



BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NOTICE OF APPLICATION AND PUBLIC HEARING

**NEWFOUNDLAND POWER INC.
REVENUE RECOGNITION POLICY CHANGE APPLICATION**

TAKE NOTICE that on September 29, 2005 the Newfoundland and Labrador Board of Commissioners of Public Utilities (the “Board”) received an Application (“the Application”) from Newfoundland Power Inc. (“Newfoundland Power”) in relation to the way in which Newfoundland Power recognizes revenue from its operations. The Application proposes certain changes in Newfoundland Power’s accounting policy for revenue recognition for regulatory purposes. These changes are being proposed following conclusion of an outstanding tax case concerning Newfoundland Power’s historical policy of revenue recognition for income tax purposes. Specifically the Application proposes:

- 1) adoption of the accrual method for revenue recognition commencing in 2006;
- 2) a methodology for dealing with approximately \$24.3 million in 2005 unbilled revenue which arises as a result of the conclusion of the tax case;
- 3) that the average value of the unrecognised 2005 unbilled revenue be deducted from rate base commencing in 2006; and
- 4) a forecast rate base for 2006 of \$744,326,000 and a 2006 forecast for invested capital of \$745,752,000 be approved for use in the Automatic Adjustment Formula in calculating Newfoundland Power’s 2006 rate of return on rate base.

TAKE FURTHER NOTICE THAT

The Application may also address potential liabilities or benefits to ratepayers not specifically detailed but which may be related, including the use of a portion of the unbilled revenue to offset a shortfall in revenue resulting from the expiration of the amortization of a depreciation true-up beginning 2006.

Any or all consumers of electricity in the Province may be affected by the Board's decision on the Application.

THE PUBLIC HEARING:

The public hearing of Newfoundland Power's Application will begin at **9:30 A.M. on Wednesday, December 7, 2005**, in the Board's Hearing Room, Prince Charles Building, 120 Torbay Road, St. John's. The hearing will proceed in accordance with the procedures of the Board, which are established in accordance with the *Public Utilities Act* and *Newfoundland Regulation 39/96* ("the Regulations") with respect to filing of evidence, requests for information, and other matters relating to the hearing.

HOW TO PARTICIPATE IN THE HEARING:

Copies of the Application and supporting documentation filed to date, along with the Board's legislation and regulations, are available for viewing on the Board's website at www.pub.nl.ca or by request to the Board Secretary.

Any person or organization wishing to comment on the Application or otherwise participate must advise the Board in writing **before 3:00 P.M., Wednesday, November 23, 2005**.

All correspondence and requests for further information should be addressed to the Board Secretary as set out below.

Office: Suite E210, Prince Charles Building, 120 Torbay Road, St. John's

By mail: P.O. Box 21040, St. John's, NL, A1A 5B2

By telephone: 709-726-8600; 1-866-782-0006 (toll free)

By facsimile: 709-726-9604

By e-mail: ito@pub.nl.ca

Dated at St. John's, Newfoundland and Labrador, this 9th day of November 2005.

G. Cheryl Blundon
Board Secretary