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HAND DELIVERED

July 10, 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 & Gentlemen:


Re: 2008 General Rate Application

Please find enclosed the original and 8 copies of Newfoundland Power's Witness List and Issues List filed pursuant to Order No. P.U. 17 (2007).

Proceedings on this Application are at a relatively early stage. Newfoundland Power expects that both its Witness List and Issues List will be updated prior to hearing to better reflect (i) the matters in issue in the Application at that time and (ii) the appropriate witnesses to address those matters.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,



Peter Alteen
Vice President, Regulatory Affairs
& General Counsel

Enclosures

c. Geoffrey Young (2 copies)
Newfoundland and Labrador Hydro

Thomas Johnson (2 copies)
Consumer Advocate



Join us in the fight against cancer.

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.

**APPLICANT’S WITNESS LIST
(Submitted July 10th, 2007)**

1. The witnesses who are currently expected to appear in this proceeding on behalf of the Applicant are as follows:

Company Witnesses

| | |
|-----------------|--------------------------------|
| Earl Ludlow | Corporate Overview |
| Phonse Delaney | Customer Operations |
| Jocelyn Perry | Finance |
| Lorne Henderson | Customer Rates and Regulations |

Expert Witnesses

| | |
|---------------|-----------------------|
| Kathy McShane | Cost of Capital |
| John Browne | Regulatory Accounting |

2. Biographies of the Company witnesses are attached as Appendix A to this Witness List.

Biographies of the Expert witnesses are provided with the pre-filed reports filed with the Application.
3. The Applicant may present further witnesses and/or have Company witnesses appear as a panel as may be desirable to expeditiously address issues at hearing that arise in the proceedings on the Application.

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

NEWFOUNDLAND POWER INC.



fw Ian F. Kelly, Q.C. and Gerard Hayes
Newfoundland Power Inc.
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Appendix A
Biographies of Company Witnesses

Earl Ludlow, P. Eng.
President & Chief Executive Officer
Newfoundland Power Inc.

Earl Ludlow joined Newfoundland Power in 1980.

In 2007, Mr. Ludlow was appointed President & Chief Executive Officer of Newfoundland Power.

Since 1994, Mr. Ludlow served as President & Chief Executive Officer of Fortis Properties Corporation; Senior Vice President, FortisBC Inc.; Vice President, Operations, FortisAlberta Inc.; Vice President Engineering & Operations, Newfoundland Power Inc.; and Vice President, Operations, Maritime Electric Company, Ltd.

From the period 1980 to 1994, Mr. Ludlow served in a variety of progressively senior positions at Newfoundland Power in operations, materials management and safety.

Mr. Ludlow has testified before the Board of Commissioners of Public Utilities of Newfoundland and Labrador on matters related to operations, engineering and capital expenditures.

Mr. Ludlow is a graduate of Memorial University (B.Eng. (Elec.), 1980; M.B.A., 1994).

Mr. Ludlow is a member of the Board of Directors of the Canadian Electricity Association; the Board of the Atlantic Institute of Market Studies; and the Board of Regents of Memorial University.

Phonse Delaney, P. Eng.
Vice President, Engineering & Operations
Newfoundland Power Inc.

Phonse Delaney joined Newfoundland Power in 1987 as an Electrical Engineer.

In 2004, Mr. Delaney was appointed Vice President, Engineering & Operations of Newfoundland Power. He is responsible for the engineering, operation and maintenance of Newfoundland Power's electrical infrastructure.

Prior to this, Mr. Delaney served Newfoundland Power in a variety of operations and engineering capacities throughout the Company. He has held senior operating positions in Stephenville, Corner Brook, Burin, Clarenville, Carbonear and St. John's. In addition, he has held planning and engineering positions in the Company's Head Office.

Mr. Delaney has testified before the Board of Commissioners of Public Utilities of Newfoundland and Labrador on matters related to engineering and capital expenditures.

Mr. Delaney is a graduate of Memorial University (B.Eng. (Elec.), 1986) and is a member of the Association of Professional Engineers and Geoscientists of Newfoundland.

Mr. Delaney is Vice-Chair of the Engineering and Applied Science Advisory Council, Faculty of Engineering at Memorial University. In addition, he is a member of the Canadian Electricity Association's Distribution Council; the Electricity Working Group of the Counsel of Atlantic Premiers; and the Newfoundland and Labrador Safety Council.

Jocelyn Perry, C.A.
Vice President, Finance & Chief Financial Officer
Newfoundland Power Inc.

Jocelyn Perry joined Newfoundland Power in 2005 as Vice President, Finance. She is responsible for overall financial management at Newfoundland Power.

Prior to this, Ms. Perry served as Manager, Finance, Fortis Inc. and Director, Finance, Aliant Inc. In each position, she had responsibilities associated with financial reporting, cash management, capital markets access and investor relations.

Ms. Perry is a graduate of Memorial University (B.Comm.(Hons.), 1993) and is a member of the Institute of Chartered Accountants of Newfoundland and Labrador.

Lorne Henderson, P. Eng.
Director, Regulatory Affairs
Newfoundland Power Inc.

Lorne Henderson joined Newfoundland Power in 1985 as an Electrical Engineer and has served in progressively more senior positions within the corporation since that time.

Mr. Henderson is the Director of Regulatory Affairs for Newfoundland Power. His responsibilities include cost of service and electricity pricing on both a wholesale and retail basis.

Prior to this, he was responsible for all aspects of engineering in Newfoundland Power's St. John's Region, which at the time delivered over 45 per cent of the electrical energy sold by the Company. Mr. Henderson has also served Newfoundland Power in electrical system planning for 8 years, specializing in the economic and engineering analysis of capital expenditures and system operations.

Mr. Henderson has testified before the Board of Commissioners of Public Utilities of Newfoundland and Labrador on matters relating to financial analysis, cost of service, and electricity pricing on the Island interconnected grid.

Mr. Henderson is a graduate of Memorial University (B.Eng. (Elec.) 1985) and is a member of the Association of Professional Engineers and Geoscientists of Newfoundland and the Institute of Electrical and Electronic Engineers. He also is a member of the Canadian Electricity Association's Committee on Corporate Performance and Productivity Evaluation.

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.

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

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

A. *Issues Affecting Revenue Requirements:*

1. 2008 Forecast Revenue Requirements of \$502,486,000.
2. 2008 Test Year Operating Costs.
3. 2008 Customer Energy and Demand Forecast.
4. Appropriateness of accounting treatments and policies with effect from January 1, 2008, as set out in the Application, to:
 - a) 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:
 - (i) 2006 costs of \$5,793,000; and
 - (ii) 2007 costs of \$6,940,000.
 - c) adopt, on a prospective basis, the accrual method of accounting for other employee future benefits;
 - d) adopt, on a prospective basis, the accrual method of accounting for income tax related to all employee future benefits;

- e) amortize the recovery over a five year period of \$6,800,000 of the balance in the Weather Normalization Reserve;
 - f) amortize over a five year period the balance of \$1,342,000 in the Purchased Power Unit Cost Variance Reserve Account;
 - g) amortize, over a three year period, the estimated Board and Consumer Advocate's regulatory costs of an estimated \$1.25 million incurred with respect to this Application; and
5. Appropriateness of 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 4 year period an accumulated reserve variance of approximately \$700,000 identified in the Depreciation Study filed with the Application.*
6. Approval, with effect from January 1, 2008, of:
- a) discontinuance of the Purchased Power Unit Cost Variance Reserve Account; and
 - b) a Demand Management Incentive Account;
- as set out in the evidence filed in support of the Application.

B. Issues Affecting Return on Rate base:

- 7. Approval of 2008 forecast average rate base of \$809,291,000.
- 8. Approval of an appropriate capital structure for ratemaking purposes.
- 9. Approval of a return on rate base of 8.82 percent within a range of 8.64 – 9 per cent.
- 10. The continued use of the automatic adjustment formula to determine Newfoundland Power's annual rate of return on rate base for years subsequent to 2008 with the following modifications:
 - a) use of an equity risk premium of 5.25 per cent at a risk free rate of 5 per cent for 2008;
 - b) revised method for determining the risk free rate for the period subsequent to 2008; and

- c) revised arithmetical expression to reflect the Company's adoption of the asset rate base method.

C. *Issues Affecting Rates, Rules and Regulations:*

11. Approval of 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>Average Increase</i> |
|-------------------------------------|-------------------------|
| Domestic | 6.4% |
| General Service 0-10kW | 1.3% |
| General Service 10-100 kW (110 kVA) | 2.3% |
| General Service 110-1000 kVA | 4.3% |
| General Service 1000 kVA and Over | 5.3% |
| Street and Area Lighting | 5.3% |

as set out in Schedule A to the Application.

12. Approval of 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.

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

NEWFOUNDLAND POWER INC.



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