

1 **P. U. 15(2007)**
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6 **IN THE MATTER OF** the *Electrical Power*
7 *Control Act*, RSNL 1994, Chapter E-5.1 (the
8 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
9 Chapter P-47 (the “*Act*”) as amended, and their
10 subordinate regulations;
11

12 **AND**
13

14 **IN THE MATTER OF** the Application
15 by Newfoundland Power Inc. (“NP”) for
16 approval of (i) Rate Stabilization and
17 Municipal Tax Adjustments to be applied
18 to the rates of NP for the period July 1, 2007
19 to June 30, 2008; and (ii) a Revised Schedule
20 of Rates, Tolls and Charges reflecting the
21 amended Rate Stabilization and Municipal
22 Tax Factors, effective July 1, 2007 to
23 June 30, 2008, pursuant to Section 70 (1) of the *Act*.
24
25

26 **WHEREAS** NP is a corporation duly organized and existing under the laws of the Province of
27 Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is also subject to
28 the provisions of the *EPCA*; and
29

30 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) maintains a Retail Rate Stabilization
31 Plan (“RSP”), the operational guidelines of which are included in the Board of Commissioners of
32 Public Utilities (the “Board”) Report to the Minister Responsible for Energy dated August 6, 1985,
33 and amended in Order Nos. P. U. 7(2002-2003), P. U. 40(2003) and P. U. 14(2004); and
34

35 **WHEREAS** by Order No. P. U. 34(1985) the Board approved the establishment of a Rate
36 Stabilization Account (“RSA”) by NP, and the Board also approved the inclusion of a Rate
37 Stabilization Adjustment in the rates charged by NP; and
38

39 **WHEREAS** the rate stabilization clause included in NP’s Schedule of Rates, Rules & Regulations
40 (“Rate Stabilization Clause”) provides for the calculation of the balance in the RSA and the
41 calculation of the Rate Stabilization Adjustment; and

1 **WHEREAS** the Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect
2 i) the accumulated balance in NP's RSA as of March 31st of the current year, and ii) any change in
3 the mill rate charged to NP by Hydro as a result of the operation of the RSP; and
4

5 **WHEREAS** the Rate Stabilization Adjustment approved in Order No. P. U. 42(2006) and included
6 in NP's rates for the period January 1, 2007 to June 30, 2007 was 0.444 cents/kWh; and
7

8 **WHEREAS** the Rate Stabilization Adjustment proposed to be included in NP's rates for the period
9 July 1, 2007 to June 30, 2008 is 0.157 cents/kWh; and
10

11 **WHEREAS** by Order No. P. U. 17(1987) the Board ordered that municipal taxes be collected
12 through a Municipal Tax Adjustment ("MTA") factor included in the rates of NP; and
13

14 **WHEREAS** the Municipal Tax Clause included in NP's Schedule of Rates, Rules & Regulations
15 provides for the calculation of the MTA factor and the MTA factor is to be recalculated on July 1st of
16 each year to reflect taxes charged to NP by municipalities; and
17

18 **WHEREAS** the MTA factor approved in Order No. P. U. 21(2006) and included in NP's rates for
19 the period July 1, 2006 to June 30, 2007 was 1.02393; and
20

21 **WHEREAS** the MTA factor proposed to be included in NP's rates for the period July 1, 2007 to
22 June 30, 2008 is 1.02490; and
23

24 **WHEREAS** on May 10, 2007 NP filed with the Board an Application with the attachments set out
25 below, requesting approval of i) the Rate Stabilization Adjustment and MTA factor to be applied to
26 the rates of NP for the period July 1, 2007 to June 30, 2008, and ii) a schedule of final customer
27 electricity rates for NP:
28

- 29 (a) Schedule A, Hydro's calculation of the RSP adjustment to the mill rate to be paid by
30 NP to Hydro for the period July 1, 2007 to June 30, 2008;
- 31 (b) Schedule B, the calculation of the Rate Stabilization Adjustment of 0.157 cents/kWh
32 proposed by NP for the period July 1, 2007 to June 30, 2008;
- 33 (c) Schedule C, the calculation of the MTA factor of 1.02490 proposed by NP in billing
34 customers for the period July 1, 2007 to June 30, 2008;
- 35 (d) Schedule D, the Customer Rates proposed by NP to be effective on all electrical
36 consumption on and after July 1, 2007 to June 30, 2008; and
37

38 **WHEREAS** the proposed rates filed with the Application in Schedule D incorporate NP's base rates
39 as approved by the Board in Order No. P. U. 9(2007) and the Rate Stabilization and Municipal Tax
40 adjustments for which approval is sought in the Application; and
41

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

1 **WHEREAS** the Board is satisfied that the Rate Stabilization Adjustment and MTA factor proposed
2 in the Application will permit cost recovery in accordance with the *Act*, the *EPCA* and Orders of the
3 Board, and should be approved as filed.

4
5 **IT IS THEREFORE ORDERED THAT:**

- 6
- 7 1. The Rate Stabilization Adjustment of 0.157 cents/kWh as set out in Schedule A to this Order
8 and the Municipal Tax Adjustment factor of 1.02490 as set out in Schedule B to this Order,
9 to be applied to all bills based on consumption on and after July 1, 2007 to June 30, 2008,
10 are approved.
- 11
- 12 2. The rates proposed by Newfoundland Power to be effective on all electrical consumption on
13 and after July 1, 2007 to June 30, 2008, as set out in Schedule C to this Order, are approved.
- 14
- 15 3. Newfoundland Power shall pay the expenses of the Board in connection with this
16 Application.
- 17

18 **DATED** at St. John's, Newfoundland and Labrador, this 22nd day of May 2007.

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25 _____
26 Robert Noseworthy
27 Chair and Chief Executive Officer

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32 _____
33 Darlene Whalen, P.Eng.
34 Vice-Chair

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39 _____
40 G. Cheryl Blundon
41 Board Secretary

Order No. P. U.15(2007)

Schedule A

**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:

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

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

Fuel Rider Adjustment Factor:

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

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

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

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

Order No. P. U. 15(2007)

Schedule B

**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:

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

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

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

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

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

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

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

$$\begin{aligned} \text{Municipal Tax Adjustment Factor} &= \frac{X}{Y} + 1.00000 \\ &= \frac{\$11,219,133}{\$450,650,300} + 1.00000 \\ &= 1.02490 \end{aligned}$$

Order No. P. U. 15(2007)

Schedule C

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments

**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

**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

**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

**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

**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

**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
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** 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

**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

**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.