

1 Q. Provide copies of all written correspondence between Hydro and any, or all, of the
2 Board, the Industrial Customers, the Consumer Advocate or Newfoundland Power
3 related to the setting of Industrial Customer rates (either on an interim or final
4 basis) between the release of Order No. P.U. 8 (2007) and the filing of this
5 Application.

6

7

8 A. Please see attached.



"Joe Hutchings "
<jhutchings@pa-law.ca>
10/15/2007 12:55 PM

To "Geoff Young \ (E-mail\)" <gyoung@nlh.nf.ca>
cc "Paul Coxworthy" <pcoxworthy@smss.com>
bcc

Subject RSP Estimate

History: This message has been forwarded.

Geoff,

Passed on your information relative to the delay in the RSP estimate . Some of our people have budget deadlines by Friday of this week, so it would be greatly appreciated if we can have the final by Thursday at the latest.

Thanks.

Joe.

Joseph S. Hutchings, Q.C.
Poole Althouse
Western Trust Building
49-51 Park Street
P.O. Box 812
Corner Brook NL
A2H 6H7


Direct: 709 637 6425
Fax: 709 634 8247



"Joe Hutchings "
<jhutchings@pa-law.ca>
10/18/2007 11:42 AM

To ""Geoff Young \ (E-mail)"" <gyoung@nlh.nf.ca>
cc
bcc

Subject FW: IC RSP Fuel Price Projection Oct. 2007 - Delay

History:  This message has been replied to.

Geoff,

Do I conclude that we won't have anything further this week?

Joe.

From: JChisamore@nlh.nl.ca [mailto:JChisamore@nlh.nl.ca]

Sent: Thursday, October 18, 2007 11:33 AM

To: palteen@newfoundlandpower.com; ghayes@newfoundlandpower.com;
bmeyers@newfoundlandpower.com; mpearce@newfoundlandpower.com; tjohnson@odeaearle.nf.ca;
jim_gartshore@abicon.com; kgoulding@cb.kruger.com; pcorriveau@cb.kruger.com;
glennmifflin@na-petroleum.nf.ca; gordon_oldford@abitibiconsolidated.com;
Wilmore_Eddy@abitibiconsolidated.com; Joe Hutchings; pcoxworthy@smss.com

Cc: cblundon@pub.nf.ca; ito@pub.nf.ca

Subject: IC RSP Fuel Price Projection Oct. 2007 - Delay

Attached is an electronic copy of a letter from Hydro to the Public Utilities Board advising of a delay in filing the forecast fuel price change and the estimated fuel rider that will apply to Industrial Customers.

Jill Chisamore
Administrative Assistant
Rates Dept. & Investment Evaluation Dept.
Newfoundland and Labrador Hydro
Ph: 709-737-1284
Fax: 709-570-5927



Email: JChisamore@nlh.nl.ca Letter to PUB IC RSP Delay Oct 18-07.pdf



File No. _____

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

October 18, 2007

BY FAX AND MAIL

Board of Commissioners
of Public Utilities
P.O. Box 21040
St. John's, NL, A1A 5B2

**Attention: Cheryl Blundon – Director of Corporate Services
and Board Secretary**

Dear Ms. Blundon:

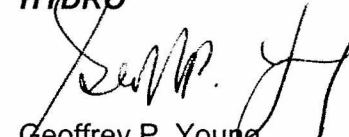
Re: Rate Stabilization Plan Fuel Price Projection – Industrial Customers

Order No. P.U. 14 (2007) provides that by the 10th working day of October, Hydro is to provide to the Board, to its Industrial Customers, and to Newfoundland Power an estimate of the Industrial Customer fuel rider that will become effective on January 1 of the coming year. Unfortunately, this information is not available to be provided at this time. We anticipate that this fuel price projection will be available in the near future, very likely before the end of next week.

We sincerely hope that this delay does not cause the Board or any of Hydro's customers undue inconvenience.

Yours truly,

**NEWFOUNDLAND AND LABRADOR
HYDRO**



Geoffrey P. Young
Senior Legal Counsel

e.c.c. Mr. Peter Alteen - Newfoundland Power
Mr. Bob Meyers - Newfoundland Power
Mr. Gerard Hayes - Newfoundland Power
Mr. Gordon Oldford - Abitibi-Consolidated Inc., Grand Falls
Mr. Jim Gartshore - Abitibi-Consolidated Inc., Montreal
Mr. Patrick Corriveau - Corner Brook Pulp & Paper Co. Ltd.
Mr. Kevin Goulding - Deer Lake Power
Mr. Glenn Mifflin - North Atlantic Refining Ltd.
Mine Manager - Aur Resources Inc.
Mr. Thomas Johnson – Consumer Advocate
Mr. Joseph Hutchings, Q.C. - Poole Althouse
Mr. Paul Coxworthy - Stewart McKelvey Stirling Scales



File No.

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

December 20, 2007

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Application by Newfoundland and Labrador Hydro for Interim Rates for Industrial Customers

Enclosed herewith are ten (10) copies of an Application for Interim rates for Industrial Customers, as set out in Schedule A, to be implemented as of January 1, 2008.

Yours truly,

Peter A. Hickman
Assistant Corporate Secretary and
Senior Legal Counsel

PAH/jc

- e.c.c. Mr. Peter Alteen - Newfoundland Power
Mr. Bob Meyers - Newfoundland Power
Mr. Gerard Hayes - Newfoundland Power
Mr. Gordon Oldford - Abitibi-Consolidated Inc., Grand Falls
Mr. Jim Gartshore - Abitibi-Consolidated Inc., Montreal
Mr. Patrick Corriveau - Corner Brook Pulp & Paper Co. Ltd.
Mr. Kevin Goulding - Deer Lake Power
Mr. Glenn Mifflin - North Atlantic Refining Ltd.
Mr. Bob Kelly - Aur Resources Inc.
Mr. Thomas Johnson - Consumer Advocate
Mr. Joseph Hutchings, Q.C. - Poole Althouse
Mr. Paul Coxworthy - Stewart McKelvey Stirling Scales

IN THE MATTER OF the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the "Act"); and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for an Interim Order, pursuant to Section 75 of the Act, affecting the Rate Stabilization Plan component of the rates to be charged to Industrial Customers.

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

THE APPLICATION of Newfoundland and Labrador Hydro (Hydro) states that:

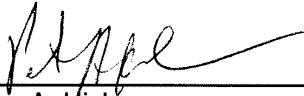
1. Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. By Order No. P.U. 40 (2003) the Board approved the manner by which the Rate Stabilization Plan (RSP) is calculated and by which RSP adjustments are applied to the rates charged by Hydro to its Island Interconnected Industrial Customers. Under that Order, Hydro is required to provide an Industrial Customer fuel price projection to the Board and to certain of Hydro's customers by the tenth working day of October of each year.
3. Due initially to a projected increase in the RSP rate and subsequently to a significant load change of one of Hydro's Industrial Customers, Hydro determined that there was potential volatility in its Industrial Customers' rates both for 2008 and in future years. The impact of these changes was deemed to be significant and it was judged to be prudent to further analyze and consider their impact, in conjunction with also determining the final level of year end hydraulic balances, prior to making application to the Board with respect to an appropriate treatment of this issue.

4. Hydro wishes to have further opportunity to consider the appropriate means to address Industrial Customers' rates issues.

5. The Applicant makes Application that the Board approve and make an Interim Order that the rates currently in effect for Industrial Customers, which were approved in Order No. P. U. 8(2007) and which are set out in Schedule A , continue in effect on an interim basis until such time as the Board issues a final order with respect to Industrial Customers' rates for 2008.

DATED AT St. John's in the Province of Newfoundland and Labrador this 20th day of December 2007.

NEWFOUNDLAND AND LABRADOR HYDRO



Peter A. Hickman
Counsel for
Newfoundland and Labrador Hydro
P.O. Box 12400 Columbus Drive
St. John's, Newfoundland and Labrador
A1B 4K7
Telephone: (709) 737-1462
Facsimile: (709) 737-1782

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - FIRM

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$6.68 per month per kilowatt of billing demand.

Firm Energy Charge:

Base Rate* @ 3.676 ¢ per kWh

RSP Adjustment

Historic Plan@ 1.215 ¢ per kWh**

Current Plan @ (2.000) ¢ per kWh

Fuel Rider@ 0.000 ¢ per kWh

Total RSP Adjustment.....@ (0.785) ¢ per kWh

Energy Rate..... @ 2.891 ¢ per kWh

**Aur Resources Inc. Energy rate excluding Historic Plan@ 1.676 ¢ per kWh

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

** Aur Resources Inc. is not subject to Historic Plan component of the RSP Adjustment, in accordance with Order No. P.U. 1 (2007).

Specifically Assigned Charges:

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Abitibi-Consolidated (Grand Falls)	\$ 1,244
Abitibi-Consolidated (Stephenville)	\$ 104,647
Corner Brook Pulp and Paper Limited	\$ 347,167
North Atlantic Refining Limited	\$ 150,976
Aur Resources Inc.	\$ 186,169

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - FIRM (continued)

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - NON-FIRM

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2005 (2.68%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 630 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - WHEELING

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate:

Energy Charge:

All kWh (Net of losses)* @ 0.384 ¢ per kWh

* For the purpose of this Rate, losses shall be 2.68%, the average system losses on the Island Interconnected Grid for the last five years ending in 2005.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

IN THE MATTER OF the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the Act)); and

IN THE MATTER OF an Application (the "Application") by Newfoundland and Labrador Hydro for an Interim Order, pursuant to Section 75 of the Act, affecting the Rate Stabilization Plan component of the rates to be charged to Industrial Customers.

AFFIDAVIT

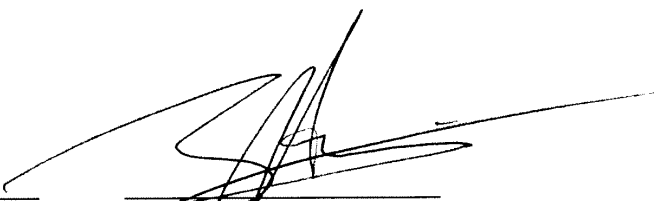
I, James R. Haynes of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice-President, Regulated Operations, of Newfoundland and Labrador Hydro, the Applicant named in the attached Application.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in the attached Application are true.

SWORN at St. John's in the)
Province of Newfoundland)
this 20th day of December 2007,)
before me:)



Barrister – Newfoundland and Labrador



James R. Haynes

(DRAFT INTERIM ORDER)
NEWFOUNDLAND AND LABRADOR
AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NO. P.U. __ (2007)

IN THE MATTER OF the *Public Utilities Act*, (the "Act"); and

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for an Interim Order, pursuant to Section 75 of the Act, affecting the Rate Stabilization Plan ("RSP") components of the rates to be charged to Industrial Customers.

WHEREAS Newfoundland and Labrador Hydro (Hydro), a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act* and is also subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS Hydro has analyzed the relevant information available to the present date and has determined that the projected rate changes for its Industrial Customers will result in considerable rate volatility, due primarily to the impacts of changes in Industrial Customer load on the Industrial Customer component of the RSP; and

WHEREAS Hydro requires further opportunity to consider the appropriate means to address Industrial Customers' rates issues; and

WHEREAS section 75 of the Act provides that the Board may make an interim Order unilaterally and without public hearing or notice, approving with or without modification a schedule of rates, tolls and charges submitted by a public utility upon the terms and conditions that it may decide; and

WHEREAS if, after a full review of Hydro's Application for a final Order affecting the RSP components of the rates to be charged to Industrial Customers, it is determined that excess revenue has been earned by Hydro as a result of the interim Order the Board may order, pursuant to section 75(3) of the Act, that customers of Hydro receive a refund or that the excess revenue be placed in a reserve account for that purpose; and

WHEREAS the Board is satisfied that granting approval, on an interim basis, of certain RSP rates is appropriate and reasonable in the circumstances.

IT IS THEREFORE ORDERED THAT:

Pursuant to Section 75 of the Act, the Board approves, on an interim basis, the Industrial Customer rates as outlined on Schedule A, to be effective for consumption on and after January 1, 2008, until such time as the Board issues a final order with respect to Industrial Customers' rates for 2008.

DATED at St. John's, Newfoundland and Labrador this ____ day of December 2007.

Robert Noseworthy
Chair & Chief Executive Officer

Darlene Whalen, P. Eng.
Vice-Chair

G. Cheryl Blundon
Board Secretary

Schedule “A”

Order No. P. U. __ (2007)

Angela Dunphy /NLHydro

04/21/2008 02:52 PM

To gary.burgess@teckcominco.com

cc bob.kelly@teckcominco.com, Glenn
Mitchell/NLHydro@NLHydro

bcc

Subject Duck Pond Electricity rate

Gary:

This is further to our recent conversation concerning electricity rates .

When Aur Resources initially became an Industrial Customer of Newfoundland and Labrador Hydro, in January 2006, Hydro applied for a special Rate Stabilization Plan (RSP) rate to be applied to Aur. The RSP had three primary components:

1. Current Plan adjustment rate, intended to collect or refund an annual accumulation in the RSP for fuel and load variances;
2. A fuel rider adjustment rate, intended to collect or refund the difference between the fuel price included in the last year (test year) base rates were set and the forecast fuel price at the end of September; and
3. Historic Plan adjustment rate, which collected, until December 31, 2007 RSP amounts incurred before December 2003.

Hydro's 2006 application requested that the RSP rate charged to Aur Resources Inc be exclusive of the Historic Plan component of the RSP. The Public Utility Board approved that rate, albeit not until January 2007, at which time Hydro refunded the amounts contributed to the Historical Plan by Aur.

Effective January 1, 2007, Industrial Customer energy rates were charged as follows:

	Other Industrial Customers	(cents/kWh)	Aur Resources
Base Rate	3.676		3.676
RSP Historic Plan	1.215		0.000
Current Plan	<u>(2.000)</u>		<u>(2.000)</u>
Total Energy Rate	<u>2.891</u>		<u>1.676</u>

Effective January 1, 2008, Industrial Rates were frozen as shown above, and the Historical Plan Balance was closed. As a result, Duck Pond has a lower rate than the other Industrial Customers, even though all the Industrial Customers are being refunded from the same current plan balance.

Hydro will soon have to apply to have your energy rate equal that of the other Industrial Customers, to avoid continuing the above discrepancy. As we discussed, it will be helpful if you, Bob and I can have a conversation to answer any questions you may have on this, at your earliest convenience.

Angela

Angela Dunphy
Team Lead, Rates and Regulatory Affairs
Newfoundland and Labrador Hydro
Tel (709) 737-1738
Fax (709) 570-5927



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

HEAD OFFICE

120 Torbay Road
P.O. Box 21040
St. John's, Newfoundland and Labrador
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Fax No: (709) 726-9604
Website: www.pub.nl.ca

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Fax No: (866) 489-8879
Website: www.pub.nl.ca

E-mail: gyoung@nlh.nl.ca

2008 08 13

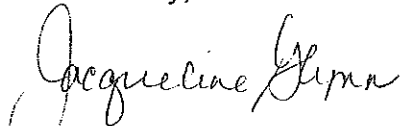
Mr. Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL
A1B 4K7

Dear Mr. Young:

**Re: Application to Finalize Interim Rates for Industrial Customers and
Application to Change Depreciation Methodology**

In relation to the above-mentioned issues, it is the understanding of the Board that Hydro staff is in the process of completing these applications for the Board's review and approval. We have reviewed the Board's regulatory schedule for the remainder of the calendar year. In order to have these matters concluded in a timely fashion, we ask that the applications be forwarded to the Board by September 6, 2008. Should this deadline present a problem, please contact the undersigned.

Yours truly,


Jacqueline Glynn
Legal Counsel

e.c.c: Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, E-mail: tjohnson@odeaearle.nf.ca
Mr. Joseph Hutchings, Q.C., E-mail: jhutchings@pa-law.com
Mr. Paul Coxworthy, E-mail: pcoxworthy@smss.com

O:\files\Hydro\2008 applications\Application Dates-Aug 13.doc



File No. _____

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

September 5, 2008

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL
A1A 5B2

ATTENTION: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Application to Change Depreciation Methodology and Application to Finalize Interim Rates for Industrial Customers

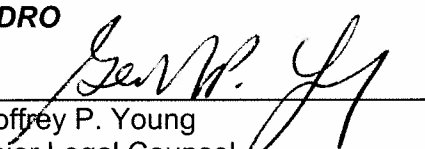
This is further to your letter of August 13, 2008 concerning filing an application regarding finalizing interim rates for Industrial Customers and an application to change Newfoundland and Labrador Hydro's (Hydro) depreciation methodology.

As we advised in our letter to the Board dated January 14, 2008, the 2005 Depreciation Study is being reviewed and updated. That review has not yet been completed. Furthermore, due to the significant impacts on revenue requirement that could result from a major change in depreciation policy, Hydro will require some further period of time to assess the financial and rate implications. Hydro will advise the Board as more information on timing of an application is determined.

Regarding the matter of finalizing the Interim Rates for Industrial Customers, Hydro is not yet able to file this Application, however we anticipate that we will be in a position to do so over the next short while.

Yours truly,

**NEWFOUNDLAND AND LABRADOR
HYDRO**



Geoffrey P. Young
Senior Legal Counsel

GPY/jc

ecc: Peter Alteen/Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales

Joseph S. Hutchings, Q.C., Poole Althouse
Thomas Johnson – Consumer Advocate



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

HEAD OFFICE

120 Torbay Road
P.O. Box 21040
St. John's, Newfoundland and Labrador
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Phone No: (709) 489-8877
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Fax No: (866) 489-8879
Website: www.pub.nl.ca

E-mail: gyoung@nlh.nl.ca

2008 09 11

Mr. Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL
A1B 4K7

Dear Mr. Young:

Re: Application to Finalize Interim Rates for Industrial Customers

In relation to the above mentioned issue, we are in receipt of your correspondence dated September 4, 2008 in which you advise that Hydro anticipates being in a position to file an application relating to the interim rates in the next short while. We note that this issue has been outstanding since January 2008 and believe that sufficient time to make an application has been provided. In order to fit within the Board's regulatory schedule for the remainder of the calendar year, the application should be in our office by September 22, 2008.

Yours truly,

A handwritten signature in cursive script that reads "Jacqueline Glynn".

Jacqueline Glynn
Legal Counsel

cc: Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, E-mail: tjohnson@odeaearle@nf.ca
Mr. Joseph Hutchings, Q.C., E-mail: jhutchings@pa-law.ca
Mr. Paul Coxworthy, E-mail: pcoxworthy@smss.com

R:\Hydro\App- INTERIM RATES INDUSTRIAL CUSTOMERS
\Application for finalization of rates - Sept 11.doc

File No. _____



NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

BY HAND

September 17, 2008

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Jacqueline Glynn, Legal Counsel

Re: Application to Finalize Interim Rates for Industrial Customers

Dear Ms. Glynn:

Further to your letter of September 11, 2008, we regret that we will be unable to file an application by September 22, 2008 to finalize interim rates for the Island Industrial customers. Please be advised that this filing is under active consideration at Hydro and we remain hopeful that it can be filed in the near future.

Yours truly,

**NEWFOUNDLAND AND
LABRADOR HYDRO**

A handwritten signature in black ink, appearing to read "Geoffrey P. Young".

Geoffrey P. Young
Senior Legal Counsel

cc. Mr. Gerard Hayes, Newfoundland Power
Mr. Thomas Johnson, Consumer Advocate
Mr. Joseph Hutchings, Q.C., Poole Althouse
Mr. Paul Coxworthy, Stewart McKelvey



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

HEAD OFFICE

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Toll Free: (866) 489-8800
Fax No: (866) 489-8879
Website: www.pub.nl.ca

E-mail: gyoung@nlh.nl.ca

2008 10 17

Mr. Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL
A1B 4K7

Dear Mr. Young:

Re: Application to Finalize Interim Rates for Industrial Customers

In relation to the above mentioned issue, and your correspondence dated September 17, 2008 in which you advise that Hydro anticipates being in a position to file an application relating to the interim rates in the near future, please provide a status report.

Yours truly,

Original signed by

Jacqueline Glynn
Legal Counsel

cc: Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, E-mail: tjohnson@odeaearle@nf.ca
Mr. Joseph Hutchings, Q.C., E-mail: jhutchings@pa-law.ca
Mr. Paul Coxworthy, E-mail: pcoxworthy@smss.com

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\Application for finalization of rates - Oct 17.doc



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

HEAD OFFICE

120 Torbay Road
P.O. Box 21040
St. John's, Newfoundland and Labrador
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Fax No: (866) 489-8879
Website: www.pub.nl.ca

E-mail: gyoung@nlh.nl.ca

2008 10 17

Mr. Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL
A1B 4K7

Dear Mr. Young:

Re: Fuel Price Change Projections for RSP

Pursuant to Order No. P. U. 40(2003) and the terms of the Rate Stabilization Plan, the amount of the forecast fuel price change should be reported to industrial customers, Newfoundland Power and the Board by the tenth working day of October. Please advise when we may expect receipt of the same.

Yours truly,

Original signed by

Jacqueline Glynn
Legal Counsel

cc: Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, E-mail: tjohnson@odeaearle@nf.ca
Mr. Joseph Hutchings, Q.C., E-mail: jhutchings@pa-law.ca
Mr. Paul Coxworthy, E-mail: pcoxworthy@smss.com

R:\Hydro\RSP Fuel Price Projection\2008 filing\Fuel Price Change Projections.doc

File No. _____



NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737-1400 • Fax (709) 737-1231 • Website: www.nlh.nf.ca

BY HAND

October 30, 2008

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Jacqueline Glynn, Legal Counsel

Re: Application to Finalize Interim Rates for Industrial Customers

Dear Ms. Glynn:

Further to your letter of October 17, 2008, we regret that at present we are still unable to file an application to finalize interim rates for the Island Industrial customers. We remain hopeful that it can be filed in the near future and will provide you with information in that regard as soon as it becomes available.

Yours truly,

**NEWFOUNDLAND AND
LABRADOR HYDRO**

A handwritten signature in black ink, appearing to read "Geoffrey P. Young".

Geoffrey P. Young
Senior Legal Counsel

cc. Mr. Gerard Hayes, Newfoundland Power
Mr. Thomas Johnson, Consumer Advocate
Mr. Joseph Hutchings, Q.C., Poole Althouse
Mr. Paul Coxworthy, Stewart McKelvey



File No. _____

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

December 11, 2008

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Application for Continuation of Interim Rates for Industrial Customers

The Board, in Order No. P.U. 34 (2007), approved on an interim basis that the rates charged to Industrial Customers on January 1, 2008 would not change from 2007 rates until further Order of the Board. Hydro sought this interim order to allow it to perform further analysis and consideration of the impact of the operation of the Rate Stabilization Plan (RSP) in the context of the significant load change of one of its Industrial Customers (Corner Brook Pulp and Paper), the critical level of the 2007 year end hydraulic balances, and projected fuel prices.

Hydro had completed this analysis. However, in light of the recent announcement of the closure of Abitibi Consolidated (Grand Falls) and recent fuel price projections, Hydro has determined that there is further potential volatility in its Industrial Customers' rates both for 2009 and in future years. The impact of these changes is considered to be significant and it is prudent to further analyze and consider their impact, in conjunction with also determining the final level of year end hydraulic balances, prior to making application to the Board with respect to an appropriate treatment of this issue.

Hydro recommends that the Board approve the continuation of the January 1, 2008 interim rates for Industrial Customers since this limits the rate volatility and a potential increase to industrial rates on January 1, 2009.

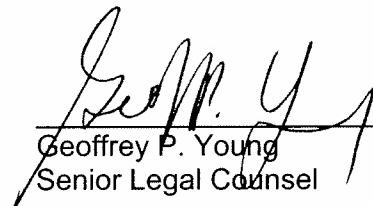


Hydro also recommends an adjustment of Teck Cominco Limited (formerly Aur Resources Inc.) rates as a result of the termination of the Industrial Customer Historical Plan Balance of the RSP at December 31, 2007. As per Section E of Hydro's RSP, in 2008 the Industrial Customer Historical Plan Balance has been set to zero and the remaining Industrial Customer balance of \$(1,382,925) was included in the 2008 Plan. In accordance with Order No. P.U. 1 (2007), Teck Cominco Limited is not subject to the Historic Plan component of the RSP Adjustment. As the Historic Plan component is no longer part of the RSP Adjustment due to the completion of its five-year collection period, Hydro is proposing that Teck Cominco Limited be charged the same RSP rate as all other Island Industrial Customers which will result in an estimated increase of 38% for this customer.

Enclosed herewith is an original, plus eight copies of the Application. Please note that, for ease of reference, proposed deletions to the RSP rules (Schedule B) are presented as strikethrough text. Should you have any questions, please contact the undersigned.

Yours truly,

Newfoundland and Labrador Hydro



Geoffrey P. Young
Senior Legal Counsel

cc: Mr. Peter Alteen - Newfoundland Power
Mr. Keith Aylward – Newfoundland Power
Mr. Gerard Hayes – Newfoundland Power
Mr. Brad Pelley – Abitibi-Consolidated Inc., Grand Falls
Mr. Patrick Corriveau – Corner Brook Pulp & Paper Co. Ltd.
Mr. Jim Gartshore – Abitibi-Consolidated Inc., Montreal
Mr. Kevin Goulding – Deer Lake Power Ltd.
Mr. Glenn Mifflin – North Atlantic Refining Ltd.
Mr. Thomas Johnson – Consumer Advocate
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.)
Mr. Joseph S. Hutchings, Q.C., Poole Althouse
Mr. Paul Coxworthy – Stewart McKelvey Sterling Scales

IN THE MATTER OF the *Public Utilities Act*, (the Act); and

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Section 71 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

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

THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro) STATES THAT:

1. Hydro is a corporation continued and existing under the Hydro Corporation Act, is a public utility within the meaning of the Act and is subject to the provisions of the Electrical Power Control Act, 1994.

Island Interconnected Industrial Customer Rates

2. Due to a projected increase in the RSP rate and subsequently to a significant load change for Corner Brook Pulp and Paper, one of Hydro's Industrial Customers, in late 2007 Hydro determined that there was potential volatility in its Industrial Customers' rates for 2008 and future years. The impact of these changes was significant and it was prudent to further analyze and consider their impact, in conjunction with also determining the final level of year end hydraulic balances, prior to making application to the Board with respect to an appropriate treatment of this issue.

3. On December 20, 2007, Hydro made an Application to the Board to approve and make an Interim Order that the rates then in effect for Industrial Customers, which were approved in Order No. P. U. 8 (2007), continue in effect on an interim basis.
4. Order No. P.U. 34 (2007) approved, on an interim basis, the Industrial Customer rates to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Industrial Customers' rates for 2008.
5. On December 4, 2008, Abitibi Bowater Inc. announced the closure of its Grand Falls paper mill during the first quarter of 2009. This will cause a significant change in Hydro's Island Industrial customer load. Also, the past few months has seen a precipitous reduction in fuel prices. In light of this information, Hydro has determined it to be necessary to further analyze the impact that these factors will have on the RSP. In order to allow for further analysis, Hydro is proposing the interim rates continue until further Order of the Board.

Teck Cominco Limited (previously AUR Resources Inc.)

6. By Order No. P.U. 40 (2003) the Board approved changes to the RSP with regards to the special treatment and recovery of "Historical Plan Balances" that had accumulated in the RSP as being owed to Hydro by

its customers for energy consumed during periods ending December 31, 2003.

7. Pursuant to the RSP, the Historical Plan Balance annual recovery portion is converted to a mill rate, is added to the other components of the RSP (i.e. the current amount and fuel rider), and is charged to customers as a component of their energy rate.

8. On January 18, 2006 Hydro applied to the Board for approval of the provision of electrical service by Hydro to Aur Resources Inc. at the rates that applied to the provision of electrical service by Hydro to its other Island Industrial Customers, and that the rates to be charged by the Applicant to Aur Resources Inc. for the electrical energy it consumes be exclusive of the Island Industrial Historical Plan Balance component of the RSP.

9. On October 31, 2006 Hydro filed an agreement between Hydro, Aur Resources Inc., several other Industrial Customers and the Consumer Advocate setting out a consensus that the rates and rules and regulations for Aur Resources Inc., should be approved as proposed in the Application and that any amounts calculated by Hydro pursuant to the interim rates approved by the Board under Order No. P.U. 1 (2006)

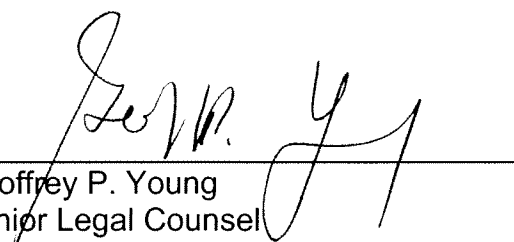
that are in excess of the final rates approved by the Board should be refunded or credited to Aur Resources Inc.

10. The Board in Order No. P.U. 1 (2007) ordered that the rates, rules and regulations for Aur Resources Inc. should be similar to those of other Island Industrial Customers of Hydro except that, among other things, rates should exclude the Historical Plan Balance of the RSP.
11. On December 31, 2007 the five-year collection period to recover the Historical Plan Balance ended as per Section E of Hydro's RSP. In 2008, the Historical Plan Balance was therefore set to zero and the remaining Industrial Customer balance of \$(1,382,925) was included in the 2008 Plan.
12. In 2007, Teck Cominco Limited acquired all the shares of Aur Resources Inc. and is now the operator of the Duck Pond Mine. The name Aur Resources Inc. was therefore changed to Teck Cominco Limited.
13. As the Historical Plan Balance is no longer a component of the RSP Adjustment due to the completion of its five-year collection period, Hydro is proposing that Teck Cominco Limited be charged the same RSP rate as all other Island Industrial Customers.

The Application

14. Hydro makes Application that the Board make an Order approving:
- (a) a continuation of the interim rates currently in effect for Industrial Customers which were approved on an interim basis in Order No. P.U. 34 (2007) and which are set out in Schedule A; and
 - (b) that the rates for Teck Cominco Limited be the same as are in effect for all other Island Industrial customers; and
 - (c) a revision to the rules and regulations for the RSP to address the completion of the five-year collection period of the Historical Plan Balance.

DATED AT St. John's in the Province of Newfoundland and Labrador this 11th day of December 2008.



Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro,
500 Columbus Drive, P.O. Box 12400
St. John's, Newfoundland, A1B 4K7

IN THE MATTER OF the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the Act); *and*

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Section 71 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

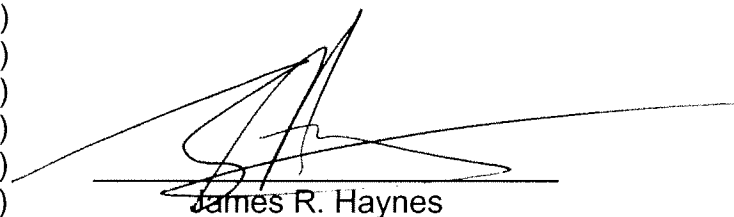
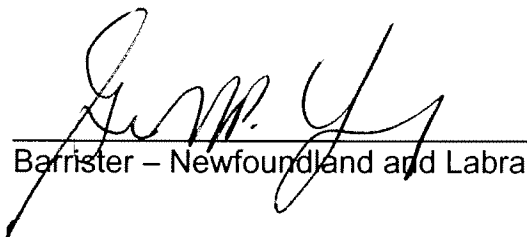
TO: The Board of Commissioners of Public Utilities (the Board)

AFFIDAVIT

I, James R. Haynes, Professional Engineer of St. John's, in the Province of Newfoundland and Labrador, make oath and swear as follows:

1. THAT I am employed by Newfoundland and Labrador Hydro, the Applicant herein, in the capacity of Vice-President, Regulated Operations, and as such I have knowledge of the matters and things to which I have herein deposed, and make this affidavit in support of the Application.
2. THAT I have read the contents of the Application and they are correct and true to the best of my knowledge, information and belief.

SWORN TO BEFORE ME in the)
City of St. John's, in the Province)
of Newfoundland and Labrador, this)
11th day of December, 2008.)
_____)
Barrister – Newfoundland and Labrador)



James R. Haynes

(DRAFT ORDER)
NEWFOUNDLAND AND LABRADOR
AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NO. P.U. __ (2008)

IN THE MATTER OF the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the *Act*), and

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro (Hydro) for the approval, pursuant to Section 70 (1) of the *Act*, of the Rate Stabilization Plan components of the rates to be charged to Island Industrial Customers.

WHEREAS Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act* and is also subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS Order No. P. U. 40 (2003) sets out the manner by which the Rate Stabilization Plan (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers; and

WHEREAS on December 20, 2007, Hydro made an Application to the Board to approve and make an Interim Order that the rates currently in effect for Island Industrial Customers, which were approved in Order No. P. U. 8 (2007) and which are set out in Schedule A, continue in effect on an interim basis until such time as the Board issues a final order with respect to Island Industrial Customers' rates for 2008; and

WHEREAS Order No. P.U. 34 (2007) approved, on an interim basis, the Island Industrial Customer rates as attached in Schedule A, to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Island Industrial Customers' rates for 2008; and

WHEREAS Hydro has applied for approval of the continuation of Industrial Customer interim rates, approved, on an interim basis, in Order No. P.U. 34 (2007); and

WHEREAS Order No. P.U. 40 (2003) approved changes to the RSP with regards to the special treatment and recovery of "Historical Plan Balances" that had accumulated in the RSP as being owed to Hydro by its customers for energy consumed during periods ending December 31, 2003; and

WHEREAS On January 18, 2006 Hydro applied to the Board for approval of the provision of electrical service by Hydro to Aur Resources Inc. at the rates that apply to the provision of electrical service by Hydro to its other Island Industrial Customers and that the rates to be charged by the Applicant to Aur Resources Inc. for the electrical energy it consumes be exclusive of the Island Industrial Historical Plan Balance component of the RSP; and

WHEREAS Order No. P.U. 1 (2007) ordered that the rates, rules and regulations for Aur Resources Inc. should be similar to those of other Island Industrial Customers of Hydro except that, among other things, rates should exclude the Historical Plan Balance of the RSP; and

WHEREAS On December 31, 2007 the five-year collection period to recover the Historical Plan Balance ended as per Section E of Hydro's RSP, and thereby, in 2008 the Historical Plan Balance was set to zero and any remaining balance was included in the 2008 Plan; and

WHEREAS Hydro has applied for the RSP rate for Teck Cominco Limited (formerly Aur Resources Inc.) to be the same as is in effect for all other Island Industrial Customers; and

WHEREAS Hydro has applied for a revision to the RSP rules and regulations to remove reference to the Historical Plan Balance as set out in Schedule B of the application; and

WHEREAS the Board has considered Hydro's application and the information and calculations that accompanied it and is satisfied that the proposed rates to the Island Industrial class of customers is reasonable and prudent and will allow Hydro to manage the RSP balance in accordance with Order No. P. U. 40 (2003).

IT IS THEREFORE ORDERED THAT:

1. The Board hereby approves the continuation of the Industrial Customer interim rates attached hereto as Schedule "A".
2. The Board hereby approves the RSP rules as attached hereto as Schedule B to be effective January 1, 2009.
3. The Board hereby approves that the rates for Teck Cominco Limited be the same as are in effect for all other Island Industrial customers effective January 1, 2009.

Hydro shall pay the expenses of the Board incurred in connection with this matter.

DATED at St. John's, Newfoundland and Labrador, this ___th day of December 2008.

Andrew Wells,
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.,
Vice-Chair

Dwanda Newman, LL.B
Commissioner

G. Cheryl Blundon,
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL – FIRM – (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$6.68 per month per kilowatt of billing demand.

Firm Energy Charge:

Base Rate* @ 3.676 ¢ per kWh
 RSP Adjustment.....@ (0.785) ¢ per kWh
 Energy Rate.....@ 2.891 ¢ per kWh

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro’s Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

Specifically Assigned Charges:

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Abitibi-Consolidated (Grand Falls)	\$ 1,244
Abitibi-Consolidated (Stephenville)	\$ 104,647
Corner Brook Pulp and Paper Limited	\$ 347,167
North Atlantic Refining Limited	\$ 150,976
Teck Cominco Limited	\$ 186,169

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM – (INTERIM) (continued)

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - NON-FIRM

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2005 (2.68%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 630 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - WHEELING

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate:

Energy Charge:

All kWh (Net of losses)* @ 0.384 ¢ per kWh

* For the purpose of this Rate, losses shall be 2.68%, the average system losses on the Island Interconnected Grid for the last five years ending in 2005.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN

Schedule B
Page 1 of 8

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

The formulae used to calculate the Plan's activity are outlined below. Positive values denote amounts owing from customers to Hydro whereas negative values denote amounts owing from Hydro to customers.

Section A: Hydraulic Production Variation

1. Activity:

Actual monthly production is compared with the Test Year Cost of Service Study in accordance with the following formula:

$$\{(A - B) \div C\} \times D$$

Where:

- A = Test Year Cost of Service Net Hydraulic Production (kWh)
- B = Actual Net Hydraulic Production (kWh)
- C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
- D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$/Can /bbl.)

2. Financing:

Each month, financing charges, using Hydro's approved Test Year weighted average cost of capital, will be calculated on the balance.

3. Hydraulic Variation Customer Assignment:

Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

- E = Hydraulic Variation Account Balance as of December 31, excluding financing charges
- F = Financing charges accumulated to December 31

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
Page 2 of 8

4. Customer Allocation:

The annual customer assignment will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances respectively as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration

1. Activity

1.1 Fuel Cost Variations

This is based on the consumption of No. 6 Fuel at the Holyrood Generating Station:

$$(G - D) \times H$$

Where:

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$/Can /bbl.)

G = Monthly Actual Average No. 6 Fuel Cost (\$/Can /bbl.)

H = Monthly Actual Quantity of No. 6 Fuel consumed less No. 6 fuel consumed for non-firm sales (bbl.)

1.2 Load Variations

Firm: Firm load variation is comprised of fuel and revenue components. The load variation is determined by calculating the difference between actual monthly sales and the Test Year Cost of service Study sales, and the resulting variance in No. 6 fuel costs and sales revenues. It is calculated separately for Newfoundland Power firm sales and Industrial firm sales, in accordance with the following formula:

$$(I - J) \times \{(D \div C) - K\}$$

Where:

C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$/Can /bbl.)

I = Actual Sales, by customer class (kWh)

J = Test Year Cost of Service Sales, by customer class (kWh)

K = Firm energy rate, by customer class

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
Page 3 of 8

Secondary: Secondary load variation is based on the revenue variation for Utility Firmed-Up Secondary energy sales compared with the Test Year Cost of Service Study, in accordance with the following formula:

$$(J - I) \times L$$

Where:

I = Actual Sales (kWh)

J = Test Year Cost of Service Sales (kWh)

L = Secondary Energy Firming Up Charge

1.3 Rural Rate Alteration

- (a) Newfoundland Power Rate Change Impacts:

This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M - N) \times O$$

Where:

M = Cost of Service rate ¹

N = Existing rate

O = Actual Units (kWh, bills, billing demand)

- (b) Rural Labrador Interconnected Automatic Rate Adjustments:

This component reflects the impact of the automatic rate adjustments for Hydro's rural customers on the Labrador Interconnected system, which arise from the phase-in of the application of the credit from secondary energy sales to CFB Goose Bay to the rural deficit.

Monthly adjustments will be subject to revision when a new Test Year Cost of Service is approved by the Public Utilities Board for Hydro. The amount of the automatic rate adjustment is calculated as follows:

¹

- Hydro's schedule of rates for its rural customers not affected by the December 6th, 2006 Government directive.
- For customers affected by the December 6th, 2006 Government directive, the Cost of Service rate equals the phased-in 2007 Forecast Cost of Service Rates for diesel rate classes 1.2D, 2.1D and 2.2D.
- No Rural Rate Alteration will arise from the phase-in of 2007 Forecast Cost of Service rates for the customers affected by the December 6th, 2006 Government directive.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
Page 4 of 8

$$P = (Q - R) \div 12$$

Where:

P = the monthly amount of the automatic rate adjustment

Q = the CFB Revenue Credit applied to the rural deficit in Hydro's Final 2007 Test Year Cost of Service

R = the CFB Revenue Credit applied to the rural deficit from 2007 to 2011, included in existing rates and outlined in the table below:

	Q	R	Q - R	P
2008	\$3,380,796	\$2,991,599	\$389,197	\$32,433

2. Monthly Customer Allocation: Load and Fuel Activity

Each month, the load variation will be assigned to the customer class for which the load variation occurred.

Each month, the year-to-date total for fuel price variation will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The current month's activity for Newfoundland Power, Island Industrials and regulated Labrador Interconnected customers will be calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month. The current month's activity allocated to regulated Labrador Interconnected customers will be removed from the Plan and written off to Hydro's net income (loss).

3. Monthly Customer Allocation: Rural Rate Alteration Activity

Each month, the rural rate alteration will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study. The portion allocated to regulated Labrador Interconnected will be removed from the Plan and written off to Hydro's net income (loss).

4. Plan Balances

Separate plan balances for Newfoundland Power and for the Island Industrial customer class will be maintained. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
Page 5 of 8

Section C: Fuel Price Projection

A fuel price projection will be calculated to anticipate forecast fuel price changes and to determine fuel riders for the rate adjustments. For industrial customers, this will occur in October each year, for inclusion with the RSP adjustment effective January 1. For Newfoundland Power, this will occur in April each year, for inclusion with the RSP adjustment effective July 1.

1. Industrial Fuel Price Projection:

In October each year, a fuel price projection for the following January to December shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(S - T) \times U\} - V] \times W$$

Where:

S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December

T = Hydro's average Test Year contract discount (US \$/bbl)

U = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of September

V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$Can /bbl.)

W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year. .

The industrial customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of September and is the ratio of Industrial Firm invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of an estimate of the fuel rider based on 12 months-to-date kWh sales to the end of September will be reported to industrial customers, Newfoundland Power, and the Public Utilities Board, by the 10th working day of October.

2. Newfoundland Power Fuel Price Projection:

In April each year, a fuel price projection for the following July to June shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(X - T) \times Y\} - V] \times W$$

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
Page 6 of 8

Where:

- T = Hydro's average Test Year contract discount (US \$/bbl)
- V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$/Can /bbl.)
- W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year. For the 2007 Test Year, test year barrels are reduced by 323,336 based on the reduction in forecast Island Industrial customer load caused by the shutdown of one of the paper machines at Corner Brook Pulp and Paper.
- X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following July to December, and the most recent long-term PIRA Energy Group average annual forecast for No. 6 fuel prices at New York Harbour for the following January to June.
- Y = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of March.

The Newfoundland Power customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of March and is the ratio of Newfoundland Power Firm and Firmed-Up Secondary invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy. For the 12 months-to-date (April 2007 - March 2008) Industrial Firm invoiced energy is reduced by 115,700,000 kWh to reflect the forecast reduction in CBPP load.

The amount of the forecast fuel price change, in Canadian dollars, and the details of the resulting fuel rider applied to the adjustment rate will be reported to Newfoundland Power, industrial customers, and the Public Utilities Board, by the 10th working day of April.

Section D: Adjustment

1. Newfoundland Power

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh which is projected to collect:

Newfoundland Power March 31 Balance

less projected recovery / repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year),

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

A fuel rider shall be added to the above adjustment rate, based on the Newfoundland Power Fuel

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
Page 7 of 8

Price Projection amount (as per Section C.2 above) divided by 12-months-to-date kWh sales to the end of March.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

2. Island Industrial Customers

As of December 31 each year, the adjustment rate for industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh which is projected to collect:

Industrial December 31 Balance

plus forecast financing charges to the end of the following calendar year,

divided by 12-months-to-date kWh sales to the end of December.

A fuel rider shall be added to the above adjustment rate, based on the Industrial Fuel Price Projection (as per Section C.1 above) amount divided by 12-months-to-date kWh sales to the end of December.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

Section E: Historical Plan Balances:

1. August 2002 Balance:

~~Newfoundland Power and Island Industrial customer balances accumulated in the Plan as at August 2002 will be recovered over a 5-year collection period, with adjustment rates established each December 31, commencing December 31, 2002. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year annual weighted average cost of capital.~~

Newfoundland Power

~~The adjustment rate for each year of the five-year adjustment period will be determined as follows:~~

~~————— $A = (B - C + D) \div E \div F$ —————~~

~~where~~

~~A = adjustment rate (\$ per kWh) for the 12-month period commencing the following July 1.~~

~~B = Balance December 31~~



NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (Continued)

Schedule B
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- ~~C = projected recovery to the following June 30 (if any), estimated using the most recent energy sales (kWh) for the period January to June.~~
~~D = projected financing charges to the following June 30~~
~~E = number of years remaining in the adjustment period~~
~~F = energy sales (kWh) (firm and firm-ed-up secondary) to Newfoundland Power for the most recent 12 months ended December 31~~

~~Recovery and financing will be applied to the balance each month. At the end of the five year recovery period, any remaining balance will be added to the plan then in effect.~~

~~Island Industrial Customers, excluding Teck Cominco Limited [Exempted pursuant to Order No. P.U.1(2007)]~~

~~The adjustment rate for each year of the five year adjustment period will be determined as follows:~~

~~$G = H \div I \div J$~~

~~where~~

- ~~G = adjustment rate (\$ per kWh) for the 12 month period commencing the following January 1.~~
~~H = Balance December 31~~
~~I = number of years remaining in the adjustment period~~
~~J = firm energy sales (kWh) to Industrial Customers, excluding sales to Aur Resources Inc., for the most recent 12 months ended December 31~~

~~Recovery and financing will be applied to the balance each month. At the end of the five year recovery period, any remaining balance will be added to the plan then in effect.~~

2. RSP Balance, December 31, 2003:

Newfoundland Power and Island Industrial customer balances accumulated in the Plan as at December 31, 2003 will be consolidated with the outstanding August 2002 customer balances as of December 31, 2003, and will be included with the Newfoundland Power and Island Industrial customer balances respectively for rate setting purposes as of December 31, 2003.



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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18 High Street
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2008 12 12

Industrial Customers Mr. Paul L. Coxworthy, Counsel Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's NL, A1C 5V3	E-mail: pcoxworthy@smss.com
Mr. Joseph S. Hutchings, Q.C., Counsel Poole Althouse P. O. Box 812 49-51 Park Street Corner Brook NL, A2H 6H7	E-mail: jhutchings@pa-law.ca

Dear Sirs:

Re: Application for Continuation of Interim Rates for Industrial Customers

A copy of Newfoundland Hydro's application to continue the interim rates which were approved for January 1, 2008 was forwarded to your attention from Hydro on yesterday's date. Hydro states that the continuation of the interim rates is necessary to limit the rate volatility and a potential increase to industrial rates as of January 1, 2009.

We would appreciate receiving any comments or submissions by Tuesday, December 16, 2008.

If you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail jglynn@pub.nl.ca.

Sincerely,

Cheryl Blundon
 Board Secretary

e.c.c. Mr. Geoffrey Young, Newfoundland and Labrador Hydro E-Mail: gyoung@nlh.nl.ca
Mr. Gerard Hayes, Newfoundland Power Inc. E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, Consumer Advocate - E-mail: tjohnson@odeaearle.nf.ca
Mr. Brad Pelley – Abitibi-Consolidated Inc., - E-mail: brad_pelley@abitibiconsolidated.com
Mr. Patrick Corriveau – Corner Brook Pulp & Paper Co. Ltd – E-mail: pcorriveau@cb.kruger.com
Mr. Jim Gartshore – Abitibi-Consolidated Inc. – E-mail: jim_gartshore@abicon.com
Mr. Kevin Goulding – Deer Lake Power Ltd. – E-mail: kgoulding@cb.kruger.com
Mr. Glenn Mifflin – North Atlantic Refining Ltd – E-mail: glennmifflin@na-petroleum.nf.ca
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.) – E-mail: bob.kelly@teckcominco.com

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2008 12 12

Industrial Customers Mr. Paul L. Coxworthy, Counsel Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's NL, A1C 5V3	E-mail: pcoxworthy@smss.com
Mr. Joseph S. Hutchings, Q.C., Counsel Poole Althouse P. O. Box 812 49-51 Park Street Corner Brook NL, A2H 6H7	E-mail: jhutchings@pa-law.ca

Dear Sirs:

**Re: Application for Continuation of Interim Rates for Industrial Customers -
Teck Cominco Limited**

A copy of Newfoundland Hydro's application to continue the interim rates which were approved for January 1, 2008 was forwarded to your attention from Hydro on yesterday's date. Hydro states that the continuation of the interim rates is necessary to limit the rate volatility and a potential increase to industrial rates as of January 1, 2009.

Hydro has also applied to charge the same RSP rate to Teck Cominco Limited as the other Island Industrial Customers. Teck Cominco was not subject to the Historic Plan component of the RSP adjustment; which has been set to zero in the 2008 plan. This will result in an estimated increase of 38% in rates for Teck Cominco Limited.

We would appreciate receiving any comments or submissions by Tuesday, December 16, 2008.

If you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail jglynn@pub.nl.ca.

Sincerely,



Cheryl Blundon
Board Secretary

e.c.c. Mr. Geoffrey Young, Newfoundland and Labrador Hydro E-Mail: gyoung@nlh.nl.ca
Mr. Gerard Hayes, Newfoundland Power Inc. E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, Consumer Advocate - E-mail: tjohnson@odeaearle.nf.ca
Mr. Brad Pelley – Abitibi-Consolidated Inc., - E-mail: brad_pelley@abitiiconsolidated.com
Mr. Patrick Corriveau – Corner Brook Pulp & Paper Co. Ltd – E-mail: pcorriveau@cb.kruger.com
Mr. Jim Gartshore – Abitibi-Consolidated Inc. – E-mail: jim_gartshore@abicon.com
Mr. Kevin Goulding – Deer Lake Power Ltd. – E-mail: kgoulding@cb.kruger.com
Mr. Glenn Miiffin – North Atlantic Refining Ltd – E-mail: glennmiiffin@na-petroleum.nf.ca
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.) – E-mail: bob.kelly@teckcominco.com

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Angela Dunphy /NLHydro

12/14/2008 06:25 PM

To gary.burgess@teckcominco.com

cc bob.kelly@teckcominco.com, Glenn Mitchell/NLHydro@NLHydro

bcc

Subject Fw: Duck Pond Electricity rate

Gary:

On December 12, the Public Utilities Board issued a letter to the Industrial Customer legal counsel (Joe Hutchings and Paul Coxworthy) regarding this, as we have now applied for a change to your rates. If you and/or Bob would like to discuss this, I'm available at your convenience, so please give me a call or email me when you get a chance.

Regards,
Angela

Angela Dunphy
Team Lead, Rates and Regulatory Affairs
Newfoundland and Labrador Hydro
Tel (709) 737-1738
Fax (709) 570-5927

----- Forwarded by Angela Dunphy/NLHydro on 12/14/2008 06:21 PM -----

Angela Dunphy /NLHydro

04/21/2008 02:52 PM

To gary.burgess@teckcominco.com

cc bob.kelly@teckcominco.com, Glenn Mitchell/NLHydro@NLHydro

Subject Duck Pond Electricity rate

Gary:

This is further to our recent conversation concerning electricity rates .

When Aur Resources initially became an Industrial Customer of Newfoundland and Labrador Hydro, in January 2006, Hydro applied for a special Rate Stabilization Plan (RSP) rate to be applied to Aur. The RSP had three primary components:

1. Current Plan adjustment rate, intended to collect or refund an annual accumulation in the RSP for fuel and load variances;
2. A fuel rider adjustment rate, intended to collect or refund the difference between the fuel price included in the last year (test year) base rates were set and the forecast fuel price at the end of September; and
3. Historic Plan adjustment rate, which collected, until December 31, 2007 RSP amounts incurred before December 2003.

Hydro's 2006 application requested that the RSP rate charged to Aur Resources Inc be exclusive of the Historic Plan component of the RSP. The Public Utility Board approved that rate, albeit not until January 2007, at which time Hydro refunded the amounts contributed to the Historical Plan by Aur.

Effective January 1, 2007, Industrial Customer energy rates were charged as follows:

	Other Industrial Customers	(cents/kWh)	Aur Resources
Base Rate	3.676		3.676
RSP Historic Plan	1.215		0.000

Current Plan	<u>(2.000)</u>	<u>(2.000)</u>
Total Energy Rate	<u>2.891</u>	<u>1.676</u>

Effective January 1, 2008, Industrial Rates were frozen as shown above, and the Historical Plan Balance was closed. As a result, Duck Pond has a lower rate than the other Industrial Customers, even though all the Industrial Customers are being refunded from the same current plan balance.

Hydro will soon have to apply to have your energy rate equal that of the other Industrial Customers, to avoid continuing the above discrepancy. As we discussed, it will be helpful if you, Bob and I can have a conversation to answer any questions you may have on this, at your earliest convenience.

Angela

Angela Dunphy
Team Lead, Rates and Regulatory Affairs
Newfoundland and Labrador Hydro
Tel (709) 737-1738
Fax (709) 570-5927

STEWART MCKELVEY

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www.smss.com

Paul L. Coxworthy
Direct Dial: 709.570.8830
pcoxworthy@smss.com

December 16, 2008

Via Electronic Mail & Courier

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's NL A1A 5B2

Attention: Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary

Dear Ms. Blundon:

Re: Hydro Application for Industrial Customer Interim Rates


We write further to the Board's correspondence of December 12, 2008, requesting the comments or submissions of the Industrial Customers with respect to the above Application, as filed by Hydro on December 11, 2008.

By the December 12, 2008 correspondence, the Industrial Customers' comments or submissions were requested for today, Tuesday, December 16, 2008. Unfortunately, we have been unable to finalize the response of the Industrial Customers by today. We therefore respectfully request an extension to tomorrow, Wednesday, December 17, 2008, for the filing of the comments or submissions of the Industrial Customers.

We trust this is in order and look forward to your response.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/kmcd

December 16, 2008

Page 2

cc. Mr. Peter Alteen & Mr. Gerard Hayes
Newfoundland Power
Mr. Joseph S. Hutchings Q.C.
Mr. Thomas J. Johnson
Consumer Advocate
Mr. Geoffrey P. Young
Newfoundland and Labrador Hydro



NEWFOUNDLAND AND LABRADOR
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2008 12 16

Industrial Customers Mr. Paul L. Coxworthy, Counsel Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's NL, A1C 5V3	E-mail: pcoxworthy@smss.com
Mr. Joseph S. Hutchings, Q.C., Counsel Poole Althouse P. O. Box 812 49-51 Park Street Corner Brook NL, A2H 6H7	E-mail: jhutchings@pa-law.ca

Dear Sirs:

Re: Newfoundland and Labrador Hydro Application for continuation of Interim Rates for Industrial Customers

Further to your request of December 16, 2008, the Board grants your request for an extension for the filing of comments by the Industrial Customers until 4:00 pm tomorrow, December 17, 2008 in the above captioned application.

If you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail jglynn@pub.nl.ca.

Sincerely,

Cheryl Blundon
 Board Secretary

e.c.c. Mr. Geoffrey Young, Newfoundland and Labrador Hydro E-Mail: gyoung@nlh.nl.ca
Mr. Gerard Hayes, Newfoundland Power Inc. E-mail: ghayes@newfoundlandpower.com
Mr. Thomas Johnson, Consumer Advocate - E-mail: tjohnson@odeaearle.nf.ca
Mr. Brad Pelley – Abitibi-Consolidated Inc., - E-mail: brad_pelley@abitibiconsolidated.com
Mr. Jim Gartshore – Abitibi-Consolidated Inc. – E-mail: jim_gartshore@abicon.com
Mr. Kevin Goulding – Deer Lake Power Ltd. – E-mail: kgoulding@cb.kruger.com
Mr. Glenn Mifflin – North Atlantic Refining Ltd – E-mail: glenmmifflin@na-petroleum.nf.ca
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.) – E-mail: bob.kelly@teckcominco.com
Mr. Larry Marks – Corner Brook Pulp & Paper Co. Ltd. - E-mail: Lmarks@CB.Kruger.com

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Newfoundland Power Inc.

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A1B 3P6
Business: (709) 737-5600
Facsimile: (709) 737-2974
www.newfoundlandpower.com

VIA EMAIL

December 16, 2008

Board of Commissioners of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NF A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Application for Continuation of Interim Rates for Industrial Customers

As the above-noted matter affects only Hydro's Industrial Customers, and has no impact on the customers of Newfoundland Power, we will not be commenting on the Application.

A copy of this letter has been forwarded directly to all interested parties.

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

Yours very truly,

A handwritten signature in blue ink, appearing to read "Gerard Hayes".

Gerard Hayes
Senior Counsel

c. Geoffrey Young
Newfoundland & Labrador Hydro

Thomas Johnson
O'Dea Earle Law Office

Paul L. Coxworthy
Stewart McKelvey Stirling Scales

Mr. Joseph S. Hutchings, Q.C.
Poole Althouse



Join us in the fight against cancer.

Telephone: (709) 737-5609

Email: ghayes@newfoundlandpower.com

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Paul L. Coxworthy
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pcoworthy@smss.com

December 17, 2008

Via Electronic Mail & Courier

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's NL A1A 5B2

Attention: Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary

Dear Ms. Blundon:

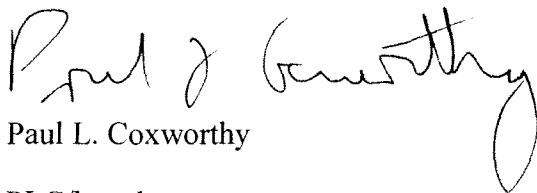
Re: Hydro Application for Industrial Customer Interim Rates

Please find enclosed the original and eight (8) copies of the Notice of Intervention and Preliminary Submissions of the Industrial Customers in the above Application.

We trust you will find the enclosed to be in order.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/kmcd

Enclosure

cc. Mr. Peter Alteen & Mr. Gerard Hayes
Newfoundland Power
Mr. Joseph S. Hutchings Q.C.
Mr. Thomas J. Johnson
Consumer Advocate
Mr. Geoffrey P. Young
Newfoundland and Labrador Hydro

IN THE MATTER OF the *Public Utilities Act* (the Act); and]

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Section 71 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

**NOTICE OF INTERVENTION AND PRELIMINARY SUBMISSIONS
OF THE INDUSTRIAL CUSTOMERS**

TAKE NOTICE that Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited, Teck Cominco Limited and Vale Inco Newfoundland and Labrador Limited (the “Intervenors”), through their solicitors Stewart McKelvey and Poole Althouse, hereby intervene in the above-referenced Application.

The Intervenors are actual or potential island Industrial Customers of Newfoundland and Labrador Hydro who are or will be affected by the rates charged by Newfoundland and Labrador Hydro.

The Intervenors make the following submissions in respect of the Application:

Rates for Industrial Customers generally

- (a) Further information and consideration is required to determine whether continuation of the interim rates for Industrial Customers for an indefinite period, as proposed by Hydro’s application, is consistent with the objectives of the Rate Stabilization Plan to smooth rate impacts for Industrial Customers arising from variations between actual results and

Test Year Cost of Service estimates and with the overarching principle that Hydro must deliver power to consumers in the province at the “lowest possible cost consistent with reliable service”.

- (b) The Industrial Customers have already been subject to interim rates, as originally approved on an interim basis by Order No. P.U. 34 (2007), for the whole of the year 2008. It would therefore be appropriate to consider whether reasonable time limits should be placed on any continuation of interim rates and on the requirement on Hydro to make application for permanent rates.
- (c) Hydro has made the bare submission that it needs a further, unspecified period of time to analyze the impact of changes in the Island Industrial Customer load and in fuel prices on the RSP. The Industrial Customers are concerned that the practical effect of the order sought by Hydro would be the establishment of long-term (as distinct from truly “interim”) rates for Industrial Customers without affording the full opportunity for oversight of the Board and for submissions from the Industrial Customers.

Rates for Teck Cominco

- (d) Further information and consideration is required to determine the appropriate rate to be charged by Hydro to Teck Cominco Limited (“Teck Cominco”), in light of (i) the exclusion by Order No. P.U. 1 (2007) of Teck Cominco from the Historic Plan component of the RSP Adjustment, (ii) the

completion of the five-year collection period for the Historical Plan Balance leaving a remaining balance of \$1,382,925.00, and (iii) the inclusion of this remaining Historical Plan Balance in the current RSP.

- (e) The order sought by Hydro would result, as noted by Hydro in its covering letter to the Application, in an estimated rate increase of 38% for Teck Cominco. It also would, in effect, represent a departure from the principle underlying Order No. P.U. 1 (2007), as stated in Hydro's response to PUB 25 NLH in that Application and reproduced in that Order, that Aur Resources Inc. (now Teck Cominco) "*should not pay a portion of the Historical Plan Balance primarily on the principle of cost causation, in that all costs being recovered in the Industrial Customer RSP Historic Plan are costs incurred by the Industrial Customer class prior to 2004*".
- (f) Given the significant impact of the proposed order on Teck Cominco, and the potential precedential effect of the proposed order for future Industrial Customers, the Industrial Customers submit that there should be full opportunity for oversight of the Board and for submissions from the Industrial Customers on this issue.

In light of the need for further information and consideration of the above issues, it is respectfully requested by the Industrial Customers that the Board make an order which would give effect to the following:

1. The continuation of Industrial Customer interim rates, as approved in Order No. P.U. 34 (2007), and including the continuation of the differential interim rates approved for Teck Cominco pursuant to Order No. P.U. 1 (2007) and without adjustment to reflect inclusion of the remaining Historical Plan Balance in the current RSP, until March 31, 2009;
2. All parties to have the opportunity to file Requests for Information, to file evidence, to request other pre-hearing procedures, to request a hearing and/or to make further submissions in relation to the above issues, in accordance with the further direction of the Board.
3. Hydro to file its application for permanent rates for its Industrial Customers at least 30 days prior to the expiry of the extension of interim rates.

Documents relating to this Application can be served on the Intervenors in care of:

Paul L. Coxworthy
Stewart McKelvey
Suite 1100, Cabot Place
100 New Gower Street
P.O. Box 5038
St. John's NL A1C 5V3

Telephone: (709) 722-4270
Telecopier: (709) 722-4565

E-mail: pcoxworthy@smss.com

AND

Mr. Joseph S. Hutchings Q.C.
Poole Althouse
49-51 Park Street
P.O. Box 812
Corner Brook NL A2H 6H7


Telephone: (709) 637-6425
Telecopier: (709) 634-8247

E-mail: jhutchings@pa-law.ca

DATED at St. John's, Newfoundland and Labrador, this 17th day of December, 2008.

STEWART McKELVEY

Per:



Paul Coxworthy

POOLE ALTHOUSE

Per:



Joseph S. Hutchings, Q.C.

TO: The Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's NL A1A 5B2
Attention: Ms. Cheryl Blundon, Director Corporate Services and
Board Secretary

TO: Newfoundland & Labrador Hydro
P.O. Box 12400
500 Columbus Drive
St. John's NL A1B 4K7

Attention: Geoffrey P. Young

TO: Newfoundland Power Inc.
P.O. Box 8910
55 Kenmount Road
St. John's NL A1B 3P6

Attention: Peter Alteen and Gerard Hayes

TO: Consumer Advocate
c/o O'Dea, Earle
323 Duckworth Street
P. O. Box 5955, Stn. C
St. John's NL A1C 5X4
Attention: Thomas J. Johnson



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2008 12 17

<p>Newfoundland and Labrador Hydro Mr. Geoffrey P. Young, Senior Legal Counsel, Hydro Place, Columbus Drive, P.O. Box 12400, St. John's, NL, A1B 4K7</p>	<p>E-mail: gyoung@nlh.nl.ca</p>
<p>Consumer Advocate Mr. Thomas Johnson, O'Dea Earle, 323 Duckworth Street, P.O. Box 5955, St. John's, NL, A1C 5X4</p>	<p>E-mail: tjohnson@odeaearle.nf.ca</p>
<p>Newfoundland Power Inc. Mr. Gerard Hayes, Counsel, 55 Kenmount Road, P.O. Box 8910, St. John's, NL, A1B 3P6</p>	<p>E-mail: ghayesnewfoundlandpower.com</p>

Dear Sirs:

**RE: Application of Newfoundland and Labrador Hydro for the continuation of
 Interim Rates for Industrial Customers**

Further to the above captioned application, the Board is now in receipt of the Industrial Customers' comments, which have also been copied to you.

Should you wish to make further submissions, the Board requests that you do so by noon, Friday, December 19, 2008.

Yours sincerely,

Original signed by
Cheryl Blundon,
Board Secretary

\e.c.c.

Mr. Brad Pelley, .Abitibi-Consolidated Inc	brad_pelley@abitibiconsolidated.com
Mr. Jim Gartshore, Abitibi-Consolidated Inc.	jim_gartshore@abicon.com
Mr. Kevin Goulding, Deer Lake Power Ltd.	kgoulding@cb.kruger.com
Mr. Glenn Mifflin, North Atlantic Refining Ltd	glennmifflin@na-petroleum.nf.ca
Mr. Bob Kelly, Teck Cominco Limited (Aur Resources Inc.)	bob.kelly@teckcominco.com
Mr. Larry Marks, Corner Brook Pulp & Paper Co. Ltd.	Lmarks@CB.Kruger.com
Mr. Joseph S. Hutchings, Q.C., Poole Althouse	jhutchings@pa-law.ca
Mr. Paul L. Coxworthy, Stewart McKelvey Stirling Scales	pcoxworthy@smss.com



File No. _____

NEWFOUNDLAND AND LABRADOR HYDROHead Office: St. John's, Newfoundland P.O. Box 12400 A1B 4K7
Telephone (709) 737 - 1400 • Fax (709) 737 - 1231 • Website: www.nlh.nl.ca

January 16, 2009

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Island Industrial Rates – Order No. P.U. 37(2008)

Please find enclosed the original and eight copies of an application with regards to Island Industrial rates, plus supporting affidavit and draft order.

Beginning in 2005 with the shutdown of the Abitibi Stephenville mill, there has been a significant decline in the pulp and paper load on the Island Interconnected system. In 2007 there was a further decline in industrial sales as Corner Brook Pulp and Paper Ltd shutdown a paper machine and in late 2008 Abitibi announced that it will be closing its Grand Falls operations in 2009. The result of these shutdowns is that sales to the pulp and paper sector will have declined by 816.4 GWh (72.1 %) since the 2004 Cost of Service Test Year or 305.4 GWh (49.2%) since the 2007 Test Year.

Also, since base rates were last set on January 1, 2007, there has been significant volatility in the price of fuel used at the Holyrood thermal plant. The 2007 Cost of Service included average fuel costs of \$55.47 per barrel. During the world-wide increase in fuel price in 2008, Hydro incurred fuel purchases as high as \$90.06 per barrel. This level of fuel price change has created volatility that is unprecedented in Hydro's history.

Changes of this magnitude in fuel prices and, in particular, Industrial Customer load, have a significant impact on rates through the Industrial Rate Stabilization Plan (RSP). Under the present rules for the RSP, the Industrial Customer load variation is assigned solely to the Industrial Customer class. Because of the industrial load continuing to decline unpredictably and significantly in 2009, and fuel price volatility, Hydro has not been able to prepare reliable analysis on which to base a rate recommendation. Electricity rate uncertainty continues into the future as well, as a result of the recent expropriation of Abitibi hydro-electric facilities. The combination of a reduction in Abitibi

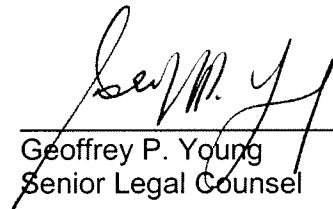
purchases from Hydro and the potential generation from the Grand Falls and Bishop's Falls hydro-electric facilities, which at this time is undetermined, could result in a potential equivalent reduction of one million barrels of fuel annually at Holyrood. This could obviously have a significant impact on all Island Interconnected rates and some resolution of the cost impacts of this issue will be necessary in order to develop a future Industrial Customer RSP rate recommendation.

The level and volatility of Island Industrial rates is a provincial policy issue. This has been particularly so regarding the pulp and paper industry over recent years as the Province sought to assist in ways and means to keep the industry viable. In 2005, the Province contributed \$10 million to the Industrial Customer Historic RSP to lower rates for all industrial customers. Because of the policy implications inherent in industrial rate setting, it is incumbent upon Hydro to inform the Province of any potential recommendations regarding industrial rates.

Hydro currently estimates that it may be toward the end of the second quarter before it can finalize a rate proposal, however this timing is uncertain because of the nature of the issues. On this basis, Hydro informs the Board that the filing timeframes outlined in Order No. P.U. 37 (2008) cannot be met and requests approval of the attached application.

Yours truly,

Newfoundland and Labrador Hydro



Geoffrey P. Young
Senior Legal Counsel

cc: Mr. Peter Alteen - Newfoundland Power
Mr. Keith Aylward – Newfoundland Power
Mr. Gerard Hayes – Newfoundland Power
Mr. Thomas Johnson – Consumer Advocate
Mr. Joseph S. Hutchings, Q.C., Poole Althouse
Mr. Paul Coxworthy – Stewart McKelvey Sterling Scales
Mr. Brad Pelley – Abitibi-Consolidated Inc., Grand Falls
Mr. Jim Gartshore – Abitibi-Consolidated Inc., Montreal
Mr. Larry Marks – Corner Brook Pulp & Paper Co. Ltd.
Mr. Mark Sheppard – Vale Inco, Toronto
Mr. Kevin Goulding – Deer Lake Power Ltd.
Mr. Glenn Mifflin – North Atlantic Refining Ltd.
Mr. Bob Kelly – Teck Cominco Limited (Aur Resources Inc.)

IN THE MATTER OF the *Public Utilities Act*, (the Act); and

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Sections 70 (1) and 76 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

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

THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro) STATES THAT:

1. Hydro is a corporation continued and existing under the Hydro Corporation Act, 2007, is a public utility within the meaning of the Act and is subject to the provisions of the Electrical Power Control Act, 1994.
2. Order No. P.U. 40 (2003) sets out the manner by which the Rate Stabilization Plan (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers.
3. Order No. P.U. 8 (2007) confirmed on a final basis the rates for Hydro's Island Industrial Customers to be effective January 1, 2007.
4. On December 20, 2007 Hydro filed an Application to the Board for an Order continuing, on an interim basis, the rates then in effect for the Island Industrial Customers, on the basis that the normal operation of

the RSP could cause significant rate volatility for the Island Industrial Customers.

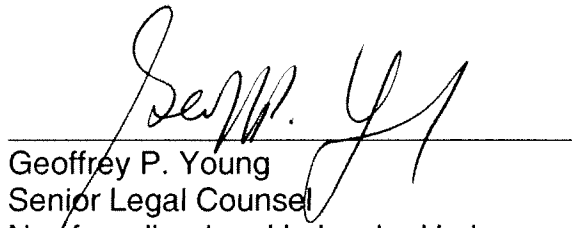
5. Order No. P.U. 34 (2007) approved, on an interim basis, Island Industrial Customers' rates to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Island Industrial Customers' rates for 2008.
6. On December 4, 2008 Abitibi announced it would be closing its Grand Falls paper mill effective March 31, 2009.
7. On December 11, 2008, Hydro filed an Application for approval to:
 - (a) continue the existing Island Industrial Customer interim rates except that rates for Teck Cominco Limited (formerly Aur Resources Inc.) would be increased to the same level as Hydro's other Island Industrial Customers.
 - (b) revise the Schedule of Rates and the RSP rules and regulations for Hydro's Island Industrial Customers to remove reference to the Historical Plan Balance.
8. On December 16, 2008, the Abitibi-Consolidated Rights and Assets Act was introduced and passed into law by the Province. Under that legislation the Abitibi hydro-electric generating assets were

expropriated. The impact of this action on Island Interconnected electricity rates cannot be estimated at this time.

9. The Island Industrial Customers made submission on December 17, 2008 requesting that the interim rates be continued, with the existing differential for Teck Cominco Limited, until March 31, 2009 to provide an opportunity for all parties to request information, file evidence, request other pre-hearing procedures and a hearing and/or submissions, and requiring Hydro to file an application for final rates at least thirty days prior to the expiry of interim rates.
10. The Board in Order No. P.U. 37(2008) issued on December 24, 2008, determined that the rates, rules and regulations for the Island Industrial Customers should continue on an interim basis until March 31, 2009 and that Hydro should make application to finalize the interim rates, rules and regulations for the Island Industrial Customers by January 30, 2009.
11. On January 7, 2009, the owner of the Corner Brook Pulp and Paper mill announced that it would be facing cutbacks to operations in three of its paper mills including the Corner Brook mill. The level of the production cutbacks affecting the Corner Brook mill and the impacts that it will have on energy consumption is not known at this time.

12. Due to the Industrial Customers' load continuing to decline unpredictably and significantly, and the volatility in the price of fuel used at the Holyrood Thermal Generating Station, Hydro has not been able to prepare reliable analysis on which to base a rate recommendation. In addition, the recent expropriation of Abitibi's hydro-electric facilities could have a significant impact on all Island Interconnected rates with a potential annual reduction of up to one million barrels of fuel at Holyrood. Resolution of the cost impact of this issue will be necessary in order to develop the Industrial Customers' RSP rate recommendation.
13. Hydro therefore applies for an Order: (1) extending the Application filing deadline set in Order No. P.U. 37 (2008) until June 30, 2009; and (2) approving a continuation of the existing rates, rules and regulations for Hydro's Island Industrial Customers on an interim basis until such time as the Board has dealt with the above referenced application.

DATED AT St. John's in the Province of Newfoundland and Labrador this 16th day of January 2009.



Geoffrey P. Young
Senior Legal Counsel
Newfoundland and Labrador Hydro,
500 Columbus Drive, P.O. Box 12400
St. John's, Newfoundland, A1B 4K7

IN THE MATTER OF the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the Act)); and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro for the approval, pursuant to Sections 70 (1) and 76 of the Act, of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

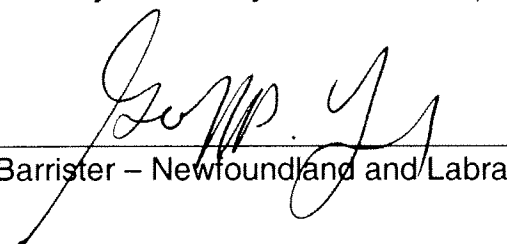
TO: The Board of Commissioners of Public Utilities (the Board)

AFFIDAVIT

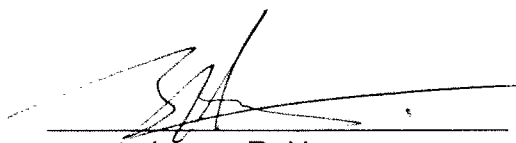
I, James R. Haynes, Professional Engineer of St. John's, in the Province of Newfoundland and Labrador, make oath and swear as follows:

1. THAT I am employed by Newfoundland and Labrador Hydro, the Applicant herein, in the capacity of Vice-President, Regulated Operations, and as such I have knowledge of the matters and things to which I have herein deposed, and make this affidavit in support of the Application.
2. THAT I have read the contents of the Application and they are correct and true to the best of my knowledge, information and belief.

SWORN TO BEFORE ME in the)
City of St. John's, in the Province)
of Newfoundland and Labrador, this)
16th day of January, 2009.)



Barrister – Newfoundland and Labrador



James R. Haynes

(DRAFT ORDER)
NEWFOUNDLAND AND LABRADOR
AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NO. P.U. __ (2009)

IN THE MATTER OF the *Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the *Act*), and

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro (Hydro) for the approval, pursuant to Sections 70 (1) and 76 of the *Act*, of the Rate Stabilization Plan components of the rates to be charged to Island Industrial Customers.

WHEREAS Hydro is a corporation continued and existing under the Hydro Corporation Act, 2007, is a public utility within the meaning of the Act and is subject to the provisions of the Electrical Power Control Act, 1994; and

WHEREAS Order No. P.U. 40 (2003) sets out the manner by which the Rate Stabilization Plan (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers which includes special treatment and recovery of Historical Plan Balances that had accumulated in the RSP as of December 31, 2003; and

WHEREAS Order No. P.U. 8 (2007) confirmed on a final basis the interim rates for Hydro's Island Industrial Customers to be effective January 1, 2007 until an application is filed by Hydro for new rates effective January 1, 2008 in accordance with the provisions of the RSP; and

WHEREAS on December 31, 2007 the five-year collection period to recover the Historical Plan Balance ended as per Section E of Hydro's RSP and as of December 31, 2007 any remaining balance in the Historical Plan was transferred to the current plan and the Historical Plan Balance was set to zero; and

WHEREAS on December 20, 2007 Hydro filed an Application to the Board for an Interim Order continuing the rates currently in effect for the Island Industrial Customers until such time as the Board issues a final Order with respect to rates for Hydro's Island Industrial Customers for 2008, on the basis that the normal operation of the RSP could cause significant rate volatility for the Island Industrial Customers.

WHEREAS Order No. P.U. 34 (2007) approved Hydro's proposal and approved, on an interim basis, Island Industrial Customer rates to be effective for consumption on and after January 1,

2008, until a final Order of the Board with respect to Island Industrial Customers' rates for 2008; and

WHEREAS on December 11, 2008, Hydro filed an Application for approval to:

- (a) continue the existing Island Industrial Customer interim rates except that rates for Teck Cominco Limited (formerly Aur Resources Inc.) would be increased to the same level as Hydro's other Island Industrial Customers.
- (b) revise the Schedule of Rates and the RSP rules and regulations for Hydro's Island Industrial Customers to remove reference to the Historical Plan Balance; and

WHEREAS the Island Industrial Customer made submission on December 17, 2008 requesting that the interim rates be continued, with the existing differential for Teck Cominco Limited, until March 31, 2009 to provide an opportunity for all parties to request information, file evidence, request other pre-hearing procedures and a hearing and/or submissions, and requiring Hydro to file an application for final rates at least thirty days prior to the expiry of interim rates to which submission Hydro did not file a reply; and

WHEREAS the Board in Order No. P.U. 37(2008) determined that the rates, rules and regulations for the Island Industrial Customers should continue on an interim basis until March 31, 2009 and that Hydro shall make application to finalize the interim rates, rules and regulations for the Island Industrial Customer by January 30, 2009; and

WHEREAS recent events affecting Island Industrial loads and potentially affecting available hydro-electric generation have caused further uncertainty as to costs and rate structures; and

WHEREAS Hydro has made Application for an Order: (1) extending the Application filing deadline set in Order No. P.U. 37 (2008) until June 30, 2009; and (2) approving a continuation of the existing rates, rules and regulations for Hydro's Island Industrial Customers on an interim basis until such time the Board has dealt with the above referenced Application.

IT IS THEREFORE ORDERED THAT:

1. Hydro shall make application to finalize the interim rates, rules and regulations for the Island Industrial Customers by June 30, 2009.
2. The continuation of the rates, rules and regulations for Hydro's Island Industrial Customers is approved on an interim basis until a final Order of the Board with respect to the above referenced Application.
3. Hydro shall pay the expenses of the Board incurred in connection with this matter.

DATED at St. John's, Newfoundland and Labrador, this 16th day of January 2009.

Andrew Wells,
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.,
Vice-Chair

Dwanda Newman, LL.B
Commissioner

G. Cheryl Blundon,
Board Secretary



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

ST. JOHN'S OFFICE

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18 High Street
Grand Falls-Windsor
Newfoundland and Labrador
Canada, A2A 1C6
Fax: (866)-489-8879

2009 01 19

CORRESPONDENCE COVER

Party	Address	E-Mail
<u>Industrial Customers</u> Mr. Paul Coxworthy Counsel Mr. Joseph Hutchings, Q.C. Counsel	Stewart McKelvey Stirling Scales Cabot Place, 100 New Gower Street P.O. Box 5038 St. John's, NL A2H 6H7 Poole Althouse 49-51 Park Street P.O. Box 812 Corner Brook, NL A2H 6H7	pcoxworthy@smss.com jhutchings@pa-law.ca
<u>Consumer Advocate</u> Mr. Thomas Johnson	323 Duckworth Street P.O. Box 5955 St. John's, NL A1C 5X4	tjohnson@odeaearle.nf.ca
<u>Newfoundland Power Inc.</u> Mr. Gerard Hayes Senior Counsel	55 Kenmount Road P.O. Box 8910 St. John's, NL A1B 3P6	ghayes@newfoundlandpower.com

RE: Newfoundland and Labrador Hydro application for approval of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers, further to Order No. P. U. 37(2008)

Request for Comments



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

ST. JOHN'S OFFICE

120 Torbay Road
 P.O. Box 21040
 St. John's, Newfoundland and Labrador
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 Grand Falls-Windsor
 Newfoundland and Labrador
 Canada, A2A 1C6
 Fax: (866)-489-8879

2009 01 19

Industrial Customers

Mr. Paul Coxworthy
 Mr. Joseph Hutchings, Q.C.

Consumer Advocate

Mr. Thomas Johnson

Newfoundland Power Inc.

Mr. Gerard Hayes

RE: Newfoundland and Labrador Hydro application for approval of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers, further to Order No. P. U. 37(2008)

Dear Sirs:

The Board is currently reviewing the above noted application received and also copied to you on January 16, 2009. The Board requests that any comments regarding this application be submitted as follows:

Party

Industrial Customers
 Consumer Advocate
 Newfoundland Power

Submission Deadline

Noon, Wednesday, January 21, 2009

Newfoundland and Labrador Hydro 4:00 p.m., Thursday, January 22, 2009

Should you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail jglynn@pub.nl.ca.

Yours truly,

Original signed by
 Cheryl Blundon
 Board Secretary

cc. **Newfoundland and Labrador Hydro**

Mr. Geoffrey Young

STEWART MCKELVEY

Suite 1100
Cabot Place
100 New Gower Street
St. John's, NL
Canada A1C 6K3

Correspondence:
P.O. Box 5038
St. John's, NL
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Telephone: 709.722.4270
Fax: 709.722.4565
st-johns@smss.com
www.smss.com

Paul L. Coxworthy
Direct Dial: 709.570.8830
pcoxworthy@smss.com

January 21, 2009

Via Electronic Mail & Courier

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's NL A1A 5B2

Attention: Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary

Dear Ms. Blundon:

Re: Island Industrial Rates-Order No. P.U. 37(2008)

We write in response to the Board's correspondence of January 19, 2009, requesting the Industrial Customers' comments on the Hydro Application, filed Friday, January 16, 2009, made in relation to the above Order. Those comments have been requested to be submitted by 12 noon today.

The practical effect of the January 16, 2009 Application would be, other than in respect of the rate increase originally proposed for Teck Cominco Limited, to grant, to a significant extent, the order sought by Hydro's December 11, 2008 Application. As noted in paragraph 5 of the January 16, 2009 Application, Order No. P.U. 34 (2007) approved, on an interim basis, Island Industrial Customers' rates. Those interim rates were to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to the Island Industrial Customers' rates for 2008. If Hydro's latest Application is granted, the making of such a final Order will be postponed until at least mid-2009. Such a result is difficult to accord with the ordinary meaning of "interim rates".

Having said this, the Industrial Customers acknowledge the issues and uncertainties confronting not only Hydro, but the Industrial Customers as well, in respect of both the provincial and global economic situation. In these circumstances, the Industrial Customers require more than the time proposed to formulate their comments and position in response to the January 16, 2009 Application.

Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary
January 21, 2009
Page 2

The Industrial Customers therefore respectfully request an extension of one week, to January 28, 2009, for their response to Hydro's January 16, 2009 Application. With respect to Hydro's concern about the pending January 31, 2009 deadline for the filing of an application for Industrial Customer rates, the Industrial Customers believe this could be addressed by granting an equivalent one week extension to Hydro for the filing of such application, if Hydro's January 16 Application is ultimately denied.

We trust you will find the above request to be in order.

Yours truly,

Stewart McKelvey

A handwritten signature in black ink, appearing to read "Paul L. Coxworthy". The signature is written in a cursive style with a large initial "P" and a stylized "L".

Paul L. Coxworthy

PLC/

cc. Mr. Gerard Hayes
Newfoundland Power
Mr. Joseph S. Hutchings Q.C.
Poole Althouse
Mr. Thomas J. Johnson
Consumer Advocate
Mr. Geoffrey P. Young
Newfoundland and Labrador Hydro



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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GRAND FALLS-WINDSOR OFFICE
 18 High Street
 Grand Falls-Windsor
 Newfoundland and Labrador
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2009 01 21

CORRESPONDENCE COVER

**Newfoundland and
 Labrador Hydro**
 Mr. Geoffrey P. Young,
 Senior Legal Counsel,

Hydro Place, Columbus Drive,
 P.O. Box 12400,
 St. John's, NL,
 A1B 4K7 **gyoung@nlh.nl.ca**

Industrial Customers
 Mr. Paul L. Coxworthy,
 Counsel

Stewart McKelvey
 Stirling Scales
 Cabot Place, 100 New
 Gower Street
 P.O. Box 5038
 St. John's
 NL, A1C 5V3 **pcoxworthy@smss.com**

Mr. Joseph S. Hutchings,
 Q.C., Counsel

Poole Althouse
 P. O. Box 812
 49-51 Park Street
 Corner Brook
 NL, A2H 6H7 **jhutchings@pa-law.ca**

Consumer Advocate
 Mr. Thomas Johnson,

O'Dea Earle,
 323 Duckworth Street,
 P.O. Box 5955,
 St. John's, NL,
 A1C 5X4 **tjohnson@odeaearle.nf.ca**

**Newfoundland Power
 Inc.**
 Mr. Gerard Hayes,
 Counsel,

55 Kenmount Road,
 P.O. Box 8910,
 St. John's, NL,
 A1B 3P6 **ghayes@newfoundlandpower.com**

RE: Island Industrial Rates – Order No. P. U. 37(2008)



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

HEAD OFFICE
 120 Torbay Road
 P.O. Box 21040
 St. John's, Newfoundland and Labrador
 Canada, A1A 5B2

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 18 High Street
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2009 01 21

Industrial Customers

Mr. Paul Coxworthy
 Mr. Joseph Hutchings, Q.C.

Consumer Advocate

Mr. Thomas Johnson

Newfoundland Power Inc.

Mr. Gerard Hayes

Newfoundland and Labrador Hydro

Mr. Geoffrey Young

Dear Sirs:

RE: Island Industrial Rates – Order No. P. U. 37(2008)

The Board has considered the request of the Industrial Customers for an extension of the filing of submissions in relation to the above captioned matter and has extended the filing deadline as follows:

<u>Party</u>	<u>Submission Deadline</u>
Industrial Customers	Noon, Monday, January 26, 2009
Consumer Advocate	
Newfoundland Power	
Newfoundland and Labrador Hydro	Noon, Wednesday, January 28, 2009

Should you have any questions please do not hesitate to contact the Board's Legal Counsel by telephone at 726-6781 or by e-mail jglynn@pub.nl.ca.

Yours truly,


 Cheryl Blundon
 Board Secretary