

**NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P. U. 35(2008)**

1 **IN THE MATTER OF** the *Electrical Power*  
2 *Control Act*, RSNL 1994, Chapter E-5.1 (the  
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,  
4 Chapter P-47 (the “*Act*”) as amended, and their  
5 subordinate regulations;

6  
7 **AND**  
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9 **IN THE MATTER OF** the application  
10 (the “Application”) by Newfoundland Power  
11 Inc. (“Newfoundland Power”) for an Order  
12 approving the operation of the automatic  
13 adjustment formula (the “Formula”) to  
14 determine a rate of return on rate base for 2009.  
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16  
17 **WHEREAS** Newfoundland Power is a corporation duly organized and existing under the laws of  
18 the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is  
19 also subject to the provisions of the *EPCA*; and

20  
21 **WHEREAS** by Order Nos. P.U. 16(1998-99), P.U. 36(1998-99), P.U. 19(2003) and P. U. 32(2007)  
22 the Board ordered the establishment of the Formula for use in determining Newfoundland Power’s  
23 rate of return on rate base and in setting customer rates, tolls and charges (collectively “Customer  
24 Rates”) in years subsequent to a test year; and

25  
26 **WHEREAS** by Order No. P.U. 32(2007) the Board approved the use by Newfoundland Power of  
27 the Formula to set the rate of return on rate base for three years following the test year, unless  
28 otherwise directed by the Board; and

1   **WHEREAS** by Order No. P.U. 32(2007) the Board approved Customer Rates to reflect a rate of  
2   return on rate base for 2008 of 8.37% in a range of 8.19% to 8.55%; and

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4   **WHEREAS** by Order No. P.U. 15(2008) the Board approved Newfoundland Power's current  
5   Customer Rates to include the rate stabilization and municipal tax adjustment factors for the period  
6   July 1, 2008 through June 30, 2009; and

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8   **WHEREAS** Schedule A to the Application sets out the calculation of the revised cost of common  
9   equity for 2009 in accordance with the Formula, which for 2009 is calculated at 8.69%; and

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11   **WHEREAS** Schedule B to the Application sets out the calculation of the rate of return on rate base  
12   for 2009 based upon the operation of the Formula and the revised 2009 cost of common equity  
13   indicated in Schedule A; and

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15   **WHEREAS** the operation of the Formula yields a 2009 forecast rate of return on rate base of 8.25%  
16   which is within the range of 8.19% to 8.55% approved in Order No. P. U. 32(2007); and

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18   **WHEREAS** in accordance with the provisions of Order No. P. U. 36(1998-99), the rate of return on  
19   rate base for 2009 will remain at 8.37%, in a range of 8.19% to 8.55%; and

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21   **WHEREAS** the operation of the Formula requires no change from the approved range of rate of  
22   return on rate base approved in Order No. P. U. 32(2007), and consequently no change in Customer  
23   Rates.

1 **IT IS THEREFORE ORDERED THAT:**

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3 1. The Board approves:

- 4 (i) a rate of return on rate base for 2009 of 8.37% in a range of 8.19% to 8.55%; and  
5 (ii) Newfoundland Power's continued use of the current Customer Rates approved by  
6 Order No. P. U. 15(2008), with effect from January 1, 2009.

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8 2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 22<sup>nd</sup> day of December 2008.

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Andy Wells  
Chair & Chief Executive Officer

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Darlene Whalen, P.Eng.  
Vice-Chair

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Dwanda Newman, LL.B.  
Commissioner

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Barbara Thistle  
Assistant Board Secretary