

P.U. 23 (2002-2003)

**IN THE MATTER OF THE *PUBLIC*
UTILITIES ACT, R.S.N. 1990, CHAPTER
*P-47, (THE "ACT")***

AND

**IN THE MATTER OF THE APPLICATION
BY NEWFOUNDLAND POWER INC.
("NEWFOUNDLAND POWER") FOR
APPROVAL TO ISSUE SERIES AJ FIRST
MORTGAGE SINKING FUND BONDS
PURSUANT TO SECTION 91 OF THE ACT.**

WHEREAS the Board of Commissioners of Public Utilities ("the Board") received the within Application on September 13, 2002; and

WHEREAS pursuant to s. 91(1) of the Act, a public utility may not issue bonds until it has obtained approval from the Board for the proposed issue; and

WHEREAS pursuant to s. 91(3) of the Act, where the Board is satisfied that a proposed issue of bonds is to be made in accordance with law and for a purpose approved by the Board, the Board shall make an Order approving the issue in an amount that it considers appropriate, and shall prescribe the purpose to which the issue or the proceeds of the issue are to be applied; and

WHEREAS the Application filed by Newfoundland Power to issue Series AJ First Mortgage Bonds (the “Application”) shows that the proceeds of the issue will be used to repay short-term indebtedness (the “Short Term Debt”); and

WHEREAS the Application states that the Short Term Debt was incurred to finance those capital expenditures approved by the Board as required under the Act and to redeem \$13,500,000 of 11.5% Series AB First Mortgage Bonds; and

WHEREAS pursuant to s. 91(3) of the Act the Board has decided to exercise its discretion to dispose of this matter without a public hearing; and

WHEREAS the Board has reviewed the Application and supporting material and finds that approval of the issue of the mortgage bonds is in accordance with law and for a purpose approved by the Board.

IT IS THEREFORE ORDERED THAT:

1. Approval is hereby given to Newfoundland Power to issue Series AJ First Mortgage Bonds in an amount of up to \$75,000,000 and on the general terms set out in the Application subject to the following conditions:
 - (a) The Bonds shall be issued on or before December 31, 2002.
 - (b) Newfoundland Power shall provide to the Board an Affidavit specifying the terms and conditions of the Bond issue within five (5) days (non-business days excepted) after closing the Bond issue. In particular, the Affidavit shall set forth the following:

- (i) date of the issue,
- (ii) term,
- (iii) maturity date,
- (iv) principal amount,
- (v) coupon rate,
- (vi) particulars of sinking fund, if any,
- (vii) price to public and to the underwriters,
- (viii) yield to the public,
- (ix) underwriting fee,
- (x) actual cost (i.e. yield) to Newfoundland Power, and
- (xi) any other material terms or conditions not contemplated at the date of the application but forming part of the negotiated terms and conditions.

(c) Newfoundland Power shall provide to the Board a copy of the Underwriting Agreement relating to the Bond issue within five (5) days (non-business days excepted) after closing the Bond issue.

(d) The proceeds from the Bond issue shall be used in the manner set out in paragraph 9 of the Application, and Newfoundland Power shall report by Affidavit to the Board on the disposition of the proceeds no later than six months from this date.

2. All costs and expenses incurred by the Board in connection with the Application shall be borne by Newfoundland Power.

DATED at St. John's, Newfoundland, this 26th day of September, 2002.

Darlene Whalen, P.Eng.,
Vice-Chair

G. Fred Saunders,
Commissioner.

G. Cheryl Blundon,
Board Secretary.