

**HYDRO**  
THE POWER OF  
COMMITMENTNOV 20 2003  
823/2003709 737 1782 P.01  
**INFO # 21**  
**FAX MESSAGE**  
Nov. 27, 2003

Fax To

From

Company: *Public Utilities Bd.*Department: *Management*Attention: *Cheryl Blundon*Name: *Maureen Greene*Fax No.: *(709) 726-9604*Fax No.: *(709) 737-1782*Date: *November 20/03*Total No of Pages *5 pgs.*

*This facsimile message is privileged and contains confidential information intended only for the person(s) names above. Any other distribution, copying or disclosure is strictly prohibited. If you have received this in error, please notify us immediately by telephone and return the original transmission to us by mail without making a copy.*

Please call (709) 737-1295 - *Maureen* ( ) if you have any problems with the transmission of this message.



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

November 20, 2003

Ms. Yvonne Jones  
MHA – District of Cartwright – L'Anse au Clair  
Confederation Building  
P.O. Box 8700  
St. John's, Newfoundland & Labrador  
A1B 4J6


**Fax No: 921-6424**

Dear Ms. Jones:

**Re: Hearing in Happy Valley/Goose Bay**  
**Thursday, November 27<sup>th</sup>**

The public hearing with respect to Hydro's General Rate Application has been now re-scheduled for Happy Valley/Goose Bay on November 27<sup>th</sup>. When we last spoke I advised that Hydro had agreed to propose to the Public Utilities Board a change in the lifeline block and that I would provide you with information outlining this proposal. Enclosed is an information note outlining the proposed change. If you have any questions on this or other issues related to Hydro's rate application you may contact me at 737-1465.

Yours truly,

  
Maureen P. Greene, Q.C.  
Vice-President Legal and General Counsel

c.c. Cheryl Blundon

MPG/mgw  
Encl.



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

November 20, 2003

Town of St. Lewis  
Town of Mary's Harbour  
Town of Makkovik  
Town of Hopedale

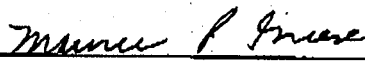
**BY FAX**

Dear Sirs/Madams:

**Re: Hearing in Happy Valley/Goose Bay**  
**Thursday, November 27<sup>th</sup>**

The public hearing with respect to Hydro's General Rate Application has been now re-scheduled for Happy Valley/Goose Bay on November 27<sup>th</sup>. Hydro has agreed to propose to the Public Utilities Board an increase in the lifeline block which affects residents in your area. Enclosed is an information note explaining this change.

Yours truly,

  
\_\_\_\_\_  
Maureen P. Greene, Q.C.  
Vice-President Legal and General Counsel

c.c. Cheryl Blundon

MPG/mgw  
Encl.

## Newfoundland and Labrador Hydro Seasonal Lifeline Block Proposal

### Lifeline Block

Domestic customers in Rural Isolated systems are currently charged the same rates as Island Interconnected customers for the first 700 kilowatthours of electricity usage each month. This block of 700 kilowatthours per month is referred to as the lifeline block. Rates for electricity usage above the lifeline block are higher. The purpose of lifeline block is to provide domestic households on diesel systems electricity at Island Interconnected rates for lighting, appliances and most of the electric hot water heating requirements.

### Seasonal Electricity Usage

The current lifeline block is 700 kilowatthours each month however this amount does not provide for higher domestic usage in colder months. It has been agreed at the present rate hearing that the lifeline block will be modified to reflect seasonal electricity usage. Hydro is proposing an alternative on this basis as shown in the following table:

**Seasonal Lifeline Block Proposal**

Month	Current Lifeline Block (kilowatthours)	Proposed Lifeline Block (kilowatthours)
January	700	1000
February	700	1000
March	700	900
April	700	900
May	700	700
June	700	700
July	700	700
August	700	700
September	700	700
October	700	900
November	700	900
December	700	1000
Total	8,400	10,100

### Revenue Neutral

It is agreed as well that this change will be revenue neutral to Hydro and therefore would not result in a further increase in the deficit incurred in serving rural customers. To achieve revenue neutrality the rate charged for electricity usage over the lifeline block must be increased in order to recover the shortfall.

The current rate structure and the proposed rate structure excluding any increases proposed for January 1, 2004 are as follows:

#### Current Rate Structure

Basic Customer Charge	\$15.77 per month
Energy Charge:	
First 700 kW.h per month	@ 7.185 ¢ per kW.h
Next 300 kW.h per month	@ 9.849 ¢ per kW.h
All kWh over 1000 kW.h per month	@ 13.352 ¢ per kW.h

#### Proposed Rate Structure

Basic Customer Charge	\$15.77 per month
Energy Charge:	
First block rate (Seasonal)	@ 7.185 ¢ per kW.h
All excess kW.h per month	@ 13.193 ¢ per kW.h

#### Sample Bills

Monthly bill comparisons for consumption at 700, 1000, and 1200 kilowatt-hours using the current rate structure above are shown in the table below.

##### Under Current Rate Structure

Consumption (kWh)	Monthly Bill
700	\$74.82
1000	108.30
1200	138.55

Monthly bill comparisons for consumption at 700, 1000, and 1200 kilowatt-hours using the seasonal lifeline rate structure above are shown in the table below.

##### Under Proposed Rate Structure

Consumption (kWh)	January Bill	March Bill	May Bill
700	\$74.82	\$74.82	\$74.82
1000	99.25	106.06	119.67
1200	129.14	135.95	149.56

#### Summary

A variable lifeline block is proposed for domestic customers on Rural Isolated systems which will more closely match seasonal electricity usage patterns. Effectively the seasonal lifeline proposal means that a domestic customer will not be penalized for higher consumption in the colder months. However, higher consumption above the lifeline block level will cost more under the seasonal lifeline block structure than the current rate structure.