application, the primary consequence would be to permit NP to request an increase in rates that would take effect two months before the effective date for which it is seeking a rate increase in the GRA. This is, in essence, a substantive

amendment to the GRA which is not supported by any rationale or evidence placed on the record by NP to date. The Company's GRA explicitly includes a mechanism that is designed to provide the company with "*a reasonable opportunity to earn the return approved by the Board in 2013*" even if the Board does not issue its final order on the 2013/2014 General Rate Application in time to permit the implementation of final rates by March 1, 2013. Hence, it will not be necessary or appropriate to implement new rates effective January 1, 2013 even if the Board's final order is delayed.

Given that the NP has not requested an increase in rates effective January 1, 2013 in its GRA, and recognizing that NP has provided no rationale for implementing a rate increase effective January 1, 2013, the Consumer Advocates submits that the Interim Application is neither necessary nor appropriate. The Company should not be permitted to amend and extend the permission being sought in its GRA in this way.

If the Board deems in its review of the 2013/2014 General Rate Application that Newfoundland Power has not had a reasonable opportunity to earn a return commensurate with performance owing to the timing of its Decision, the Board may reflect this position in its Order in a manner consistent with the GRA and not advance the date of the increase to January 1, 2013 rather than March 1, 2013 as requested by NP in its GRA.

The Consumer Advocate therefore strongly urges the Board to reject this Interim Application on the basis that Newfoundland Power has provided inadequate evidence of need for such motion. It is the Consumer Advocate's position that the time and resources associated with the Interim Application would be better directed toward the 2013/2014 General Rate Application.

Please feel free to contact the undersigned if you have any questions.

Yours very truly,

O'DEA, EARLE



THOMAS JOHNSON

TJ/cel

Encl.

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

Newfoundland and Labrador Hydro  
Mr. Geoffrey Young