

DELIVERED BY HAND

October 11, 2007

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 and Gentlemen:

Re: 2008 General Rate Application

1. Enclosures:

Enclosed are the original and eight copies each of:

- (a) an Amended Application dated October 11, 2007;
- (b) Supplemental Evidence;
- (c) Consolidated Exhibits; and
- (d) Customer, Energy and Demand Forecast (1st Revision).

In addition, enclosed are nine copies of a settlement agreement (the "Settlement Agreement") relating to the Company's 2008 General Rate Application filed on May 10, 2007 (the "Application").

2. Principal Revisions:

The Amended Application seeks a 2.8 percent average increase in customer rates effective January 1, 2008.

The Amended Application reflects changes to the Application that result from (i) revisions to 2008 forecasts of costs and sales, and (ii) revisions that result from the Settlement Agreement. These revisions are fully described in the Supplemental Evidence.

For convenience in reference, all exhibits have been reproduced in full and included with the Amended Application. A Table of Concordance is included in the Table of Contents to indicate which exhibits have been revised in the Amended Application.

Two new exhibits have been added to those provided with the Application: (i) Exhibit 5.1 is a 2008 financial forecast which compares the Application to the Amended Application, and (ii) Exhibit 11.1 which outlines the customer impacts of the rates proposed in the Amended Application.

A note has been added to the bottom of the revised exhibits to indicate the reason for the revision and, where necessary, the last page of certain revised exhibits indicate generally what data in the exhibit has changed and the underlying reasons for the changes.

Also included with this filing is the Customer, Energy and Demand Forecast (1st Revision) which has been revised to incorporate the most recent key forecast assumptions. This is a revision to the Customer, Energy and Demand Forecast filed in Volume 2, Tab 4 of the materials filed with the Application.

Revised responses to Requests for Information that are materially affected by the revisions filed today are expected to be filed in the next few days.

3. Concluding:

A copy of this letter, together with a copy of the enclosures, has been forwarded directly to Geoffrey Young, Newfoundland & Labrador Hydro and Thomas Johnson, Consumer Advocate.

We trust the foregoing and enclosed are found to be in order, however, please feel free to contact the undersigned if you have any questions.

Yours very truly,



Peter Alteen
Vice President, Regulatory Affairs
& General Counsel

Enclosures

c. Geoffrey Young (4 copies)
Newfoundland and Labrador Hydro

Thomas Johnson (4 copies)
Consumer Advocate

AMENDED APPLICATION AND SUPPORTING MATERIALS

A. AMENDED APPLICATION

B. SUPPLEMENTAL EVIDENCE

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C. CONSOLIDATED EXHIBITS**Revised**

Exhibit 1	Operating Costs by Function: 2002 to 2008	Yes
Exhibit 2	Operating Costs by Breakdown: 2002 to 2008	Yes
Exhibit 3	Net Present Value Analysis of the 2005 Early Retirement Program	No
Exhibit 4	Demand Management Incentive Account	No
Exhibit 5	Financial Performance: 2002 to 2008	Yes
Exhibit 5.1	2008 Financial Forecasts	<i>New</i>
Exhibit 6	Credit Rating Reports: DBRS and Moody's	No
Exhibit 7	2008 Credit Metrics	Yes
Exhibit 8	2008 Forecast Average Rate Base	Yes
Exhibit 9	2008 Revenue Requirements	Yes
Exhibit 10	2008 Forecast Capital Structure and Return on Rate Base	Yes
Exhibit 11	2008 Average Rate Increase	Yes
Exhibit 11.1	Customer Impacts	<i>New</i>
Exhibit 12	Rate Stabilization Clause	Yes
Exhibit 13	Regulations 9(b) and 9(c)	No
Exhibit 14	Regulation 10(d)	No

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 by Newfoundland Power Inc. ("Newfoundland Power") to establish customer electricity rates for 2008.

TO: The Board of Commissioners of Public Utilities (the "Board")

THE AMENDED APPLICATION OF Newfoundland Power SAYS THAT:

A. Background:

1. Newfoundland Power is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The Act provides that the Board has the general supervision of public utilities and requires that a public utility, in effect, submit for the approval of the Board the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. By Order Nos. P.U. 32 (1968) and P.U. 1 (1974), the Board ordered the establishment of a Weather Normalization Reserve for Newfoundland Power.
4. By Order Nos. P.U. 16 (1998-99), P.U. 36 (1998-99) and P.U. 19 (2003), the Board ordered, in effect, that an automatic adjustment formula be established to set the electrical rates and allowed rates of return for Newfoundland Power based upon changes in long term Government of Canada bond yields (the "Formula").
5. By Order No. P.U. 19 (2003), the Board ordered Newfoundland Power, among other things, to:
 - (a) submit a report with its next general rate application that addresses the use of the accrual method of accounting for other employee future benefits; and
 - (b) adopt the asset rate base method for calculating its rate base.
6. By Order No. P.U. 40 (2005), the Board ordered Newfoundland Power to adopt the accrual method of revenue recognition commencing in 2006 which created the 2005 unbilled revenue.

7. By Order Nos. P.U. 40 (2005) and P.U. 39 (2006), the Board ordered, among other things, the deferred recovery, until further Order of the Board, of:
 - (a) 2006 costs of \$5,793,000; and
 - (b) 2007 costs of \$6,940,000.
8. By Order No. P.U. 10 (2007), the Board ordered that the Purchased Power Unit Cost Variance Reserve Account be considered at Newfoundland Power's next general rate application to be filed in 2007.
9. On May 10th, 2007 Newfoundland Power filed an Application to establish customer electricity rates for 2008 together with evidence in support thereof (collectively, the "Application").

B. Newfoundland Power Proposals:

10. Newfoundland Power proposes that the Board approve the calculation of depreciation expense with effect from January 1, 2008 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 a four year period an accumulated reserve variance of approximately \$700,000 identified in the Depreciation Study filed with the Application;as set out in the evidence filed in support of the Application.
11. Newfoundland Power proposes that the Board approve, with effect from January 1, 2008 the adoption of the accrual method of accounting for income tax related to pension benefits as set out in the evidence filed in support of the Application and this Amended Application.
12. Newfoundland Power proposes that the Board approve the continued use of the Formula with changes to:
 - (a) use an equity risk premium of 4.35 percent at a risk free rate of 4.60 percent for 2008; and
 - (b) reflect the adoption of the asset rate base method;as set out in the evidence filed in support of the Application and this Amended Application.

13. Newfoundland Power proposes that the Board approve amortizations with effect from January 1, 2008 to:
- (a) amortize as revenue over a three year period:
 - (i) \$16,446,000 of 2005 unbilled revenue; and
 - (ii) \$4,087,000 related to a timing difference in receipt and recognition of municipal taxes;
 - (b) amortize the recovery over a three year period of \$12,733,000 in costs described in paragraph 7 of this Amended Application;
 - (c) amortize over a three year period the balance of \$1,342,000 in the Purchased Power Unit Cost Variance Reserve Account;
 - (d) amortize the recovery over a three year period of an estimated \$1,250,000 in Board and Consumer Advocate costs related to the Application; and
 - (e) amortize the recovery over a five year period of \$6,800,000 of the balance in the Weather Normalization Reserve;

as set out in the evidence filed in support of the Application and this Amended Application.

14. Newfoundland Power proposes, with effect from January 1, 2008, that the Board:
- (a) discontinue the Purchased Power Unit Cost Variance Reserve Account; and
 - (b) approve a Demand Management Incentive Account;

as set out in the evidence filed in support of the Application and this Amended Application.

15. Newfoundland Power proposes that the Board approve an overall average increase in customer rates of 2.8 percent with effect from January 1, 2008, based upon:
- (a) a forecast average rate base for 2008 of \$812,212,000 calculated in accordance with the asset rate base method;
 - (b) a rate of return on average rate base for 2008 of 8.37 percent in a range of 8.19 percent to 8.55 percent; and
 - (c) a forecast revenue requirement for 2008 of \$498,226,000 to be recovered from electrical rates, following implementation of the proposals set out in this Amended Application.

16. Newfoundland Power proposes that the Board approve rates, tolls and charges effective for service provided on and after January 1, 2008, which result in average increases in customer rates by class as follows:

<i>Rate Class</i>	<i>Percentage Change</i>
1.1 Domestic	3.9
2.1 General Service 0-10 kW	(1.2)
2.2 General Service 10-100 kW (110 kVA)	(0.2)
2.3 General Service 110-1000 kVA	1.8
2.4 General Service 1000 kVA and Over	2.8
4.1 Street and Area Lighting	2.8

as set out in Schedule A to this Amended Application.

17. Newfoundland Power proposes that the Board approve amendments to the rules and regulations governing Newfoundland Power's provision of electrical service to its customers to, in effect:
- (a) provide for reasonable recovery of energy supply costs through the Rate Stabilization Account;
 - (b) eliminate the requirement for payment in advance of fees for temporary connections, special facilities and relocations; and
 - (c) allow a fee of \$16 for each rejected payment;

as set out in the evidence filed in support of the Application and this Amended Application.

C. Order Requested:

18. Newfoundland Power requests that the Board make an Order approving:
- (a) pursuant to Section 68 of the Act, the calculation of depreciation expense asset out in paragraph 10 of this Amended Application;
 - (b) pursuant to Section 58 of the Act, the adoption of the accrual method of accounting for income tax related to pension benefits, as set out in paragraph 11 of this Amended Application;
 - (c) pursuant to Section 80 of the Act, changes to, and continued use beyond 2008 of, the Formula as set out in paragraph 12 of this Amended Application;
 - (d) pursuant to Section 58, 69 and 80 of the Act, the amortizations set out in paragraph 13 of this Amended Application;
 - (e) pursuant to Section 58 and 80 of the Act, the Demand Management Incentive Account as set out in paragraph 14 of this Amended Application;
 - (f) pursuant to Sections 70 and 80 of the Act, rates, tolls and charges as set out in paragraphs 15 and 16 of this Amended Application subject to modification for any intervening Order of the Board affecting rates, tolls and charges;
 - (g) pursuant to Section 71 and 80 of the Act, amendments to the rules and regulations governing Newfoundland Power's provision of service to its customers to effect the changes set out in paragraph 17 of this Amended Application; and
 - (h) such other or alternate matters which may upon hearing of this Amended Application, appear just and reasonable in the circumstances.

D. Communications:

19. Communication with respect to this Amended Application should be forwarded to the attention of Ian F. Kelly, Q.C. and Gerard Hayes, Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland, this 11th day of October, 2007.

NEWFOUNDLAND POWER INC.



Ian F. Kelly, Q.C. and Gerard Hayes
Newfoundland Power Inc.
P.O. Box 8910
55 Kenmount Road
St. John's, NL A1B 3P6

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Telecopier: (709) 737-2974
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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 by Newfoundland Power Inc. ("Newfoundland Power") to establish customer electricity rates for 2008.


AFFIDAVIT

I, Peter Alteen, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. That I am Vice-President, Regulatory Affairs, of Newfoundland Power.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in this Amended Application are true.

SWORN at St. John's
in the Province of Newfoundland and Labrador
this 11th day of October, 2007,
before me:


Barrister


Peter Alteen

**NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE**

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2007)

Basic Customer Charge: \$15.60 per month

Energy Charge:
All kilowatt-hours @ 9.030¢ per kWh

Minimum Monthly Charge \$15.60 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-10 kW**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2007)

Basic Customer Charge: \$17.90 per month

Energy Charge:
All kilowatt-hours @ 11.015 ¢ per kWh

Minimum Monthly Charge, Single Phase \$17.90 per month
Three Phase \$35.80 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.2
GENERAL SERVICE 10-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2007)

Basic Customer Charge: \$20.62 per month

Demand Charge:

\$8.64 per kW of billing demand in the months of December, January, February and March and \$7.14 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kW of billing demand..... @ 8.563 ¢ per kWh
All excess kilowatt-hours..... @ 6.255 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 16.3 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

Single Phase \$20.62 per month
Three Phase \$35.80 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2007)

Basic Customer Charge: \$92.81 per month

Demand Charge:

\$7.46 per kVA of billing demand in the months of December, January, February and March and \$5.96 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 30,000 kilowatt-hours @ 8.431 ¢ per kWh
All excess kilowatt-hours @ 6.106 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 16.3 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2007)

Basic Customer Charge: \$185.64 per month

Demand Charge:

\$7.05 per kVA of billing demand in the months of December, January, February and March and \$5.55 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 100,000 kilowatt-hours @ 7.042 ¢ per kWh
All excess kilowatt-hours @ 5.980 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 16.3 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments in effect July 1, 2007)

	Sentinel/Standard	Post Top
High Pressure Sodium*		
100W (8,600 lumens)	\$15.16	\$15.98
150W (14,400 lumens)	19.09	-
250W (23,200 lumens)	25.25	-
400W (45,000 lumens)	34.47	-

* For all new installations and replacements.

Mercury Vapour

175W (7,000 lumens)	\$15.16	\$15.98
250W (9,400 lumens)	19.09	-
400W (17,200 lumens)	25.25	-

Special poles used exclusively for lighting service**

Wood	\$ 6.29
30' Concrete or Metal, direct buried	9.30
45' Concrete or Metal, direct buried	14.72
25' Concrete or Metal, Post Top, direct buried	7.39

Underground Wiring (per run)**

All sizes and types of fixtures	\$12.39
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

$$\text{Curtailment Credit} = \text{Contracted Demand Reduction} \times \$29 \text{ per kVA}$$

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

$$\text{Maximum Demand Curtailed} = (\text{Maximum Winter Demand} - \text{Firm Demand})$$

$$\text{Peak Period Load Factor} = \frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

$$\text{Curtailment Credit} = ((\text{Maximum Demand Curtailed} \times 50\%) + (\text{Maximum Demand Curtailed} \times 50\% \times \text{Peak Period Load Factor})) \times \$29 \text{ per kVA}$$

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.