

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 2008.

CONSUMER ADVOCATE’S ISSUES LIST
(Submitted July 10th, 2007)

In the Consumer Advocate’s submission, the following issues arise in this proceeding:

1. What is the return on equity that Newfoundland Power should be entitled to earn?
2. What is the appropriate test year forecast rate base?
3. Should Newfoundland Power adopt the asset rate base method as proposed or otherwise?
4. What return on rate base should Newfoundland Power be entitled to earn?
5. Should Newfoundland Power be subject to an annual adjustment formula as proposed by Newfoundland Power or otherwise? In particular, should Newfoundland Power be subject to the method for determining the risk free rate as proposed or otherwise?
6. Should Newfoundland Power be subject to a Weather Normalization Reserve as proposed by Newfoundland Power or otherwise?
7. What is Newfoundland Power’s test year revenue requirement?
8. How do Newfoundland Power’s operational costs compare to those of similar utilities?
9. What operational cost reductions and efficiencies should be considered?
10. What productivity allowance should be provided?
11. Was Newfoundland Power’s approach in the handling of its tax dispute with the CCRA, which dispute was settled in June of 2005, prudent and reasonable? Should the Board and the intervenors be entitled to review documentation and evidence pertaining to the settlement of the tax dispute so as to determine whether the handling of the tax dispute settlement was reasonable and prudent and to determine whether on the basis of the information and documentation there is reason to disallow any of the expenditures or revenues associated with the tax dispute on an imprudence basis?

12. Has Newfoundland Power appropriately ensured and demonstrated that assets, liabilities, revenues and costs related to non-regulated activities are excluded from the test year revenue requirement?
13. Are Newfoundland Power's current policies and procedures sufficient to ensure that ratepayers are not impacted by non-regulated activities?
14. Should depreciation rates and adjustments for depreciation expense to amortize an accumulated reserve variance over a four-year period be allowed as proposed or otherwise?
15. Should the accrual method of accounting for other employee future benefits and for income tax related to all employee future benefits be allowed as proposed or otherwise?
16. Should the Board allow Newfoundland Power's proposals that the Board approve amortizations with effect from January 1, 2008 to:
- (a) an amortize as revenue over a five 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 five year period of \$12,733,000 in costs described in paragraph 7 of this Application;
 - (c) amortize the recovery over a five year period of \$6,800,000 of the balance in the Weather Normalization Reserve;
 - (d) amortize over a five year period the balance of \$1,342,000 in the Purchased Power Unit Cost Variance Reserve Account; and
 - (e) amortize the recovery over a three year period of an estimated \$1,250,000 in Board and Consumer Advocate costs related to the Application.
17. Should the Demand Management Incentive Account and the timing of its implementation be approved as proposed or otherwise?
18. Should the discontinuance of the Purchased Power Unit Cost Variance Reserve Account with effect from January 1, 2008 be approved as proposed or otherwise.
19. Is Newfoundland Power's reliability policy consistent with industry practice and the value consumers place on reliability and other aspects of customer service?
20. Are conservation initiatives consistent with good industry practice and are they being undertaken in a coordinated fashion between Newfoundland Power and Hydro that ensures value to consumers is maximized?

21. Are the necessary incentives in place to motivate Newfoundland Power management and regular staff toward the same goals?
22. Is Newfoundland Power management appropriately incorporating external benchmarking in its decision-making process?
23. Has the use of regulatory mechanisms complemented Newfoundland Power's cost stability and provided for transparent least cost regulation as submitted by Newfoundland Power, or could the regulatory mechanisms be re-designed to improve risk-sharing and increase value to consumers?
24. Are Newfoundland Power and Hydro making all efforts available to reduce overlap in the delivery of transmission and distribution services?
25. Is the cost of service study consistent with methodologies that have been approved by the Board?
26. Are the proposed changes in the cost of service study consistent with regulatory precedent and are customer impacts acceptable?
27. Should changes to Rules and Regulations governing Newfoundland Power's provision of electrical service to its customers be accepted as proposed or otherwise?
28. Should the proposed Energy Supply Cost Variance be incorporated in the Rate Stabilization Account?
29. In light of the marginal cost studies completed on Newfoundland Power's and Hydro's behalf, should rate designs for Newfoundland Power's retail customers be approved as proposed or otherwise? Are the proposed retail rates promoting efficient consumption decisions and are they consistent with conservation and environmental initiatives? Are there additional programs that would be cost effective in encouraging more efficient consumption?
30. Are the basic customer charges for small customers served on Rates 1.1 (Domestic) and 2.1 (General Service 0 – 10 kW) consistent with practice elsewhere in Canada?
31. Are retail rate designs consistent with practice elsewhere? In particular, are customers on the Curtailable Service option interrupted only when there is value to the power system?
32. Is the Rate Stabilization clause meeting its objectives and is it providing the correct incentives to encourage Newfoundland Power to properly forecast and manage its costs?

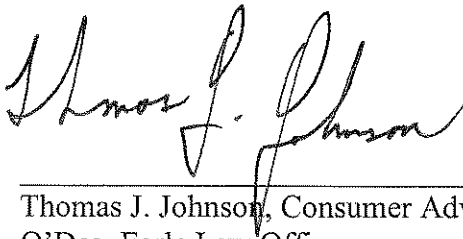
33. Are customer rate impacts proposed by Newfoundland Power acceptable? Should the revenue to cost ratios for each retail customer class be accepted as proposed or otherwise?

34. Should Newfoundland Power offer its customers rate options as a means to enhance customer service, improve the fairness of the retail rate regime, and mitigate adverse customer rate impacts?

35. Such other issues as may arrive from the Evidence and Issues List of other parties as they may impact upon the retail customers of Newfoundland Power in the Province of Newfoundland and Labrador.

The Consumer Advocate submits that all of the evidence including responses to information requests filed by Newfoundland Power has not been completely reviewed. Therefore, the Consumer Advocate reserves the right to take issue with each relevant matter which may arise.

DATED at St. John's, Newfoundland & Labrador, this 10th day of July, 2007.



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