

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.

**APPLICANT’S ISSUES LIST
(Submitted December 5, 2012)**

In the Applicant’s Submission, the issues arising in this proceeding are as follows:

A. *Issues Affecting Revenue Requirements:*

1. 2013 Forecast Revenue Requirements from rates of \$601,551,000; 2014 Forecast Revenue Requirements from rates of \$618,846,000.
2. 2013 and 2014 Test Year Operating Costs.
3. 2013 and 2014 Customer Energy and Demand Forecast.
4. Approval, with effect from January 1, 2013, of the calculation of depreciation expense by:
 - (a) use of the depreciation rates as recommended in the Depreciation Study 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. Approval, with effect from January 1, 2013, of:
 - (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. Approval, with effect from January 1, 2013, of the deferral and amortization of annual customer energy conservation program costs over a seven year period.

7. Approval, with effect from January 1, 2013, of the annual disposition of prior year end balances in the Weather Normalization Reserve through the Rate Stabilization Account.
8. Approval, with effect from January 1, 2013, 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 the outstanding year end balance for 2011 in the Weather Normalization Reserve of approximately \$5.0 million due to customers; and
 - (d) amortize the recovery over a three year period of a forecast 2013 revenue shortfall of an estimated \$980,000.

B. Issues Affecting Return on Rate Base:

9. Approval of 2013 forecast average rate base of \$917,891,000 and of 2014 forecast average rate base of \$954,123,000.
10. Approval of an appropriate capital structure for ratemaking purposes.
11. Approval of a return on average rate base for 2013 of 8.64% within a range of 8.46% to 8.82% and a return on average rate base for 2014 of 8.58% in a range of 8.40% to 8.76%.
12. Discontinuance of the use of the automatic adjustment formula to determine Newfoundland Power's allowed rate of return on rate base.

C. Issues Affecting Rates:

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

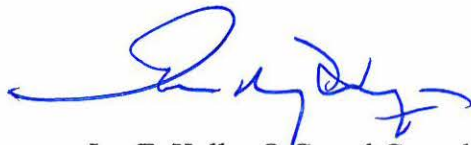
<i>Rate Class</i>	<i>Average Increase</i>
Domestic	7.2%
General Service 0-100 kW (110kVA)	0.6%
General Service 110-1000 kVA	6.0%
General Service 1000 kVA and Over	6.0%
Street and Area Lighting	6.0%

14. Approval of amendments to the Rate Stabilization Clause to:

- (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, this 5th day of December, 2012.

NEWFOUNDLAND POWER INC.



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