



O'DEA, EARLE

October 11, 2006

Board of Commissioners of Public Utilities
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 for Approval of Recovery of Costs of No. 6 Fuel
not Exceeding 1% Sulphur**

This is further to: Consumer Advocate correspondence filed with the Board on October 5, 2006; the correspondence of October 9, 2006 filed with the Board by Mr. Young of Newfoundland and Labrador Hydro; and the correspondence of October 5, 2006 filed with the Board by Mr. Hutchings, on behalf of the Industrial Customers, all of which were filed with regard to Hydro's application of September 18, 2006 in the above noted matter.

We understand from the correspondence that all parties are in agreement that Hydro should not be allowed recovery of 1% sulphur fuel until an Order is issued by the Board in this matter. Therefore, the only remaining issue is for the Board to ensure that no such recovery for 1% sulphur fuel occurs prior to the date of its Order pursuant to this application. We submit that the Board Order pertaining to this application be conditional on submission by Hydro of a complete accounting of RSP calculations for 2006 until the date of the Board's Order pursuant to this application, including identification of the assumptions on prices for 1% and 2% sulphur fuel, and the calculation of the expense difference being absorbed by Hydro.

We look forward to the Board's disposition in this application.

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RANWELL EARLE, Q.C.
THOMAS BURKE, Q.C.
KENNETH BAGG, Q.C.
JOHN BARRETT
THOMAS WILLIAMS, Q.C.
STEPHANIE NEWELL, Q.C.
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Yours very truly,

O'DEA, EARLE



THOMAS JOHNSON

TJ/cel

cc: Newfoundland and Labrador Hydro
Attention: Mr. Geoff Young, LL.B.
Via Facsimile: 737-1782

Stewart McKelvey Stirling Scales
Attention: Mr. Paul Coxworthy
Via Facsimile: 722-4565

Poole Althouse
Attention: Mr. Joseph Hutchings, Q.C.
Via Facsimile: 634-8247

Newfoundland Power
Attention: Mr. Gerard Hayes, LL.B.
Via Facsimile: 737-2974