

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

ORDER NUMBER: P.U. 14 (2004)

APPENDIX C

Board of Commissioners of Public Utilities
Board Order No. P. U. 14(2004)
List of Appendices

Appendix C

Details of Information Item No. 1

Information Item filed in Newfoundland and Labrador Hydro's 2003 General Rate Application by Board Counsel detailing certain directions to the Board from Government pursuant to section 4.1 of the *Public Utilities Act* and sections 5.1 and 5.2 of the *EPCA* as follows:

- Page 1 Revision filed August 14, 2003 pursuant to s. 5.1 of the *EPCA* regarding preferential rates to be charged to certain rural customers etc.

- Page 2 Filed July 18, 2003 pursuant to s. 5.1 of the *EPCA* directing the Board to conduct a hearing upon receipt of a complaint of discriminatory rates from Labrador West.

- Page 3 Filed July 18, 2003 pursuant to s. 5.2 of the *EPCA* regarding the exemption of the power purchase agreement related to the Wind Power Demonstration Project.

- Page 4 Filed July 18, 2003 pursuant to s. 4.1 of the *Public Utilities Act* regarding the exemption of the power purchase agreement related to the Wind Power Demonstration Project.

- Page 5 Filed September 4, 2003 pursuant to s. 5.1 of the *EPCA* directing the Board to adopt a policy that recovers fully in appropriate rates the utility's costs, relative to projects exempted from the *Public Utilities Act* and *EPCA*.

Page 1 - (Revision 2003-08-14)

Under the authority of section 5.1 of the Electric Power Control Act, 1994, the Lieutenant Governor in Council hereby directs the Board of Commissioners of Public Utilities to:

- i) continue to charge fish plants in diesel-serviced communities and with demand of 30 kilowatts or more the Island interconnected electricity rate;
- ii) continue to charge churches and community halls in diesel-serviced communities the diesel domestic electricity rate and to continue to charge various customer groups in diesel communities, rates calculated on the same basis as existing practice;
- iii) continue the allocation of a monthly block of energy for domestic residential customers in diesel-serviced communities, and that such service be priced at Newfoundland Power's interconnected domestic electricity rate. The monthly lifeline block should be satisfactory to provide for the necessary monthly household requirements, excluding space heating. Subsequent monthly energy blocks for these customers to be charged incrementally higher rates as historically structured and determined. Such rates would increase as per any percentage increase to Island interconnected rates for Newfoundland Power customers;
- iv) proceed, as the Public Utilities Board determines appropriate, with implementation of a demand/energy rate structure for general service (commercial) customers in diesel communities, where such customers currently pay the diesel general service electricity rate. While the rate changes can include elimination of the lifeline block for these general service customers, the new rates should target the current cost recovery level for these customers;
- v) continue to fund the financial deficit resulting from providing electrical service to Newfoundland and Labrador Hydro's rural customers through the electricity rates charged to Newfoundland and Labrador Hydro's other electricity customers, including its Labrador interconnected retail customers and Newfoundland Power, but excluding the industrial customers;
- vi) ensure Newfoundland and Labrador Hydro's communication to its retail customers, regarding rate changes and customers impacts, is carried out in a timely and suitable manner; and
- vii) continue to charge the preferential electricity rates historically charged to provincial government facilities, including schools, health facilities and government agencies, in rural isolated diesel serviced communities and the Burgeo school and library.

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Under the authority of section 5.1 of the Electric Power Control Act, 1994, the Lieutenant Governor in Council hereby directs the Public Utilities Board to:

- i) conduct a hearing, on receipt of a complaint of discriminatory rates from one or more municipalities in Labrador West, into the appropriate rate calculation methodology for the Labrador Interconnected System;
- ii) provide full opportunity for Labrador West (Labrador City, Wabush and/or Iron Ore Company of Canada and Wabash Mines, and the residents and representatives thereof) and other interested parties to present arguments/evidence before such hearing; and,
- iii) provide a full and formal decision, with detailed reasons, with respect to Labrador Interconnected rates;

with the hearing to be held separately, but before the hearing for Newfoundland and Labrador Hydro's general rate application, or the two may be combined with the proviso that the decision on the Labrador West issue will be incorporated into the final decision on Newfoundland and Labrador Hydro's rate application.

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Under the authority of section 5.2 of the Electric Power Control Act, 1994, the Lieutenant Governor in Council hereby exempts the Power Purchase Agreement and Newfoundland and Labrador Hydro's activities related to the Wind Power Demonstration Project from the authority of the Board of Commissioners of Public Utilities.

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Under the authority of section 4.1 of the Public Utilities Act, the Lieutenant Governor in Council hereby exempts the Power Purchase Agreement and Newfoundland and Labrador Hydro's activities related to the Wind Power Demonstration Project from the authority of the Board of Commissioners of Public Utilities.

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Under the authority of section 5.1 of the Electric Power Control Act, 1994, the Lieutenant Governor in Council is pleased to direct the Board of Commissioners of Public Utilities to:

- i) adopt a policy that a utility's costs, relative to projects exempted from the Public Utilities Act and the Electrical Power Control Act, 1994 by Order in Council, shall be recovered fully in appropriate rates, unless otherwise directed on a specific project; and,
- ii) that costs related to the Lower Churchill Development Project will be excluded from such policy directive.