

DELIVERED BY HAND

May 10, 2007

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

Attention: G. Cheryl Blundon
Director, Corporate Services
& Board Secretary

Ladies & Gentlemen:

**Re: Application for Approval of Rate Stabilization and Municipal
Tax Adjustments to be effective July 1st, 2007**

Please find enclosed fifteen copies of a Newfoundland Power Inc. ("Newfoundland Power") application (the "Application") for approval of the rate stabilization and municipal tax adjustments to be applied to electricity rates for the period July 1, 2007 to June 30, 2008.

To maintain regulatory transparency, the Application also seeks approval of a schedule of final customer electricity rates for Newfoundland Power. These final customer electricity rates incorporate the base rates that are the basis of Newfoundland Power's final rates approved by the Board in Order No. P.U. 9 (2007) and the rate stabilization and municipal tax adjustments for which approval is sought in the Application.

The average decrease to customers' bills resulting from the proposed rate stabilization and municipal tax adjustments is approximately 2.9%. The impact on customers' bills will vary by customer and by rate class. The decrease is substantially the result of higher than forecast water levels and lower than forecast fuel prices.

In addition to the Application and supporting Schedules, we have provided detailed information indicating the source of the data contained in the Application. The presentation of this information is generally consistent with past practice. The detailed information is included to assist the Board, its staff and consultants in reviewing the calculations contained in the Application.



Join us in the fight against cancer.

Board of Commissioners
of Public Utilities
May 10, 2007
Page 2 of 2

For purposes of regulatory continuity, we have provided a *Final Customer Rate Reconciliation* with the detailed information provided with the Application. The *Final Customer Rate Reconciliation* explicitly shows the reconciliation of Newfoundland Power's base rates with the final customer rates for which approval is sought in the Application.

A draft of the Order requested is enclosed for the Board's convenience.

If you have any questions on the Application, please feel free to contact us at your convenience.

Yours very truly,



Peter Alteen
Vice President, Regulatory Affairs
& General Counsel

Enclosures

c. Wayne D. Chamberlain
Newfoundland and Labrador Hydro

Thomas Johnson
Consumer Advocate



Join us in the fight against cancer.

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

IN THE MATTER OF an application (“the Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of:
(1) rate stabilization and municipal tax adjustments to be applied to the rates of Newfoundland Power Inc. for the period July 1, 2007 to June 30, 2008; and
(2) a schedule of rates, tolls and charges incorporating the rate stabilization and municipal tax adjustments (the “Customer Rates”), pursuant to Section 70 (1) of the Act.

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

THE APPLICATION OF Newfoundland Power SAYS THAT:

A. Background:

1. Newfoundland Power is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. The Newfoundland and Labrador Hydro-electric Corporation (“Hydro”) maintains a Retail Rate Stabilization Plan (“RSP”) to smooth rate impacts for certain variations between actual results and Hydro’s test year cost of service estimates for hydraulic production, fuel costs, customer load and rural rates.
3. In Order No. P.U. 40 (2003), the Board approved amendments to the RSP, including the introduction of a component to reflect the difference between projected fuel prices and test year values (the “RSP Fuel Rider”). The operational guidelines of the RSP are set out in Schedule A to Order No. P.U. 40 (2003).
4. By Order No. P.U. 34 (1985), the Board approved the establishment of a Rate Stabilization Account (“RSA”) by Newfoundland Power. The Board also approved the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
5. By Order No. P.U. 17 (1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but collected through a Municipal Tax Adjustment (“MTA”) factor included in the rates of Newfoundland Power.

B. The Rate Stabilization Adjustment:

6. The Rate Stabilization Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the balance in the RSA and the Rate Stabilization Adjustment. The Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect (i) the accumulated balance in the RSA as of March 31st of the current year and (ii) any change in the mill rate charged to Newfoundland Power by Hydro as a result of the operation of the RSP.
7. The current Rate Stabilization Clause and the Rate Stabilization Adjustment of 0.444 ¢/kWh included in Newfoundland Power's rates for the period January 1, 2007 to June 30, 2007 were approved by the Board in Order No. P.U. 42 (2006).

C. The Municipal Tax Adjustment:

8. The Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA factor. The current Municipal Tax Clause was approved by the Board in Order No. P.U. 18 (2004). The MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities.
9. The MTA factor of 1.02393 included in Newfoundland Power's rates for the period July 1, 2006 to June 30, 2007 was approved by the Board in Order No. P.U. 21 (2006).

D. Schedules to the Application:

10. Schedule A presents Hydro's calculation of the RSP adjustment to the mill rate to be paid by Newfoundland Power to Hydro for the period July 1, 2007 to June 30, 2008.
11. Schedule B presents the calculation of the Rate Stabilization Adjustment of 0.157 ¢/kWh proposed in the Application to be used by Newfoundland Power in billing customers for the period July 1, 2007 to June 30, 2008.
12. Schedule C presents the calculation of the MTA factor of 1.02490 proposed in the Application to be used by Newfoundland Power in billing customers for the period July 1, 2007 to June 30, 2008.
13. Schedule D sets out the rates proposed by Newfoundland Power to be effective on all electrical consumption on and after July 1, 2007.

E. Reasons for Approval:

14. Approval by the Board of the Rate Stabilization Adjustment and the MTA factor proposed in the Application will permit cost recovery as provided for, and intended by, the Act, the *Electrical Power Control Act, 1994* and the Orders of the Board set out in the Application.

15. By approving the Application, the Board will permit:

- (1) the amounts collected through the Rate Stabilization Adjustment to approximately recover the amounts set out in Schedule B of the Application; and
- (2) the amounts collected through the MTA factor to approximately recover the amounts set out in Schedule C of the Application;

over the period July 1, 2007 to June 30, 2008.

F. Process Matters:

16. The Rate Stabilization Adjustment and MTA proposed in the Application are to be made in accordance with the Rate Stabilization Clause and the Municipal Tax Clause approved by the Board and included in Newfoundland Power's *Schedule of Rates, Rules & Regulations*. Accordingly, Newfoundland Power submits that public notice and hearing into the Application is unnecessary and not in the public interest.

G. Order Requested:

18. Newfoundland Power requests that the Board approve:

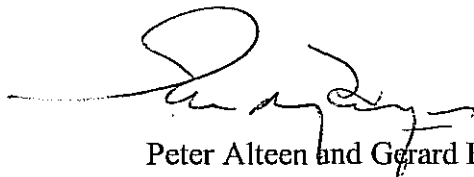
- (1) the Rate Stabilization Adjustment of 0.157 ¢/kWh and the MTA factor of 1.02490 to be applied to all bills based on electrical consumption on and after July 1, 2007; and
- (2) the schedule of rates, tolls and charges to be effective on all electrical consumption on and after July 1, 2007 as set out in Schedule D to the Application.

H. Communications:

17. Communications with respect to the Application should be sent to Counsel to Newfoundland Power.

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

NEWFOUNDLAND POWER INC.



Peter Alteen and Gerard Hayes
 Counsel to Newfoundland Power
 Newfoundland Power Inc.
 P.O. Box 8910
 55 Kenmount Road
 St. John's, NL A1B 3P6

Telephone: (709) 737-5609
 Telecopier: (709) 737-2974

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

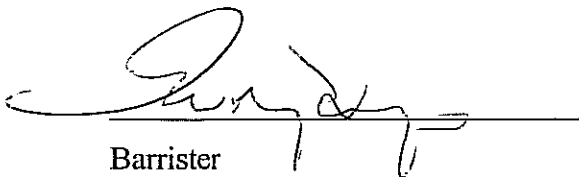
IN THE MATTER OF an application ("the Application") by Newfoundland Power Inc. ("Newfoundland Power") for approval of:
(1) rate stabilization and municipal tax adjustments to be applied to the rates of Newfoundland Power Inc. for the period July 1, 2007 to June 30, 2008; and (2) a schedule of rates, tolls and charges incorporating the rate stabilization and municipal tax adjustments (the "Customer Rates"), pursuant to Section 70 (1) of the Act.

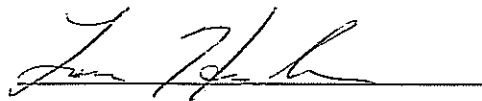
AFFIDAVIT

I, Lorne Henderson, of the City of St. John's in the Province of Newfoundland and Labrador, Professional Engineer, make oath and say as follows:

1. That I am the Director, Regulatory Affairs of Newfoundland Power Inc.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in this Application are true.

SWORN to before me at St. John's
in the Province of Newfoundland and Labrador
this 10th day of May, 2007,
before me:


Barrister


Lorne Henderson



File No. . . .

NEWFOUNDLAND AND LABRADOR HYDRO

Head Office: St. John's, Newfoundland P.O. Box 12100 A1B 4K7
Telephone (709) 737-1400 • Fax (709) 737-1251 • Website: www.nlh.nl.ca

BY HAND

April 16, 2007

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

**Attention: Ms. G. Cheryl Blundon,
Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

Re: Rate Stabilization Plan – Fuel Price Projection

By Order No. P.U. 40 (2003), the Board approved amendments to Hydro's Rate Stabilization Plan ("RSP"). The provisions of the amended RSP include a requirement that Hydro, by the 10th working day of April, file with the Board, Newfoundland Power and the Industrial Customers, Hydro's RSP Fuel Price Projection for Newfoundland Power. Please find enclosed an original plus ten copies of Hydro's calculation of its RSP fuel rider, Schedule A, prepared in the format set out in the RSP, as amended. The fuel rider becomes effective July 1st of each year.

In Order No. P.U. 46 (2006), the Board ordered, on an interim basis, that Hydro set up a reserve account to maintain the December 31, 2006 RSP Hydraulic Production Variation balance net of the normal 25% December 31, 2006 allocation. In Order No. P.U. 8 (2007), the Board ordered the disposition of that reserve account in accordance with the provisions of Schedule B attached to that Order. The December 31, 2006 balances have therefore been adjusted to reflect that disposition, and the calculations are shown on Schedule B attached. The adjusted balances are reflected in the rates for the March Balance and the Historic Balance of the RSP for Newfoundland Power as these amounts factor into the RSP Adjustment Rate effective July 1st, 2007.

In summary, the following table outlines the RSP rate, including the fuel rider, for Newfoundland Power to become effective July 1st, 2007.



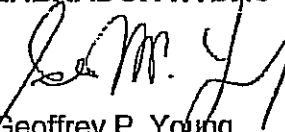
Newfoundland Power	Existing RSP Rate (mills/kW.h)	New RSP Rate (mills/kW.h)
Historical RSP - December 31 st Balance	4.54	5.19
March 31 st Balance	(0.29)	(4.02)
Fuel Rider		0.54
Total RSP Rate	4.25	1.71

At this time, Hydro is applying to the Board for approval of these rates to Newfoundland Power. Enclosed herewith are ten copies of the Application. The attached Schedule C ("Utility") is to be implemented as of July 1, 2007.

Should you have any questions on the enclosed, please do not hesitate to contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND
LABRADOR HYDRO**



Geoffrey P. Young
Legal Counsel

Enclosures

- cc: Mr. Peter Alteen - Newfoundland Power Inc.
Mr. Robert Meyers - Newfoundland Power Inc.
Mr. Gerard Hayes - Newfoundland Power Inc.
Mr. Gordon Oldford - Abitibi-Consolidated Inc., Grand Falls
Mr. Mel Dean - Abitibi-Consolidated Inc., Stephenville
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. Edmund Stuart - Aur Resources Inc.
Mr. Joseph Hutchings, Q.C. - Poole Althouse
Mr. Paul Coxworthy - Stewart McKelvey Stirling 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 component of the rates to be charged to Newfoundland Power.

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

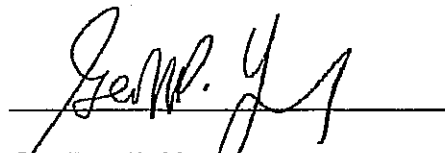
THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO ("Hydro") STATES THAT:

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 also 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 Newfoundland Power and to its Island Industrial Customers.
3. In Order No. P.U. 46 (2006), the Board ordered, on an interim basis, that Hydro set up a reserve account to maintain the December 31, 2006 RSP Hydraulic Production Variation balance net of the normal 25% December 31, 2006 allocation.
4. In Order No. P.U. 8 (2007), the Board ordered the disposition of that reserve account in accordance with the provisions of Schedule B attached to that Order. Schedule B allocates 100%, rather than the customary 25%, of the December 31, 2006 Hydraulic Production Variation balance to customers, and assigns Newfoundland Power's resultant allocation to its *Historic Plan balance*.

5. In accordance with Order No. P.U. 40 (2003), Hydro has concurrently filed with the Board, Newfoundland Power, and Hydro's Industrial customers, the RSP Rate (adjusted for the direction in Order No. P.U. 8 (2007)) to be applied to Newfoundland Power's rates, effective July 1, 2007, together with detailed supporting calculations. The supporting calculation is attached hereto as Schedule A.

6. Hydro hereby requests that the Board make an Order approving its RSP rate to be charged to Newfoundland Power. The proposed revised Utility rate sheet is attached hereto as Schedule C. The Billing Demand Charge, the Energy Charge, and the Firming-up Charge remain unchanged; the RSP adjustment has been revised in accordance with Schedule A attached.

DATED AT St. John's in the Province of Newfoundland and Labrador this 16th day of April 2007.



Geoffrey P. Young
Counsel for the Applicant
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 Newfoundland Power.


AFFIDAVIT

I, Derrick F. Sturge, Chartered Accountant, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice-President, Finance and Chief Financial Officer, 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 16th day of April 2007,
before me:)
)
)
)


Barrister – Newfoundland and Labrador


Derrick F. Sturge

(DRAFT 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*, (R.S.N. 1990, Chapter P-47 (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 component of the rates* to be charged to Newfoundland Power.

WHEREAS Newfoundland and Labrador Hydro ("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*.

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 Newfoundland Power and to its Island Industrial Customers; and

WHEREAS In Order No. P.U. 46 (2006), the Board ordered, on an interim basis, that Hydro set up a reserve account to maintain the December 31, 2006 RSP Hydraulic Production Variation balance net of the normal 25% December 31, 2006 allocation.

WHEREAS In Order No. P.U. 8 (2007), the Board ordered the disposition of that reserve account in accordance with the provisions of Schedule B attached to that Order.

WHEREAS In accordance with Order No. P.U. 40 (2003) on April 16, 2007, Hydro provided written notice to the Board, to Newfoundland Power and to its Island Industrial Customers as to the forecast fuel price change, the resulting fuel rider, and the RSP Rate to be applied to Newfoundland Power's rates, effective July 1, 2007; and

WHEREAS the Board has considered Hydro's application and the information and calculations that accompanied it.

IT IS THEREFORE ORDERED THAT:

The Board hereby approves the Rates to be charged by Hydro to Newfoundland Power as attached hereto as Schedule "A" to be effective for consumption on or after July 1, 2007.

Dated at St. John's, Newfoundland and Labrador, this day of 2007.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN FUEL PRICE PROJECTION RIDER
Utility Customer

SCHEDULE A
Page 1 of 3

Line No	Customer Allocation	Amount	Comments
1	March Fuel Price Projection	\$ 56.80	From Page 2
2	2007 Total Year Fuel Forecast Price	\$ 66.40	
3	Forecast Fuel Price Variance	\$ 1.20	Line 1 - Line 2
4	2007 Total Year No. of Barrels Consumed	2,467,396	
5	Forecast Fuel Variance	\$ 2,060,075	Line 3 x Line 4
6	Utility Customer Allocation Ratio for March	86.11%	From Line 0
7	Utility Customer Allocation	\$ 2,549,751	Line 5 x Line 6

	kWh	Percent of Total	Allocation of Rural	Total	
8	12 months to date (Apr 2006-Mar 2007) Utility Sales	4,716,725,889	80.35%	5.78%	86.11%
9	12 months to date (Apr 2006-Mar 2007) Industrial Customer Sales	773,537,749	13.18%	0.00%	13.18%
10	12 months to date (Apr 2006-Mar 2007) Bulk Rural Energy	379,723,880	6.47%	-5.47%	0.00%
11	Total	5,860,987,518			

	Amount	Comments
12	Utility Allocation March	\$ 2,549,751 From Line 7
13	12 months to date Utility Sales (kWh)	4,716,725,889 From Line 8
14	Fuel Projection Rider (mills per kWh)	0.64 Line 12/Line 13
16	March Balance	\$ (18,154,002) March RSP
18	Forecast Financing Costs	\$ (1,091,028) From Line 38
17	Forecast Recovery to June 30	\$ 287,430 Lines 23 to 26
18	Total to be recovered	\$ (18,067,670) Lines 16 to 17
19	12 months to date (Apr 2006-Mar 2007) Utility Sales	4,716,725,889 From Line 8
20	Balance Ratio (mills per kWh)	(4.02) Line 18/Line 19
21	RSP Adjustment Rate (mills per kWh)	(3.46) Line 14 + Line 20

Utility Forecast Recovery
2007 - 2008

2007 Total Year Weighted Average Cost of Capital per annum 7.529%
Nominal Financing Rate 7.281%

	Sales kWh ⁽¹⁾	Financing Costs	Adjustment	Total To Date Balance	
22	Balance Forward			\$ (18,154,002)	
23	April	388,214,928	\$ (110,150)	\$ 112,502	(18,151,549)
24	May	325,889,889	(110,135)	94,508	(18,167,270)
25	June	277,034,400	(110,230)	80,340	(18,187,166)
26	July	271,237,857	(110,411)	1,090,376	(17,217,201)
27	August	267,156,711	(104,465)	1,073,970	(16,247,697)
28	September	273,987,590	(98,683)	1,101,430	(15,244,650)
29	October	345,174,564	(92,498)	1,387,602	(13,949,746)
30	November	302,708,748	(84,640)	1,576,601	(12,455,705)
31	December	535,990,821	(75,575)	2,154,683	(10,376,507)
32	January	667,549,362	(62,960)	2,281,648	(8,158,008)
33	February	637,913,894	(49,498)	2,182,414	(6,045,093)
34	March	632,869,039	(36,679)	2,142,134	(3,939,638)
35	April	388,214,928	(23,504)	1,580,624	(2,402,918)
36	May	325,889,889	(14,580)	1,310,077	(1,107,420)
37	June	277,034,400	(6,719)	1,113,078	(461)
38	Total		\$ (1,091,028)	\$ 19,244,648	

⁽¹⁾ Sales kWh actual utility sales from April 2006 to March 2007.

NEWFOUNDLAND AND LABRADOR HYDRO
Fuel Price Projection
As at March 31, 2007

SCHEDULE A
Page 2 of 3

	\$/bbl
PIRA Forecast \$ US/bbl ⁽¹⁾	
July	44.76
August	43.50
September	44.70
October	46.55
November	47.50
December	49.05
January	51.30
February	51.30
March	51.30
April	51.30
May	51.30
June	51.30
 Average \$US/bbl ⁽²⁾	 48.65
NLH TestYear Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$48.43
Can\$/US\$ Noon Exchange Rate ⁽³⁾	<u>1.1682</u>
NLH Fuel Price Projection (\$Can/bbl) ⁽²⁾	<u>\$56.60</u>

Notes:

- (1) The forecast for July to December is based on the PIRA monthly short-term forecast dated March 23, 2007. The forecast for January to June is based on the PIRA annual long-term forecast dated January 12, 2007.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Monthly average of the Bank of Canada Can\$/US\$ Noon Exchange Rate for the month of March, 2007, rounded to 4 decimal places.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN DECEMBER 2003 PLAN RECOVERY
Utility Customer

SCHEDULE A
Page 3 of 3

April 2007

Line No	Calculation of Utility Customer RSP Rate	Amount	Comments
<u>Historic Plan</u>			
1	December, 2006 balance	\$ 34,393,834	January RSP, Page 13
2	Forecast Financing Costs to June 30	\$ 1,069,396	From Line 16
3	Forecast Recovery to June 30	\$ (11,488,970)	From Line 16
4	Total	\$ 23,974,260	Lines 1 to 3
5		divided by 1	
6	RSP to be recovered in 2007 - 2008	\$ 23,974,260	Line 4/Line 5
7	12 months to date (Jan - Dec 2006) Utility Sales (kWh)	4,616,864,312	December RSP, Page 8
8	RSP Adjustment Rate (mills per kWh)	5.19	Line 6/Line 7

Utility Forecast Recovery
2006 - 2007

2007 Test Year Weighted Average Cost of Capital per annum 7.528%
Nominal Financing Rate 7.281%

	Sales kWh ⁽¹⁾	Financing Costs	Adjustment	Total To Date Balance
9 Balance Forward				\$ 34,393,834
10 January	522,550,185	208,685	(2,372,378)	32,230,141
11 February	500,164,234	195,556	(2,270,746)	30,154,951
12 March	516,756,389	182,865	(2,346,074)	27,991,842
13 April	388,214,926	169,841	(1,762,496)	26,399,187
14 May	325,889,889	160,177	(1,479,540)	25,079,824
15 June	277,034,400	152,172	(1,257,736)	23,974,260
16 Total		\$ 1,069,396	\$ (11,488,970)	

⁽¹⁾ Sales kWh actual utility sales from January to June 2006.

NEWFOUNDLAND AND LABRADOR HYDRO
 RATE STABILIZATION PLAN DECEMBER 31, 2006 ADJUSTMENTS
 Utility Customer

SCHEDULE B
 Page 1 of 1

Line No.		Balance		Revised Balance	Comments - Adjustment	
		December 2006 RSP Report	Adjustment			
1	Hydraulic Production Variation Balance	(15,977,692)	15,977,692	-	Line 6	
2	Summary of Utility Customer	(19,267,887)	5,726,000	(13,541,887)	Hydraulic allocation moved to Historic Plan	
3	Summary of Industrial Customers	(14,406,474)		(14,406,474)	No Change	
4	Recovery of December 2003 Balance - Utility	53,893,341	(19,499,507)	34,393,834	Line 2 Adjustment plus Line 7 Net	
5	Recovery of December 2003 Balance - Industrial Customers	9,100,931	(2,085,787)	7,015,143	Line 8 Net	
Hydraulic Production Variation Balance Adjustment						
6	Balance December 31, 2006		15,977,692			
	Allocation:					
		12 month (Dec 2006) kWh	% of kWh to total	Allocation	Reallocate Rural	Net
7	Utility	4,616,864,312	80.5%	12,855,149	918,358	13,773,507
8	Industrial	749,100,463	13.1%	2,085,787		2,085,787
9	Rural	372,345,900	6.5%	1,036,756	(1,036,756)	-
10		<u>5,738,310,675</u>	<u>100.0%</u>	<u>15,977,692</u>	<u>(118,398)</u>	<u>15,859,294</u>
11	Labrador Interconnected (write-off to income)				118,398	118,398
12					<u>-</u>	<u>15,977,692</u>

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY

Availability:

This rate is applicable to service to Newfoundland Power (NP).

Definitions:

"Billing Demand"

In the Months of January through March, billing demand shall be the greater of:

- (a) the highest Native Load less the Generation Credit, beginning in the previous December and ending in the current Month; and
- (b) the Minimum Billing Demand.

In the Months of April through December, billing demand shall be the greater of:

- (a) the Weather-Adjusted Native Load less the Generation Credit, plus the Weather Adjustment True-up; and
- (b) the Minimum Billing Demand.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	80,104
Thermal Generation Credit	<u>37,826</u>
Total Generation Credit	117,930

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

NEWFOUNDLAND AND LABRADOR HYDRO**UTILITY (continued)**

"Maximum Native Load" means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

"Minimum Billing Demand" means ninety-nine percent (99%) of:

NP's test year Native Load less the Generation Credit.

"Month" means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

"Native Load" is the sum of:

- (a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter; and
- (b) the total generation by NP averaged over the same fifteen-minute periods.

"Weather-Adjusted Native Load" means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

"Weather Adjustment True-up" means one-ninth of the difference between:

- (a) the greater of:
 - the Weather Adjusted Native Load less the Generation Credit, times three; and
 - the Minimum Billing Demand, times three; and
- (b) the sum of the actual billed demands in the Months of January, February and March of the current year.

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (continued)

Monthly Rates:

Billing Demand Charge:

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

\$4.00 per kW of billing demand

Energy Charge:

First 250,000,000 kilowatt-hours* @ 3.246 ¢ per kWh
All excess kilowatt-hours* @ 8.805 ¢ per kWh

Firming-up Charge:

Secondary energy supplied by
Corner Brook Pulp and Paper Limited* @ 0.841 ¢ per kWh

RSP Adjustment:

All kilowatt-hours @ 0.171 ¢ 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.

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 to metered demand and energy.

Adjustment for Station Services and Step-Up Transformer Losses:

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

NEWFOUNDLAND AND LABRADOR HYDRO

UTILITY (continued)

Weather Adjustment: This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

- (a) Weather adjustment shall be undertaken for NP's actual Maximum Native Load.
- (b) Weather adjustment shall be derived from Hydro's general NP native peak demand forecasting model.
- (c) By September 30th of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.
- (d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to Environment Canada's weather station data for the St. John's, Gander, and Stephenville airports. NP's regional customer counts shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising the availability of, or revisions to, Environment Canada's weather data and/or wind chill formulation.
- (e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding 19 hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.
- (f) Subject to the availability of Environment Canada weather data, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of Weather-Adjusted Native Load by April 5th of each year.

General:

This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.

**Calculation of the Rate Stabilization Adjustment
to be effective July 1, 2007**

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2007 is calculated as follows:

(i) by removing the previous Rate Stabilization Adjustment of +0.444 cents/kWh

(ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

B = Amount owed to Hydro:	1.17 mills/kWh x 4,715,725,889		= \$ 5,517,399
C = Balance in the Applicant's RSA at March 31, 2007			= \$ (478,979)
D = Total Energy Sales by the Applicant from April 1, 2006 to March 31, 2007			= 4,836,527,000 kWh

<i>Recovery Adjustment Factor</i>	= $\frac{B + C}{D}$	
	= $\frac{\$5,517,399 - \$478,979}{4,836,527,000}$	
	= 0.00104 \$/kWh or 0.104 cents/kWh	

Fuel Rider Adjustment Factor:

D = Corresponds to D above		= 4,836,527,000 kWh
E = Total Energy Sales to the Company by Hydro from April 1, 2006 to March 31, 2007		= 4,715,725,889 kWh
F = The Fuel Rider charged to Newfoundland Power through Hydro's RSP		= 0.054 cents/kWh

<i>Fuel Rider Adjustment Factor</i>	= $\frac{E \times F}{D}$	
	= $\frac{4,715,725,889 \times 0.054}{4,836,527,000}$	
	= 0.053 cents/kWh	

<i>Total Rate Stabilization Adjustment</i>	= <i>Recovery Adjustment Factor</i>	+	<i>Fuel Rider Adjustment Factor</i>
	= 0.104 cents/kWh	+	0.053 cents/kWh
<i>Total Rate Stabilization Adjustment</i>	= 0.157 cents/kWh		

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2007 to June 30, 2008**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2007 to June 30, 2008 is calculated as follows:

$$X = \text{Amount of all municipal taxes paid in 2006} = \$11,219,133$$

$$Y = \text{Amount of Revenue earned in 2006 to which MTA factor shall apply, calculated as follows:}$$

$$\text{Normalized Revenue from rates for 2006} = \$407,297,000$$

$$\text{Add: RSA revenue for 2006} = \$62,344,300$$

$$\text{Add: 2006 Weather Normalization Revenue Adj.} = (\$16,499,000)$$

$$\text{Less: Forfeited Discounts} = \$2,492,000$$

$$Y = \$450,650,300$$

$$\text{Municipal Tax Adjustment Factor} = \frac{X + 1.00000}{Y}$$

$$= \frac{\$11,219,133 + 1.00000}{\$450,650,300}$$

$$= 1.02490$$

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE**

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$15.60 per month

Energy Charge:

All kilowatt-hours @ 8.644¢ per kWh

Minimum Monthly Charge \$15.60 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-10 kW**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$17.90 per month

Energy Charge:

All kilowatt-hours @ 11.174 ¢ per kWh

Minimum Monthly Charge, Single Phase \$17.90 per month

Three Phase \$35.80 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
RATE #2.2
GENERAL SERVICE 10-100 kW (110 kVA)**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$20.62 per month

Demand Charge:

\$8.64 per kW of billing demand in the months of December, January, February and March and \$7.89 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kW of billing demand @ 8.818 ¢ per kWh
All excess kilowatt-hours @ 5.810 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 15.9 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

Single Phase \$20.62 per month
Three Phase \$35.80 per month

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$92.81 per month

Demand Charge:

\$7.46 per kVA of billing demand in the months of December, January, February and March and \$6.71 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 30,000 kilowatt-hours @ 8.431 ¢ per kWh
All excess kilowatt-hours @ 5.681 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 15.9 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$185.64 per month

Demand Charge:

\$7.05 per kVA of billing demand in the months of December, January, February and March and \$6.30 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 100,000 kilowatt-hours @ 7.042 ¢ per kWh
All excess kilowatt-hours @ 5.573 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 15.9 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

	Sentinel/Standard	Post Top
High Pressure Sodium*		
100W (8,600 lumens)	\$14.51	\$14.99
150W (14,400 lumens)	18.02	-
250W (23,200 lumens)	23.60	-
400W (45,000 lumens)	30.82	-

* For all new installations and replacements.

Mercury Vapour

175W (7,000 lumens)	\$14.51	\$14.99
250W (9,400 lumens)	18.02	-
400W (17,200 lumens)	23.60	-

Special poles used exclusively for lighting service**

Wood	\$ 6.45
30' Concrete or Metal, direct buried	10.09
45' Concrete or Metal, direct buried	16.56
25' Concrete or Metal, Post Top, direct buried	8.17

Underground Wiring (per run)**

All sizes and types of fixtures	\$13.39
---------------------------------	---------

** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

Curtailment Credit = Contracted Demand Reduction x \$29 per kVA

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

Peak Period Load Factor =
$$\frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x \$29 per kVA

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2007

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

Detailed Information

Schedule B and Schedule C Restated Identifying Sources of Information

**Calculation of the Rate Stabilization Adjustment
to be effective July 1, 2007**

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2007 is calculated as follows:

(i) by removing the previous Rate Stabilization Adjustment of +0.444 cents/kWh

(ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

B = Amount owed to Hydro: **1.17 mills/kWh x 4,715,725,889** = \$ 5,517,399
(source: Schedule A, page 2 of 15 (Total RSP Rate less Fuel Rider) and page 8 of 15, line 8)

C = Balance in the Applicant's RSA at March 31, 2007 = \$ (478,979)
(source: Supporting Documentation Appendix D)

D = Total Energy Sales by the Applicant from April 1, 2006 to March 31, 2007 = **4,836,527,000 kWh**
(source: Supporting Documentation Appendix E)

$$\begin{aligned} \text{Recovery Adjustment Factor} &= \frac{B + C}{D} \\ &= \frac{\$5,517,399 - \$478,979}{4,836,527,000} \\ &= 0.00104 \text{ \$/kWh or } \\ &\quad 0.104 \text{ cents/kWh} \end{aligned}$$

Fuel Rider Adjustment Factor:

D = Corresponds to D above = **4,836,527,000 kWh**

E = Total Energy Sales to the Company by Hydro from April 1, 2006 to March 31, 2007. (source: Schedule A, page 8 of 15, line 8) = **4,715,725,889 kWh**

F = The Fuel Rider charged to Newfoundland Power through Hydro's RSP = **0.054 cents/kWh**
(source: Schedule A, page 8 of 15, line 14)

$$\begin{aligned} \text{Fuel Rider Adjustment Factor} &= \frac{E \times F}{D} \\ &= \frac{4,715,725,889 \times 0.054}{4,836,527,000} \\ &= 0.053 \text{ cents/kWh} \end{aligned}$$

$$\begin{aligned} \text{Total Rate Stabilization Adjustment} &= \text{Recovery Adjustment Factor} + \text{Fuel Rider Adjustment Factor} \\ &= 0.104 \text{ cents/kWh} + 0.053 \text{ cents/kWh} \end{aligned}$$

$$\text{Total Rate Stabilization Adjustment} = 0.157 \text{ cents/kWh}$$

Note: Sources indicated are the sources of the data shown in bold font.

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2007 to June 30, 2008**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2007 to June 30, 2008 is calculated as follows:

X	=	Amount of all municipal taxes paid in 2006 (source: Supporting Documentation - Appendix A)	=	\$11,219,133
Y	=	Amount of Revenue earned in 2006 to which MTA factor shall apply, calculated as follows:		
		Normalized Revenue from rates for 2006 (source: 2006 Quarterly Regulatory Report, For the Period Ending December 31, 2006, Appendix C)	=	\$407,297,000
		Add: RSA revenue for 2006 (source: 2006 Annual Report to the Board, Return 15)	=	\$62,344,300
		Add: 2006 Weather Normalization Revenue Adj. (source: 2006 Annual Report to the Board, Return 14)	=	(\$16,499,000)
		Less: Forfeited Discounts (source: 2006 Quarterly Regulatory Report, For the Period Ending December 31, 2006, Appendix C)	=	\$2,492,000
Y	=			\$450,650,300
		<i>Municipal Tax Adjustment Factor</i>	=	$\frac{X}{Y} + 1.00000$
			=	$\frac{\$11,219,133}{\$450,650,300} + 1.00000$
			=	1.02490

Note: Sources indicated are the sources of the data shown in bold font.

Detailed Information:

Appendices A to D

Source Data for the Calculation of Municipal Taxes Paid in 2006

Source Data for the RSA Balance as of March 31, 2007

**NEWFOUNLAND POWER
TRANSFER MUNICIPAL TAXES
TO RATE STABILIZATION ACCOUNT
Dec-31-2006**

Municipal Taxes Paid in ,2006

Revenue Taxes Paid as per GIL account 24221 \$ 10,961,021.60

Property Taxes Paid 258,111.30

Total Taxes Paid in 2006 11,219,132.90

Less : MTA Billed to Customers in 2006 10,827,837.30

Transfer to Rate Stabilization Account \$ 391,295.60

<p>NEWFOUNDLAND POWER INC. REVENUE TAXES PAID FOR THE YEAR 2006</p>

Municipality	Taxes Paid
Corner Brook	\$ 588,888.43
Mount Pearl	690,775.96
St John's	3,162,487.49
Admiral Beach	3,196.41
English Hr East	3,114.06
Frenchmans Cove	3,595.31
Aquaforte	3,200.28
Baine Harbour	2,300.29
Branch	5,377.62
Cape Broyle	11,895.77
Duntara	982.37
Happy Adventure	6,737.46
Keels	1,152.99
Lourdes	8,751.75
Renew, Cappahayden	6,238.45
Sandy Cove	2,619.00
St. Mary's	11,997.93
Winterland	5,849.78
Parkers Cove	5,210.81
Point May	3,826.80
Baytona	3,535.84
Bryant's Cove	6,193.61
Cape St George	13,311.78
Colinet	3,412.22
Comfort Cove Newstead	11,094.08
Cormack	15,666.36
Coxs Cove	12,785.94
Fermeuse	8,934.14
Gallants	1,156.17
Hughes Brook	3,077.89
Kings Cove	3,518.25
Lark Harbour	9,876.82
Lewins Cove	9,119.33
Little Bay East	2,820.12
Mcivers	6,685.16
Meadows	10,418.60
Millertown	3,227.47
Point Au Gaul	1,091.72
Point Lance	1,924.89
Point Of Bay	2,190.25
Port Kirwan	1,603.04
Portugal Cv South	6,214.86
Rushoon	6,342.38

Municipality	Taxes Paid
St Shotts	1,811.63
St. Brides	8,377.50
Traytown	5,525.50
Trinity Bay North	48,502.26
Newfoundland Exchequer Account	966,347.38
Gaskiers & Point La Haye	4,676.62
Musgrave Harbour	25,530.14
New Perlican	4,087.07
Bay Bulls	19,165.83
Fox Cove-Mortier	5,429.70
Gillams	6,352.27
Grand Le Pierre	4,018.03
Salmon Cove	12,472.54
Whiteway	4,889.23
Appleton	10,140.70
Arnolds Cove	41,341.06
Avondale	12,307.00
Badger	14,800.75
Baie Verte	36,645.72
Bauline	5,758.21
Bay De Verde	20,529.74
Bay L'Argent	6,245.38
Bay Roberts	146,777.85
Birchy Bay	7,853.67
Bishops Cove	4,186.02
Bishops Falls	72,096.92
Bonavista	91,821.35
Botwood	63,139.93
Brigus	19,367.12
Buchans	17,816.65
Burin	75,824.69
Burnt Islands	14,349.77
Campbellton	10,526.20
Carbonear	134,013.25
Carmanville	12,930.89
Centreville	23,166.26
Chance Cove	5,926.40
Channel Port Aux Basques	128,047.07
Chapel Arm	8,591.03
Clareville	172,039.39
Clarkes Beach	27,318.39
Colliers	11,502.29
Come By Chance	6,539.89
Conception Bay South	435,717.82
Conception Harbour	12,622.22
Cottlesville	9,686.30
Crow Head	4,420.18
Cupids	16,175.35
Deer Lake	115,765.65
Dover	12,926.65

Municipality	Taxes Paid
Eastport	13,039.32
Elliston	6,679.23
Embree	9,298.16
Ferryland	13,977.59
Flatrock	18,197.23
Fortune	38,200.09
Fox Harbour	4,499.94
Gambo	36,027.02
Gander	315,230.14
Garnish	10,948.94
Glenwood	18,759.10
Glovertown	45,330.66
Grand Bank	67,762.44
Grand Falls-Windsor	342,546.95
Greenspond	7,756.22
Hants Harbour	10,695.02
Harbour Grace	75,378.71
Hare Bay	17,301.97
Hearts Content	9,031.44
Delight Islington	11,668.85
Hearts Desire	3,983.18
Holyrood	44,518.43
Howley	4,282.49
Hr Main-Chapels Cove Lakeview	14,300.22
Humber Arm South	32,365.15
Indian Bay	2,295.18
Irishtown-Summerside	17,027.53
Isle Aux Morts	15,089.75
Kippens	28,283.59
Lamaline	7,410.16
Town Of Lawn	12,888.98
Leading Tickle	7,032.28
Lewisporte	96,444.67
Little Burnt Bay	3,464.88
Little Catalina	7,869.33
Logy Bay-Middle Cv-Outer Cv	41,174.12
Long Hr-Mount Arlington Hgts	6,826.87
Lords Cove	3,474.78
Lumsden	11,814.23
Marystown	169,099.75
Massey Drive	13,510.06
Mount Carmel	9,624.28
Mount Moriah	9,194.64
Musgravetown	12,869.35
New-Wes-Valley	62,574.71
Normans Cove-Long Cove	17,595.81
Norris Arm	14,328.09
North River	9,578.35
Northern Arm	6,618.83
Old Perlican	33,120.31

Municipality	Taxes Paid
Paradise	250,321.21
Pasadena	64,445.63
Peterview	9,162.20
Petty Harbour-Maddox Cove	16,510.41
Placentia	94,903.59
Point Leamington	14,538.97
Port Au Port East	12,230.62
Port Au Port West	8,721.84
Port Blandford	11,630.47
Port Rexton	9,595.17
Portugal Cove -St Philip's	114,309.85
Pouch Cove	30,894.75
Red Harbour	3,401.77
Reidville	7,614.68
Riverhead	3,782.90
Rose Blanche	11,059.15
Salvage	6,064.44
Sandringham	4,016.15
Seal Cove	5,643.64
Small Point-Broad Cove Blackhead	8,853.88
South River	11,724.41
Southern Harbour	8,948.43
Spaniards Bay	45,533.53
Springdale	65,176.27
St Georges	23,640.25
St Lawrence	35,934.99
St Vincents-St Stephens	5,784.29
St. Bernards - Jacques Fontaine	9,791.58
St. Joseph's	9,148.26
Steady Brook	15,092.08
Stephenville	197,517.41
Stephenville Crossing	37,561.09
Summerford	18,286.89
Sunnyside	8,731.30
Terra Nova	2,516.76
Terrenceville	8,467.99
Torbay	112,153.08
Trepassey	20,494.45
Trinity	6,181.13
Twillingate	56,413.99
Upper Island Cove	30,799.95
Victoria	29,431.32
Wabana	55,612.59
Whitbourne	30,131.84
Winterton	12,031.84
Witless Bay	21,305.95
York Harbour	5,416.25
	<u>\$ 10,961,021.60</u>

NEWFOUNDLAND POWER INC. PROPERTY TAXES PAID FOR THE YEAR 2006
--

Municipality	Taxes Paid
Corner Brook	\$ 13,993.27
Mount Pearl	12,723.75
St John's	149,801.46
Fermeuse	200.00
Trinity Bay North	1,716.45
Bay Roberts	2,191.26
South River	300.00
Logy Bay-Middle Cv-Outer Cove	209.47
Baie Verte	379.50
Stephenville Crossing	283.50
Port Au Port East	1,176.00
Placentia	470.40
New-Wes-Valley	2,730.25
Grand Falls-Windsor	5,339.93
Upper Island Cove	300.00
Carbonear	5,831.70
Paradise	1,394.64
Harbour Grace	901.61
Holyrood	331.20
Conception Bay South	11,362.00
Old Perlican	275.00
Petty Harbour-Maddox Cove	1,676.40
Portugal Cove -St Philip's	740.95
Torbay	1,211.29
Trepassey	202.80
Victoria	696.35
Wabana	300.00
Witless Bay	1,095.30
Hearts Delight Islington	285.00
Sunnyside	360.00
Whitbourne	2,213.25
Bonavista	190.00
Burin	3,264.00
Clareville	9,523.96
Garnish	285.00
St Lawrence	250.00
Grand Bank	1,208.90
Lawn	736.25
Marystown	281.60
Glenwood	350.00
Glovertown	275.00
Lewisporte	301.75
Norris Arm	2,388.58

Municipality	Taxes Paid
Summerford	325.00
Twillingate	302.45
Botwood	144.00
Springdale	250.00
Deer Lake	580.03
Pasadena	196.00
Burnt Islands	300.00
Channel Port Aux Basques	2,318.79
Port Au Port West	225.00
St Georges	250.00
Gander	9,062.36
Stephenville	4,409.90
	<u><u>\$ 258,111.30</u></u>

Newfoundland Power Inc.
Rate Stabilization Account
For Period Ended March 31, 2007

Month	Opening Balance	Revenue Billed During Month	Municipal Taxes	Excess Fuel Costs	Secondary Energy Costs	Interest Costs	Transfer To (From) Nfld. Hydro	Closing Balance
January	\$ 3,554,067 ¹	\$ (6,048,307)		\$ 8,501	\$ (47)	\$ 25,086	\$ 2,412,085	\$ (48,615)
February	\$ (48,615)	\$ (2,703,998)		\$ 1,978	\$ (368)	\$ (343)	\$ 2,286,134	\$ (465,212)
March	\$ (465,212)	\$ (2,280,347)		\$ 5,171	\$ -	\$ (3,284)	\$ 2,264,693	\$ (478,979)

¹ From 2006 Annual Report to the Board, Return 15.

Newfoundland Power Inc.	
Energy Sales Billed to Customers	
For Period April 1, 2006 to March 31, 2007	
<u>Month</u>	<u>MWH</u>
April	451,770
May	383,480
June	326,689
July	290,021
August	275,946
September	267,873
October	309,355
November	366,718
December	460,124
January	560,711
February	587,012
March	556,828
Total	4,836,527

Source: Energy sales billed to customers as recorded in Newfoundland Power's Customer Service System.

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

IN THE MATTER OF an application (“the Application”) by Newfoundland Power Inc. (“Newfoundland Power”) for approval of:
(1) rate stabilization and municipal tax adjustments to be applied to the rates of Newfoundland Power Inc. for the period July 1, 2007 to June 30, 2008; and (2) a schedule of rates, tolls and charges incorporating the rate stabilization and municipal tax adjustments (the “Customer Rates”), pursuant to Section 70 (1) of the Act.

Final Customer Rate Reconciliation

(Rates proposed for July 1, 2007)

A. Background

In Order No. P.U. 19 (2004), which approved Newfoundland Power's flow-through to customers of increased purchased power costs from Newfoundland and Labrador Hydro ("Hydro"), the Board approved Newfoundland Power's *final* rates. This represented a departure from historical practice where the Board typically approved Newfoundland Power's *base* rates.

Base rates are those which are derived from Newfoundland Power's most recent test year. Currently, the relevant test year is the 2004 test year which was the subject of the Board's determinations in Order No. P.U. 19 (2003). The 2004 test year formed the basis of the rates approved by the Board in Order Nos. P.U. 23 (2003), P.U. 19 (2004), P.U. 50 (2004), P.U. 16 (2005), P.U. 3 (2006), P.U. 21 (2006) and P.U. 9 (2007).¹

Final rates are the rates derived by applying the current rate stabilization and municipal tax adjustment factors ("RSA & MTA Factors") to base rates. The current applicable Rate Stabilization Adjustment was approved by the Board in Order No. P.U. 42 (2006) for the period January 1, 2007 to June 30, 2007. The current applicable MTA factor was approved in Order No. P.U. 21 (2006) for the period July 1, 2006 to June 30, 2007.

A general description and reconciliation of the differences between base rates and final rates was provided to the Board on November 24, 2004 in the *Customer Rate Comparison and Reconciliation*.

B. Calculation of *Final* Rates from *Base* Rates

Schedule 1 to this *Final Customer Rate Reconciliation* sets out the calculation of *final* rates from *base* rates using the RSA & MTA Factors proposed in the Application.

The RSA adjustment applies only to the energy charges in each rate classification (other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge). The MTA adjustment applies to all rate components. The calculation of final rates also incorporates a calculation to account for the effect of the early payment discount.

¹ Newfoundland Power's current base rates were filed with the Board in Schedule 1, Appendix B of the Company's Application for 2007 Customer Rates dated December 8, 2006.

**Newfoundland Power Inc.
Final Customer Rate Reconciliation**

Input Factors:

Proposed MTA Factor = 1.02490

Proposed RSA Factor= 0.00157 \$/kWh

Discount = 1.5% (Minimum \$1)

Rate #1.1 Domestic Service

Rate Component	Base Rate	Calculation of Final Rate	Final Rate	Notes
Basic Customer Charge	\$ 15.25	$[(\$15.25 - \$1.00) \times 1.02490] + \1.00	\$ 15.60	1, 2
Energy Charge All kilowatt-hours	\$0.08275	$[\$0.08275 \times (1 - 0.015) + \$0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.08644	3
Minimum Charge	\$ 15.25	Same as Basic Customer Charge	\$ 15.60	

Rate #2.1 General Service 0 – 10 kW

Rate Component	Base Rate	Calculation of Final Rate	Final Rate	Notes
Basic Customer Charge	\$ 17.49	$[(\$17.49 - \$1.00) \times 1.02490] + \1.00	\$ 17.90	1, 2
Energy Charge All kilowatt-hours	\$0.10743	$[\$0.10743 \times (1 - 0.015) + \$0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.11174	3
Minimum Monthly Charge				
Single Phase	\$ 17.49	Same as Basic Customer Charge	\$ 17.90	
Three Phase	\$ 34.98	2 × Basic Customer Charge	\$ 35.80	

**Newfoundland Power Inc.
Final Customer Rate Reconciliation**

Rate #2.2 General Service 10 – 100 kW (110 kVA)

Rate Component	Base Rate	Calculation of Final Rate	Final Rate	Notes
Basic Customer Charge	\$ 20.12	$\$20.12 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$ 20.62	4
Demand Charge Other	\$ 7.70	$\$7.70 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$ 7.89	4
Winter	\$ 8.43	Other Final Rate plus \$0.75	\$ 8.64	5
Energy Charge First Block	\$0.08444	$[\$0.08444 \times (1 - 0.015) + \$0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.08818	3
Second Block	\$0.05509	$[\$0.05509 \times (1 - 0.015) + \$0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.05810	3
Maximum Monthly Charge	\$0.155 + BCC	$\$0.155 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.159 + BCC	4, 6
Minimum Monthly Charge Single Phase	\$ 20.12	Same as Basic Customer Charge	\$ 20.62	
Three Phase	\$ 34.98	Same as Rate 2.1 Minimum Monthly Charge for Three Phase	\$ 35.80	

**Newfoundland Power Inc.
Final Customer Rate Reconciliation**

Rate #2.3 General Service 110 (100kW) – 1000 kVA

Rate Component	Base Rate	Calculation of Final Rate	Final Rate	Notes
Basic Customer Charge	\$ 90.56	$\$90.56 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$ 92.81	4
Demand Charge Other	\$ 6.55	$\$6.55 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$ 6.71	4
Winter	\$ 7.28	Other Final Rate plus \$0.75	\$ 7.46	5
Energy Charge First Block	\$0.08067	$[\$0.08067 \times (1 - 0.015) + 0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.08431	3
Second Block	\$0.05384	$[\$0.05384 \times (1 - 0.015) + 0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.05681	3
Maximum Monthly Charge	\$0.155 + BCC	$\$0.155 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.159 + BCC	4, 6

**Newfoundland Power Inc.
Final Customer Rate Reconciliation**

Rate #2.4 General Service 1000 kVA and Over

Rate Component	Base Rate	Calculation of Final Rate	Final Rate	Notes
Basic Customer Charge	\$181.13	$\$181.13 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$185.64	4
Demand Charge				
Other	\$ 6.15	$\$6.15 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$ 6.30	4
Winter	\$ 6.88	Other Final Rate plus \$0.75	\$ 7.05	5
Energy Charge				
First Block	\$0.06712	$[\$0.06712 \times (1 - 0.015) + \$0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.07042	3
Second Block	\$0.05278	$[\$0.05278 \times (1 - 0.015) + \$0.00157] \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.05573	3
Maximum Monthly Charge	\$0.155 + BCC	$\$0.150 \times (1 - 0.015) \times 1.02490 \times [1 / (1 - 0.015)]$	\$0.159 + BCC	4, 6

Newfoundland Power Inc.
Final Customer Rate Reconciliation

Rate #4.1 Street and Area Lighting

Rate Component	Base Rate	Monthly kWh	Calculation of Final Rate	Final Rate	Notes
<i>High Pressure Sodium</i>					
HPS 100 W Sentinel/Standard	\$ 14.08	51	$[14.08 + (51 \times 0.00157)] \times 1.02490$	\$ 14.51	7, 8
HPS 100 W Post Top	\$ 14.55	51	$[14.55 + (51 \times 0.00157)] \times 1.02490$	\$ 14.99	7, 8
HPS 150 W Sentinel/Standard	\$ 17.46	75	$[17.46 + (75 \times 0.00157)] \times 1.02490$	\$ 18.02	7, 8
HPS 250 W Sentinel/Standard	\$ 22.85	114	$[22.85 + (114 \times 0.00157)] \times 1.02490$	\$ 23.60	7, 8
HPS 400 W Sentinel/Standard	\$ 29.81	166	$[29.81 + (166 \times 0.00157)] \times 1.02490$	\$ 30.82	7
<i>Mercury Vapour</i>					
MV 175 W Sentinel/Standard	\$ 14.08	51	$[14.08 + (51 \times 0.00157)] \times 1.02490$	\$ 14.51	7, 8
MV 175 W Post Top	\$ 14.55	51	$[14.55 + (51 \times 0.00157)] \times 1.02490$	\$ 14.99	7, 8
MV 250 W Sentinel/Standard	\$ 17.46	75	$[17.46 + (75 \times 0.00157)] \times 1.02490$	\$ 18.02	7, 8
MV 400 W Sentinel/Standard	\$ 22.85	114	$[22.85 + (114 \times 0.00157)] \times 1.02490$	\$ 23.60	7, 8
Wood Poles	\$ 6.29		6.29×1.02490	\$ 6.45	9
25' Concrete or Metal, Post Top	\$ 7.97		7.97×1.02490	\$ 8.17	9
30' Concrete or Metal	\$ 9.84		9.84×1.02490	\$ 10.09	9
45' Concrete or Metal	\$ 16.16		16.16×1.02490	\$ 16.56	9
Underground Wiring (per run)	\$ 13.06		13.06×1.02490	\$ 13.39	9

Newfoundland Power Inc.
Final Customer Rate Reconciliation

Notes:

1. $[(\text{Base Rate} - \$1.00) \times \text{MTA}] + \$1.00.$
2. Base rate adjustment for the Basic Customer Charge for Rate 1.1 and Rate 2.1 reflects the minimum discount of \$1.00.
3. $[\text{Base Rate} \times (1 - 0.015) + \text{RSA}] \times \text{MTA} \times [1 / (1 - 0.015)].$
4. $\text{Base Rate} \times (1 - 0.015) \times \text{MTA} \times [1 / (1 - 0.015)].$
5. Price difference between Winter and Other Demand Charge is maintained at \$0.75 as approved in Order No. P.U. 6 (1991).
6. BCC is the Basic Customer Charge for the corresponding rate.
7. $[\text{Base Rate} + (\text{Monthly kWh} \times \text{RSA})] \times \text{MTA}.$
8. Monthly kWh is the weighted average monthly kWh for the fixtures listed below as follows.

(a) 175 Watt MV and 100 Watt HPS	51 kWh
(b) 250 Watt MV and 150 Watt HPS	75 kWh
(c) 400 Watt MV and 250 Watt HPS	114 kWh
9. $\text{Base Rate} \times \text{MTA}.$

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, R.S.N.L. 1990,
CHAPTER P-47 ("THE ACT")**

AND

**IN THE MATTER OF AN APPLICATION ("THE
APPLICATION") BY NEWFOUNDLAND POWER INC.
("NEWFOUNDLAND POWER") FOR APPROVAL OF:
(1) RATE STABILIZATION AND MUNICIPAL TAX
ADJUSTMENTS TO BE APPLIED TO THE RATES
OF NEWFOUNDLAND POWER INC. FOR THE PERIOD
JULY 1, 2007 TO JUNE 30, 2008; AND (2) A SCHEDULE
OF RATES, TOLLS AND CHARGES INCORPORATING
THE RATE STABILIZATION AND MUNICIPAL
TAX ADJUSTMENTS (THE "CUSTOMER RATES"),
PURSUANT TO SECTION 70 (1) OF THE ACT.**

WHEREAS Newfoundland Power is a corporation duly organized and existing under the laws of the Province of Newfoundland and Labrador, 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 Newfoundland and Labrador Hydro ("Hydro") maintains a Retail Rate Stabilization Plan ("RSP"), the operational guidelines of which are included in the Board of Commissioners of Public Utilities (the "Board") Report to the Minister Responsible for Energy dated August 6, 1985, and amended in Order Nos. P.U. 7 (2002-2003), P.U. 40 (2003) and P.U. 14 (2004), and

WHEREAS, by Order No. P.U. 34 (1985), the Board approved the establishment of a Rate Stabilization Account ("RSA") by Newfoundland Power, and the Board also approved the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power, and

WHEREAS the rate stabilization clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* ("Rate Stabilization Clause") provides for the calculation of the balance in the RSA and the calculation of the Rate Stabilization Adjustment, and

WHEREAS the Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect i) the accumulated balance in Newfoundland Power's RSA as of March 31st of the current year and ii) any change in the mill rate charged to Newfoundland Power by Hydro as a result of the operation of the RSP, and

WHEREAS the Rate Stabilization Adjustment approved in Order No. P.U. 42 (2006) and included in Newfoundland Power's rates for the period January 1, 2007 to June 30, 2007 was 0.444 cents/kWh; and

WHEREAS the Rate Stabilization Adjustment proposed to be included in Newfoundland Power's rates for the period July 1, 2007 to June 30, 2008 is 0.157 cents/kWh, and

WHEREAS by Order No. P.U. 17 (1987), the Board ordered that municipal taxes be collected through a Municipal Tax Adjustment ("MTA") factor included in the rates of Newfoundland Power, and

WHEREAS the Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules & Regulations* provides for the calculation of the MTA factor and the MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities, and

WHEREAS the MTA factor approved in Order No. P.U. No. 21 (2006) and included in Newfoundland Power's rates for the period July 1, 2006 to June 30, 2007 was 1.02393, and

WHEREAS the MTA factor proposed to be included in Newfoundland Power's rates for the period July 1, 2007 to June 30, 2008 is 1.02490, and

WHEREAS on May 10, 2007, Newfoundland Power filed with the Board an Application with the attachments set out below requesting approval of i) the Rate Stabilization Adjustment and MTA factor to be applied to the rates of Newfoundland Power for the period July 1, 2007 to June 30, 2008, and ii) a schedule of final customer electricity rates for Newfoundland Power:

- (i) Schedule A, Hydro's calculation of the RSP adjustment to the mill rate to be paid by Newfoundland Power to Hydro for the period July 1, 2007 to June 30, 2008;
- (ii) Schedule B, the calculation of the Rate Stabilization Adjustment of 0.157 cents/kWh proposed by Newfoundland Power for the period July 1, 2007 to June 30, 2008;
- (iii) Schedule C, the calculation of the MTA factor of 1.02490 proposed by Newfoundland Power for the period July 1, 2007 to June 30, 2008;
- (iv) Schedule D, the Customer Rates proposed by Newfoundland Power to be effective on all electrical consumption on and after July 1, 2007 to June 30, 2008.

WHEREAS the proposed rates filed with the Application in Schedule D incorporate Newfoundland Power's base rates that form the basis of the final customer rates approved by the Board in Order No. P.U. 9 (2007) and the Rate Stabilization and Municipal Tax adjustments for which approval is sought in the Application; and

WHEREAS, in accordance with the Rate Stabilization Clause and the Municipal Tax Clause, the Rate Stabilization Adjustment and the MTA factor for the period July 1, 2007 to June 30, 2008 are to be applied to all electrical consumption on and after July 1, 2007, and

WHEREAS the Board is satisfied that the Rate Stabilization Adjustment and Municipal Tax Adjustment factors proposed in the Application will permit cost recovery in accordance with the *Act*, the *Electrical Power Control Act, 1994* and Orders of the Board, and should be approved as filed.

IT IS THEREFORE ORDERED THAT:

1. The Board hereby approves the following:

(i) the Rate Stabilization Adjustment of 0.157 cents/kWh as set out in Schedule A to this Order and the Municipal Tax Adjustment factor of 1.02490 as set out in Schedule B to this Order to be applied to all bills based upon consumption on and after July 1, 2007 to June 30, 2008; and

(ii) the rates proposed by Newfoundland Power to be effective on all electrical consumption on and after July 1, 2007 to June 30, 2008, set out in Schedule C to this Order.

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

G. Cheryl Blundon
Board Secretary.