**NEWFOUNDLAND AND LABRADOR**
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. 30(2019)**

**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (the *"EPCA")* and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the *"Act")*, as amended, and regulations thereunder; and

**IN THE MATTER OF** a general rate application filed by Newfoundland and Labrador Hydro on July 28, 2017 to establish customer electricity rates for 2018 and 2019; and

**IN THE MATTER OF** Order No. P.U. 16(2019) relating to the 2017 general rate application; and

**IN THE MATTER OF** an application filed by Newfoundland and Labrador Hydro on July 11, 2019 to reflect the findings of the Board in Order No. P.U. 16(2019) and requesting approval of, among other things, changes to its rates, rules and regulations for the supply of power and energy to its customers to be effective October 1, 2019.

## Background

In Order No. P.U. 16(2019), issued on May 7, 2019 following a public hearing, the Board set out its findings in relation to the general rate application filed by Newfoundland and Labrador Hydro ("Hydro") on July 28, 2017 (the "2017 GRA Order"). In this Order the Board directed Hydro to file revised proposals, including a revised Schedule of Rates, Rules and Regulations, incorporating the findings of the Board. The Board also stated that the July 1, 2019 Utility Rate Stabilization Plan ("RSP") and Conservation Demand Management ("CDM") rate adjustments should be addressed as part of Hydro's compliance application arising from the 2017 GRA Order. On June 10, 2019 Hydro filed an application requesting a delay of implementation of the Utility RSP and CDM adjustments to the effective date of final rates resulting from the 2017 GRA Order. In Order No. P.U. 25(2019) the Board approved the requested delay and directed that Hydro's existing Utility Customer RSP Fuel Rider, RSP Current Plan Rider and Utility Customer CDM Rider continue pending implementation of final rates resulting from the 2017 GRA Order.

**Application**

On July 11, 2019 Hydro filed an application setting out revised proposals based on the findings of the Board in the 2017 GRA Order (the "Compliance Application"). The Compliance Application included:

1. updates to the 2018 and 2019 test year load forecasts and supply costs reflecting the requirements of the 2017 GRA Order;
2. revised proposals and calculations of the 2018 and 2019 test year revenue requirements, average rate base, return on rate base and rate of return on rate base to reflect the 2017 GRA order and the updated 2018 and 2019 test year load forecasts and supply costs forecasts;
3. revised cost of service studies for the 2018 and 2019 test years;
4. the revenue deficiency calculation for the 2018 test year and the forecast revenue deficiency calculation for the 2019 test year with Hydro's proposals for allocation of the revenue deficiencies by customer class;
5. the proposed recovery approach for the deferred supply costs for 2015-2017;
6. proposals for the disposition of the 2018 Cost Deferral Account and the Specifically Assigned Revenue Deferral Account;
7. the proposed Utility RSP and CDM Adjustments to be effective October 1, 2019;
8. the proposed customer rates for Hydro's Utility, Island Industrial, Labrador Interconnected, Labrador Transmission and Government Diesel customers to be effective October 1, 2019;
9. a revised Schedule of Rates, Rules and Regulations; and
10. proposed account definitions for the Revised Energy Supply Cost Variance Deferral Account, the Excess Earnings Account, the Return on Equity Rate Change Deferral Account and the Specifically Assigned Revenue Deferral Account.

The Compliance Application proposed measures to mitigate the rate increases arising from the 2017 GRA Order. The Application explained that without mitigation the wholesale rate to Newfoundland Power Inc. ("Newfoundland Power") would increase by approximately 16.2% on October 1, 2019 which would result in an estimated 10.7% increase in retail rates for its customers. Rates for the Island Industrial customers would increase by approximately 16.3%. To mitigate these rate increases the Compliance Application proposed to allocate the existing credit balance of approximately $40 million in the RSP Hydraulic Variation component owing to customers as of March 31, 2019 and apply the credit amounts to reduce the deferred 2015-2017 supply costs to be recovered from Newfoundland Power customers and Island Industrial customers. The Application stated:

> Hydro considers the use of the balance in the RSP Hydraulic Variation component to be reasonable as the proposed approach is effectively using deferred fuel savings from previous years (in the RSP) to provide recovery of deferred supply costs from previous years (primarily in the Energy Supply Cost Variance Deferral Account). The proposed approach is consistent with intergenerational equity.[1]

The amount of the RSP Hydraulic Variation component proposed to be allocated to Newfoundland Power is $36,310,729. The amount proposed to be allocated to Island Industrial

[1] Compliance Application, Exhibit 7, page 6

customers is $3,563,607 with $566,250 to be used to dispose of the projected outstanding amount in the Island Industrial Customer RSP Current Plan balance as of September 30, 2019. This would result in the discontinuance of the Island Industrial Customer Current Plan Adjustment of 0.302 ¢ per kWh effective October 1, 2019. The remaining allocated balance of $2,997,357 would be used to offset the deferred supply costs to be recovered from the Island Industrial customers. According to the Application this proposal would reduce the increase in the wholesale rate to Newfoundland Power from 16.2% to 11.5% and the retail rate increase to Newfoundland Power's customers from 10.7% to 7.6%. The rate increase for Hydro's Island Industrial customers would be reduced from 16.3% to 11.2%. Hydro also proposed that the credit balance in the Specifically Assigned Revenue Deferral Account be applied to offset this increase. With the proposed Specifically Assigned credit the increase would be approximately 9.7% for these customers.

The other rate changes proposed in the Compliance Application include a rate decrease of 3.1% for customers on the Labrador Interconnected system and an increase of 7.7% for Hydro's Government Diesel customers. In addition the Compliance Application proposed to credit customers on the Labrador Interconnected system in February 2020 a revenue excess of approximately $1.5 million as well as the remaining balance owed to customers in accordance with Order No. P.U. 22(2017). The Compliance Application also proposed a rate decrease of 7.6% for the Labrador Industrial Transmission customers and that a revenue excess of approximately $0.3 million for these customers be addressed through a credit to customer billing in October 2019. The Compliance Application did not include proposed rates for Hydro's Rural customers whose rates are based on the rates for Newfoundland Power customers as Hydro will apply for approval of these rates subsequent to filing of an application by Newfoundland Power to flow through Hydro's rate change to its customers.

**Application Review**

The Compliance Application was circulated to the intervenors in the general rate application: Newfoundland Power; the Consumer Advocate, Dennis Browne, Q.C.; the Industrial Customer Group (Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Vale Newfoundland and Labrador Limited); the Labrador Interconnected Group (Labrador City, Wabush, Happy Valley-Goose Bay and Sheshatshiu First Nation); and Iron Ore Company of Canada Limited ("IOC").

Requests for Information ("RFIs") were filed as of July 31, 2019 by the Board, Newfoundland Power, the Industrial Customer Group and the Labrador Interconnected Group. Hydro responded to the RFIs by August 12, 2019.

The Board engaged its financial consultants, Grant Thornton LLP ("Grant Thornton"), to review the Compliance Application and, on August 23, 2019, Grant Thornton filed a report, *Board of Commissioners of Public Utilities Financial Consultants Report Newfoundland and Labrador Hydro Compliance Application* (the "Grant Thornton Report"). The Grant Thornton Report identified two issues in relation to Hydro's Compliance Application, both related to the proposed operation of the RSP for 2019.

The first issue identified in the Grant Thornton Report is that the interest rate used in the 2019 RSP to calculate financing charges is based on the 2015 test year weighted average cost of capital ("WACC") of 6.61% instead of the 2019 test year WACC of 5.43%. The impact of this error is that the RSP balances owing to customers included in the Compliance Application are overstated by approximately $240,000.[2] Grant Thornton explained that Hydro proposed to correct this error through a one-time adjustment to each customer group's RSP current plan.

The second issue noted in the Grant Thornton Report is that Hydro has used a flat monthly fuel cost of $105.90 Can/bbl in calculating the test year cost of service for No. 6 fuel in the operation of the 2019 RSP instead of the monthly cost of fuel as set out in the RSP rules. According to Grant Thornton the reason for this departure from past practice is the monthly variations in fuel prices since the 2015 test year, which result in seasonal variations in Hydro's earnings. Grant Thornton also noted that, according to Hydro, this approach is consistent with the annual fuel price used in the Energy Supply Cost Variance Deferral Account approved by the Board. Grant Thornton explained:

> If monthly test year fuel prices were used in the monthly operation of the RSP in 2019 from January 2019 to March 2019 included in the Compliance Application, the resulting difference in the fuel variation would be offset by an equal and opposite balance in the 2019 Test Year revenue requirement as Hydro's Test Year fuel expense would also be calculated on the same monthly test year price. Hydro's change to the monthly No. 6 fuel cost will result in No. 6 fuel expenses matching its base rate revenues and variations from the test year forecast will be deferred under the RSP.[3]

Grant Thornton recommended that Hydro propose a revision to the RSP rules to allow the use of a flat monthly price of No. 6 fuel instead of the monthly fuel cost as required by the existing RSP rules.

The Board and Newfoundland Power filed additional RFIs arising from the Grant Thornton Report which were responded to by Hydro on August 29, 2019.

On September 5, 2019 Newfoundland Power submitted that the Board should approve Hydro's Compliance Application, including the one-time RSP adjustment proposed by Hydro to correct the interest rate error identified in the Grant Thornton Report and the proposed revision to the RSP rules relating to the calculation of RSP monthly fuel cost variations. According to Newfoundland Power:

> …it is in the best interest of its customers, and consistent with regulatory efficiency, to resolve the issues identified in the Grant Thornton Report in this manner, thereby avoiding the additional time and expense associated with the submission of a revised application.[4]

The Industrial Customer Group advised on September 6, 2019 that, following review of the Compliance Application and the Grant Thornton Report as well as Hydro's responses to RFIs

[2] Grant Thornton Report, page 26
[3] Grant Thornton Report, page 27
[4] Newfoundland Power Submission, page 3

and Newfoundland Power's submission, it had no comment to add with respect to the Compliance Application.

On September 6, 2019 the Consumer Advocate advised that he is not aware of any discrepancies and had no further comment on the Compliance Application.

On September 9, 2019 Hydro filed a reply submitting that the Board should approve the Compliance Application as submitted.

On September 9, 2019 the Labrador Interconnected Group filed a submission asking that the Muskrat Falls to Happy Valley Interconnection project be excluded from the 2019 rate base. The Labrador Interconnected Group also reiterated concerns that it had expressed in other matters with respect to the data centers and cryptocurrency customers and impacts on both the Labrador and Island Interconnected Systems.

On September 10, 2019 Hydro filed a reply to the Labrador Interconnected Group submission reiterating that the Board approve the Compliance Application as submitted.

**Board Findings**

The Board has reviewed the proposals in the Compliance Application, the Grant Thornton Report, Hydro's responses to RFIs and the submissions. The Board notes that the majority of the proposals were found by Grant Thornton to be in accordance with the findings and directions of the Board in the 2017 GRA Order with no discrepancies identified with the exception of two issues, one related to an error in the interest rate used within the 2019 RSP and a second issue related to the use of the annual average fuel cost in the 2019 RSP.

With respect to the error in the calculation of the interest rate used for financing charges in the 2019 RSP the Board notes that Hydro provided an explanation of the reasons for the error and proposed a one-time adjustment to the current plan of the RSP to correct the error. According to Hydro the proposed one-time adjustment will result in the cumulative RSP Current Plan balances being calculated in accordance with the approved RSP rules.[5] Hydro explained that it did not file a revision to the Compliance Application due to the magnitude of the error, the timing of its discovery, and the availability of a reasonable alternative to correct the error that would not disadvantage customers nor delay the implementation of final rates.[6] The Board notes that Newfoundland Power, the Industrial Customer Group and the Consumer Advocate took no issue with the proposed approach. The Board is satisfied that Hydro's proposal will result in the calculation of 2019 RSP Current Plan balances in accordance with the RSP rules and is reasonable in the circumstances.

The second issue relates to the use of the annual average forecast fuel cost in the 2019 RSP, instead of the monthly fuel costs as set out in the RSP rules. According to Hydro this change would i) align the calculation of monthly No. 6 fuel cost variations in the RSP with the calculation of fuel cost variations in the Revised Energy Supply Cost Variance Deferral Account,

[5] PUB-NLH-009
[6] PUB-NLH-010

and ii) result in a lower 2019 test year No. 6 fuel cost reflected in the 2019 test year revenue requirement for the Island Interconnected system.[7] Hydro also explained that material variability in the 2019 test year monthly No. 6 fuel cost forecast means that the use of the monthly forecast costs can result in potential earnings variability, especially with the introduction of off-island purchases into the Revised Energy Supply Cost Variance Deferral Account.[8] Hydro provided a calculation which showed that the use of the monthly forecast fuel cost would increase the 2019 test year revenue requirement by $8.6 million which would be offset by an $8.7 million credit to the RSP, so there would be no difference in the proposed October 1, 2019 rates for customers.[9] The Board notes that Hydro agreed that it was appropriate to revise the RSP rules to provide for the use of the annual average test year cost of No. 6 fuel and proposed changes to the rules for the approval of the Board.[10] The Board also notes that Newfoundland Power, the Industrial Customer Group and the Consumer Advocate took no issue with the proposed approach and changes to the RSP rules. The Board agrees that, in the interest of consistency, it is reasonable for the calculation of monthly No. 6 fuel cost variations in the RSP to align with the calculation of fuel cost variations in the Revised Energy Supply Cost Variance Deferral Account. Further the proposal would address concerns in relation to potential earnings variability and would not impact the proposed rate increase to customers. The Board accepts Hydro's use of the average annual forecast in calculating the test year cost of service for No. 6 fuel in the operation of the 2019 RSP and will approve the proposed RSP rule change.

The Compliance Application also included proposals to mitigate the rate impacts arising from the 2017 GRA Order. Without rate mitigation the wholesale rate charged by Hydro to Newfoundland Power would increase by approximately 16.2%, resulting in estimated average rate increases of approximately 10.7% for Newfoundland Power's customers and 16.3% for Island Industrial customers. To mitigate these rate increases the Compliance Application proposed to allocate an existing credit balance in the RSP Hydraulic Variation component to Newfoundland Power and the Island Industrial customers and apply these amounts to reduce the deferred supply costs to be recovered from these customers and dispose of the projected outstanding amount in the Island Industrial Customer RSP Current Plan. In supporting this proposal Hydro explained that it sought a rate mitigation option to limit customer rate impacts to 10% which, according to Hydro, is within the normal range expressed by the Board in Order No. P.U. 14(2017).[11] According to Hydro the proposals fit with the originally intended purpose of the RSP to smooth the impact of fluctuations in historical fuel costs for customers. Hydro explained:

> As noted in Board Order No. P.U. 39(2017), the purpose of the RSP Hydraulic Variation Account is to smooth out the impacts of annual variances in system inflows and storage levels over a number of years. Hydraulic production has exceeded test year forecast levels, resulting in a balance in the RSP Hydraulic Variation Account representing No. 6 fuel savings which have accrued to customers. Hydro believes it is appropriate, consistent with the intent of the RSP, and consistent with intergenerational equity to use historical No. 6 fuel savings which have accumulated in the RSP Hydraulic Variation Account to offset

[7] PUB-NLH-011
[8] PUB-NLH-011
[9] PUB-NLH-012
[10] PUB-NLH-013
[11] PUB-NLH-005

> historical fuel costs which have accumulated through the Supply Cost Deferral Accounts and, ultimately, reduce the October 2019 rate impact to customers.[12]

Hydro also noted that the balance in the RSP Hydraulic Variation component is trending towards increased hydraulic production over test year levels and that, even with the transfer, there will still be a forecast balance of $11.6 million owing to customers. In addition, according to Hydro, with the interconnection of the Muskrat Falls Project the RSP will be need to be concluded and a new deferral account will be required to deal with supply costs variances reflecting the new source of supply to Hydro.

The Board notes that, without rate mitigation, the estimated rate increases to Newfoundland Power customers and Island Industrial customers would be higher than 10%. The Compliance Application proposed to use the existing credit balance in the RSP Hydraulic Variation component to mitigate these rate increases. The balance in the RSP Hydraulic Variation component is the result of lower than forecast No. 6 fuel costs over the last number of years as a result of higher hydraulic production.[13] The Board also notes that, as a result of the changes associated with the interconnection with the Muskrat Falls Project the RSP may be concluded in the near-term and replaced with a different deferral account. In these circumstances it is reasonable to consider whether the balance in the RSP Hydraulic Variation component of the RSP should be used to reduce the significant rate increases for these customers. The Board believes that the proposal to apply the balance in the RSP Hydraulic Variation component, which accumulated over a number of years, to offset the recovery of deferred supply costs from previous years and to eliminate the outstanding amount in the Island Industrial Customer RSP Current Plan is consistent with the principle of intergenerational equity. The Board also notes that Newfoundland Power, the Industrial Customer Group and the Consumer Advocate took no issue with Hydro's proposal to use this balance to mitigate rates. The Board is satisfied that the use of the RSP Hydraulic Variation component balance to address the significant rate increases arising from the Compliance Application is reasonable in the circumstances and is in the best interest of customers and should be approved.

With respect to the issue raised by the Labrador Interconnected Group related to the inclusion of the Muskrat Falls to Happy Valley Interconnection project in the 2019 rate base, the Labrador Interconnected Group argued that the Labrador Settlement Agreement intended to identify that the completion of the Muskrat Falls to Happy Valley Interconnection project in its entirety was a condition precedent for the inclusion of any of the associated costs in rate base. In its reply Hydro noted that in Order No. P.U. 9(2019) the Board accepted the Muskrat Falls to Happy Valley Interconnection project as a multi-year project with expenditures contemplated in both 2019 and 2020. Hydro explained:

> As noted by the Board in Board Order No. P.U. 16(2019), and consistent with regulatory principles, the project would be included in the 2019 Test Year rate base upon meeting the test of being used and useful by the end of 2019. As noted in Hydro's response to Request for Information LAB-NLH-007, the work regarding the transmission line extension and Muskrat Falls Terminal Station Two is scheduled for completion by December 2019, at which time the transmission interconnection can be energized, providing increased capacity

[12] PUB-NLH-004, page 2
[13] PUB-NLH-002, Attachment 1, page 1

> to Labrador East. As this aspect of the project will be completed and used and useful before the end of 2019, it has been included in rate base as contemplated by the Board, and in Hydro's submission, in the Labrador Settlement Agreement.[14]

Hydro explained that once the interconnection aspect of the project is completed, which involves construction of the extension of Muskrat Falls TS2 and the transmission line extension, the transmission interconnection can be energized and the capacity to Labrador East will be increased to 104 MW.[15] Hydro confirmed that this aspect of the project will be completed and in-service by December 15, 2019 and, as it will be used and useful at that time, it has been included in the 2019 rate base. The interconnection aspect of this project is forecast to be complete in 2019 and will provide significant benefits to customers on the system, including increased capacity. The Board is satisfied that inclusion of this project in the 2019 test year rate base would be in accordance with normal regulatory practice whereby used and useful assets are included in rate base in the year in which they are placed in-service. The Board notes that the language of the settlement agreement does not specifically set out that completion of the full project was a condition precedent to the inclusion in rate base despite the fact that at the time it would have been apparent that this two-year project was to be partially completed in 2019 and concluded in 2020. The Board believes that it is reasonable and consistent with sound regulatory practice to include in the 2019 rate base the costs of the aspects of the project which are forecast to be used and useful in 2019. The Board accepts Hydro's proposals with respect to the inclusion of the Muskrat Falls to Happy Valley Interconnection project in the 2019 rate base.

The Labrador Interconnected Group also submitted that, in the alternative, if the project is ultimately commissioned and energized after December 31, 2019 the amounts attributable to the project should be removed from the 2019 rate base and rates. Hydro countered that rates are established based on test year load forecasts and test year costs and actual costs can be higher or lower than the approved test year forecast. In Hydro's view once rates are set a revision to the 2019 rate base and rates based on actual end of year results could constitute retroactive rate making. The Board agrees that it would be inappropriate to adjust the rate base or rates to reflect actuals after rates have been approved by the Board. Rates are determined based on test year forecasts which are fully reviewed in a comprehensive general rate application. The Board accepts Hydro's evidence in relation to the aspects of the project which are forecast to be completed in 2019 and, as such, is satisfied that these amounts should be reflected in rate base.

**Conclusion**

The Board is satisfied that the proposals in the Compliance Application reflect the determinations of the Board in Order No. P.U. 16(2019) and should be approved.

[14] Hydro Submission, September 10, 2019, page 1
[15] LAB-NLH-007

**IT IS THEREFORE ORDERED THAT:**

**REVENUE REQUIREMENT**

1. **The forecast average rate base for 2017 of $2,093,796,000 is accepted.**

2. **For the purpose of calculating the 2018 revenue deficiency the following are approved:**
   a. **a 2018 test year revenue requirement of $572,214,000;**
   b. **a 2018 forecast average rate base of $2,249,910,000; and**
   c. **a rate of return on average rate base for 2018 of 5.50% in a range of 5.30% to 5.70%.**

3. **For 2019 rate setting purposes the following are approved:**
   a. **a 2019 test year revenue requirement of $643,041,000;**
   b. **a 2019 forecast average rate base of $2,317,270,000; and**
   c. **a rate of return on average rate base for 2019 of 5.43% in a range of 5.23% to 5.63%.**

**REVENUE DEFICIENCIES/EXCESSES AND COST DEFERRALS**

4. **Hydro's proposal to debit the Utility Customer RSP Current Plan in the amount of $48,401,120, effective March 31, 2019, and to debit the Island Industrial Customer RSP Current Plan in the amount of $4,754,971, effective March 31, 2019, to offset the 2019 test year revenue deficiency is approved.**

5. **Hydro's proposal to debit the Utility Customer RSP Current Plan in the amount of $9,380,000, effective September 30, 2019, representing the forecast Utility RSP Fuel Rider billings for the period April 2019 to September 2019 inclusive, and to apply this amount to reduce the 2019 test year revenue deficiency for Newfoundland Power, is approved.**

6. **Hydro's proposal to transfer a $36,310,729 credit balance in the RSP Hydraulic Variation component allocated to Newfoundland Power as of March 31, 2019 to reduce the deferred supply costs to be recovered through the 2017 GRA Cost Recovery Rider for Newfoundland Power is approved.**

7. **Hydro's proposal to utilize $566,250 of the $3,563,607 credit balance in the RSP Hydraulic Variation component allocated to Island Industrial customers as of March 31, 2019 to dispose of the projected outstanding amount in the Island Industrial Customer RSP Current Plan balance as at September 30, 2019 and to transfer the remaining $2,997,357 credit balance to reduce the deferred supply costs to be recovered through the 2017 GRA Cost Recovery Rider for Island Industrial customers is approved.**

**8. Hydro's proposal with respect to the conclusion of the Specifically Assigned Revenue Deferral Account, effective September 30, 2019, including the proposed October 2019 billing adjustments for Island Industrial customers totaling $602,746, is approved.**

**9. Hydro's proposal to restate its property, plant and equipment based upon the new depreciation methodology, effective January 1, 2018, with the corresponding adjustment to effect the conclusion of the 2018 Depreciation Cost Deferral Account is approved.**

**10. Hydro's proposal to credit Labrador Interconnected customers the excess revenues of $1,558,578 as a billing credit in February 2020 based on the percentage of actual customer billings for the period January 1, 2018 to September 30, 2019 is approved.**

**11. Hydro's proposal to credit Labrador Industrial Transmission customers the excess revenues of $295,937 through a one-time adjustment on the October 2019 billing based on the firm demand billings for the period January 1, 2018 to September 30, 2019 is approved.**

**12. Hydro's proposal to collect the $74,243 of the revenue deficiency from Government Diesel customers through customer rates is approved.**

## RATES

**13. The following riders and adjustments for Hydro's Utility customer rates are approved to be effective October 1, 2019:**

- **a. elimination of the existing RSP Fuel Rider of 0.423 ¢ per kWh;**
- **b. RSP Current Plan Adjustment of (0.188) ¢ per kWh;**
- **c. Conservation and Demand Management Cost Recovery Adjustment of 0.026 ¢ per kWh; and**
- **d. 2017 GRA Cost Recovery Rider of $892,219 per month to conclude May 31, 2021.**

**14. The following riders and adjustments for Hydro's Island Industrial customer rates are approved to be effective October 1, 2019:**

- **a. elimination of the RSP Current Plan Adjustment of 0.302 ¢ per kWh;**
- **b. Conservation and Demand Management Cost Recovery Adjustment of 0.011 ¢ per kWh; and**
- **c. 2017 GRA Cost Recovery Rider of 0.042 ¢ per kWh to conclude May 31, 2021.**

**15. The rates to be charged by Hydro to Newfoundland Power, Island Industrial customers, Government Departments in Hydro's diesel service areas, Labrador Interconnected customers and Labrador Industrial Transmission customers, as set out in Schedule A to this Order, to be effective for electrical consumption on or after October 1, 2019, are approved.**

**16. The Rules and Regulations for service to Hydro's Rural customers, as set out in Schedule B to this Order, to be effective as of October 1, 2019, are approved.**

**17. The Rate Stabilization Plan Rules, as set out in Schedule C to this Order, to be effective as of October 1, 2019, are approved.**

**18. The following interim rates are approved on a final basis:**
**a. the interim Utility customer rates approved in Order No. P.U 15(2018); and**
**b. the interim Island Industrial customer rates approved in Order Nos. P.U. 7(2018), P.U. 48(2018) and P.U. 4(2019).**

## ACCOUNT DEFINITIONS

**19. The proposed account language for the i) Revised Energy Supply Cost Variance Deferral Account, ii) the Excess Earnings Account, iii) the Return on Equity Rate Change Deferral Account and the iv) Specifically Assigned Revenue Deferral Account, as set out in Schedule D to this Order to be effective as of October, 2019, is approved.**

## COSTS

**20. Hydro shall pay all costs and expenses of the Board, including those of the Consumer Advocate, arising from this Application.**

**DATED** at St. John's, Newfoundland and Labrador, this 11th day of September, 2019.

Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer

Dwanda Newman, LL.B.
Vice-Chair

Sara Kean
Assistant Board Secretary

# NEWFOUNDLAND AND LABRADOR HYDRO UTILITY

## Availability:

This rate is applicable to service to Newfoundland Power (NP).

## Definitions:

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below.

In the Months of January through March, billing demand shall be the greater of:

(a) the highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current Month; and
(b) the Minimum Billing Demand.

In the Months of April through December, billing demand shall be the greater of:

(a) the Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
(b) the Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

| | kW |
|---|---|
| Hydraulic Generation Credit | 83,486 |
| Thermal Generation Credit | 34,568 |
| Newfoundland Power Generation Credit | 118,054 |

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

**NEWFOUNDLAND AND LABRADOR HYDRO UTILITY**

"Curtailable Credit" is determined based upon NP's forecast curtailable load available for the period in accordance with the terms and conditions set forth in NP's Curtailable Service Option. NP will notify Hydro of its available curtailable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtailable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtailable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtailable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtailment Credit, no test will be required.

NP will be required to provide a report to Hydro not later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtailable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtailment Credit will established based upon the lesser of the load reduction achieved in the test or the forecast curtailable load (as provided in the previous two paragraphs).

"Maximum Native Load" means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

"Minimum Billing Demand" means ninety-nine percent (99%) of:

NP's test year Native Load less the Generation Credit and the Curtailable Credit.

The Curtailable Credit reflected in the Minimum Billing Demand will be set to equal the curtailable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

"Month" means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**UTILITY (continued)**

"Native Load" is the sum of:

(a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter;
(b) the total generation by NP averaged over the same fifteen-minute periods.

"Weather-Adjusted Native Load" means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

"Weather Adjustment True-up" means one-ninth of the difference between:

(a) the greater of:
- the Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
- the Minimum Billing Demand, times three; and

(b) the sum of the actual billed demands in the Months of January, February and March of the current year.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**UTILITY (continued)**

**Monthly Rates:**

**Billing Demand Charge:**
Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

Demand Charge……..…….$5.00 per kW of Billing Demand

**Energy Charge:**
November - April
First 410,000,000 kilowatt-hours*..... @ 2.444 ¢ per kWh
All excess kilowatt-hours*..... @ 18.165 ¢ per kWh

May - October
First 250,000,000 kilowatt-hours*..... @ 2.444 ¢ per kWh
All excess kilowatt-hours*..... @ 18.165 ¢ per kWh

**Firming-up Charge:**
Secondary energy supplied by
Corner Brook Pulp and Paper Limited*..... @ 2.882 ¢ per kWh

**RSP Adjustment:**

Current Plan .....@ (0.188) ¢ per kWh
Fuel Rider .....@ 0.00 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours.....@ (0.188) ¢ per kWh

**CDM Cost Recovery Adjustment**…… ……..… @ 0.026 ¢ per kWh

**2017 GRA Cost Recovery Rider** (to conclude May 31, 2021)……..….@ $892,219 per month

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied to metered demand and energy.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**UTILITY (continued)**

**Adjustment for Station Services and Step-Up Transformer Losses:**

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

**Weather Adjustment:** This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

(a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.

(b) Weather adjustment shall be derived from Hydro's NP native peak demand model.

(c) By September 30th of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.

(d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.

(e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.

(f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of Weather-Adjusted Native Load by April 5th of each year.

**General:**

**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.

# NEWFOUNDLAND AND LABRADOR HYDRO
# INDUSTRIAL – FIRM

## Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

## Base Rate*:

### Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be $10.73 per kilowatt (kW) per month of billing demand.

### Firm Energy Charge:

Base Rate ..... @ 4.428 ¢ per kWh

2017 GRA Cost Recovery Rider (to conclude May 31, 2021)..……..@ 0.042 ¢ per kWh

## RSP Adjustment:

**RSP Adjustment:**

Current Plan ..... @ 0.000 ¢ per kWh
Fuel Rider..... @ 0.000 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 0.000 ¢ per kWh

**CDM Cost Recovery Adjustment**……..@ 0.011 ¢ per kWh

## NEWFOUNDLAND AND LABRADOR HYDRO
## INDUSTRIAL – FIRM

**Specifically Assigned Charges:**

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

| | **Annual Amount** |
|---|---|
| Corner Brook Pulp and Paper Limited | $ 13,311 |
| North Atlantic Refining Limited | $ 107,678 |
| Teck Resources Limited | $ 51,789 |
| Vale | $ 145,352 |

***Subject to RSP Adjustments and CDM Cost Recovery Adjustment:**

RSP Adjustments refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a seven year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# INDUSTRIAL – Non-Firm

## Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

## Rate:

### Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used

B = the conversion factor for the source used (kWh/bbl)

C = the administrative and variable operating and maintenance charge (10%)

D = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

## Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

## General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# INDUSTRIAL - WHEELING

## Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

## Rate:

### Energy Charge:

All kWh (Net of losses)* .....@ 0.831 ¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

## General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 1.2G
# DOMESTIC DIESEL
# GOVERNMENT DEPARTMENTS

## Availability:

For Service to Government Departments throughout the Island and Labrador diesel service areas of Hydro, 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:

Basic Customer Charge.....$58.95 per month

Energy Charge:
All kilowatt-hours .....@ 100.145 ¢ per kWh

Minimum Monthly Charge ..... $58.95

## Discount:

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 2.1G
# GENERAL SERVICE DIESEL 0-10 kW
# GOVERNMENT DEPARTMENTS (Continued)

**Availability:**

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:**

Basic Customer Charge.....$59.82 per month

Energy Charge:
All kilowatt-hours .....@ 85.567 ¢ per kWh

Minimum Monthly Charge ..... $59.82

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RATE 2.2G**
**GENERAL SERVICE DIESEL OVER 10 KW**
**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater.

**Rate:**

Basic Customer Charge: ..... $71.78 per month

**Demand Charge:**
The maximum demand registered on the meter in the current month ..... @ $65.23 per kW

**Energy Charge:**
All kilowatt-hours ..... @ 63.394 ¢ per kWh

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 AND LABRADOR HYDRO**
**RATE 4.1G**
**STREET AND AREA LIGHTING SERVICE DIESEL**
**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Street and Area Lighting Service to Government Departments throughout the Island and Labrador Diesel service areas of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:**

| | **SENTINEL / STANDARD** |
|---|---|
| **MERCURY VAPOUR** | |
| 250W ( 9,400 lumens) | $86.83 |
| **HIGH PRESSURE SODIUM** [1] | |
| 100W ( 8,600 lumens) | $58.31 |
| 150W (14,400 lumens) | $86.83 |

[1] Only High Pressure Sodium fixtures are available for all new installations and replacements.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 1.1L
# DOMESTIC

**Availability:**

For Service throughout the Labrador Interconnected service area of Hydro, 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:**

Basic Customer Charge: ..... $6.87 per month

Energy Charge:
All kilowatt-hours ..... @ 3.154 ¢ per kWh

Minimum Monthly Charge ..... $6.87

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 2.1L
# GENERAL SERVICE 0 - 10 kW

## Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

## Rate:

**Basic Customer Charge:**

| | |
|---|---|
| Unmetered | $6.27 per month |
| Single Phase | $10.27 per month |
| Three Phase | $16.27 per month |

Energy Charge:

| | |
|---|---|
| All kilowatt-hours | @ 4.911 ¢ per kWh |

Minimum Monthly Charge:

| | |
|---|---|
| Unmetered | $6.27 per month |
| Single Phase | $10.27 per month |
| Three Phase | $20.00 per month |

## Discount:

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 2.2L
# GENERAL SERVICE 10 - 100 kW (110 kVA)

## Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, 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:

**Basic Customer Charge:**

| | |
|---|---|
| Unmetered | $6.27 per month |
| Single Phase | $10.27 per month |
| Three Phase | $16.27 per month |

**Demand Charge:**

The maximum demand registered on the meter in the current month .....@ $1.71 per kW

**Energy Charge:**

All kilowatt-hours .....@ 2.338 ¢ per kWh

## Maximum Monthly Charge:

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

## Minimum Monthly Charge:

An amount equal to $1.05 per kW of maximum demand occurring in the 12 months ending with the current month, but not less than $20.00 for a three phase service**.**

## Discount:

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 2.3L
# GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, 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:**

**Demand Charge:**
The maximum demand registered on the meter in the current month .....@ $1.91 per kVA

**Energy Charge:**
All kilowatt-hours .....@ 2.026 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

**Minimum Monthly Charge:**

An amount equal to $1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 2.4L
# GENERAL SERVICE 1000 kVA AND OVER

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 month period ending with the current month is 1000 kilovolt-amperes or greater.

**Rate:**

**Demand Charge:**
The maximum demand registered on the meter in the current month .....@ $1.66 per kVA

**Energy Charge:**
All kilowatt-hours .....@ 1.675 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

**Minimum Monthly Charge:**

An amount equal to $1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RATE No. 4.1L**
**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:**

| | **SENTINEL / STANDARD** |
|---|---|
| **MERCURY VAPOUR**[1] | |
| 250W ( 9,400 lumens) | $14.94 |
| **HIGH PRESSURE SODIUM** [2] | |
| 100W ( 8,600 lumens) | 11.08 |
| 150W (14,400 lumens) | 14.94 |
| 250W (23,200 lumens) | 19.71 |
| 400W (45,000 lumens) | 25.47 |

[1] Fixtures previously owned by the Town of Wabush as of September 1, 1985, and transferred to Hydro in 1987.

[2] Only High Pressure Sodium fixtures are available for all new installations and replacements installed after September 1, 2002.

**Special poles used exclusively for lighting service**

Wood..... $ 3.76

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RATE No. 4.11L**
**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro existing as of September 1, 2002.

**Monthly Rate:**

| | **SENTINEL / STANDARD** |
|---|---|
| **HIGH PRESSURE SODIUM** [1] | |
| 100W (8,600 lumens) | $ 7.68 |

[1] Any new fixtures added will be at the rates set out in Rate 4.1W.

Closed

**Special poles used exclusively for lighting service**

Wood..... $ 3.68

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 4.12L
# STREET AND AREA LIGHTING SERVICE

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by the customer.

**Monthly Rate:**

| | **SENTINEL / STANDARD** |
|---|---|
| **HIGH PRESSURE SODIUM** | |
| 100W (8,600 lumens) | $ 4.53 |

**Special poles used exclusively for lighting service**

Wood..... $ 3.76

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE No. 5.1L
# SECONDARY ENERGY

## Availability:

For Service to Customers on the Labrador Interconnected grid engaged in fuel switching who purchase a minimum of 1 MW load and a maximum of 24 MW, who provide their own transformer and, who are delivered power at primary voltages. Hydro shall supply Secondary Energy to the Customer at such times and to the extent that Hydro has Churchill Falls electricity available in excess of the amount it requires for its own use, and to meet its commitments and sales opportunities, present and future, for firm energy. Moreover, Hydro may interrupt or reduce the supply of Secondary Energy at its sole discretion for any cause whatsoever. The energy delivered shall be used solely for the operation of the equipment engaged in fuel switching.

## Energy Charge:

The energy charge shall be calculated monthly based on:

**EITHER:**

**A.** The Customer's cost of fuel (cents per litre) most recently delivered to the Customer including fuel additives, if any, in accordance with the following formula:

Secondary Energy Rate = Constant Factor x Fuel Cost/Litre x 90%

$$\text{Constant Factor} = \frac{3413\ \text{BTU/kWh} \times A \times B}{C \times D}$$

Where:

A = Customer's Electric Boiler Efficiency

B = Transformer and Losses Adjustment Factor

C = BTU/Litre of the Customer's fuel

D = Customer's Oil-fired Boiler Efficiency

**OR:**

**B.** One (1) cent less than the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak electricity after the end of trading on the 19th day of the previous month, converted to Canadian dollars using the exchange rate at the closing of the same day.

**WHICHEVER IS GREATER**

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RATE No. 5.1L**
**SECONDARY ENERGY**

Prior to the commencement of service, the Customer will provide to Hydro the rate component values for insertion in the pricing formula for Secondary Energy. If subsequent changes to any of these rate components are required, the Customer will provide them to Hydro as soon as practicable. Hydro may require that these rate component values be verified.

## Communications

The Customer and Hydro shall each designate a position within their respective staffs to be responsible for communications as to changes in the cost of the fuel delivered to the Customer. Hydro will contact the Customer's designate on or before the second working day of each month at which time the Customer's designate will inform Hydro of the fuel cost. If this information is unavailable to Hydro for any reason, Hydro will use the previous month's fuel cost and other inputs and make the adjustment to the correct values in the following month's billing.

Hydro will inform the Customer of the value of part B of the energy charge calculation on the first business day following the 21st day of the month preceding the month for which the rate is being set.

*Power Factor*

If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at the Customer's expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

## General:

Insofar as they are not inconsistent with the forgoing, the conditions of service provided in the Rules and Regulations shall apply to Customers in this rate class.

**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# LABRADOR INDUSTRIAL – TRANSMISSION

## Availability:

**CLOSED RATE – AVAILABLE TO EXISTING CUSTOMERS ONLY**

Any person purchasing power, other than a retailer, supplied from the Labrador Interconnected bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and has entered into a contract with Hydro for the purchase of power and energy (Labrador Industrial Customer).

## Monthly Rate:

### Demand Charge:

The rate for Firm Power shall be $1.08 per kilowatt of billing demand. The billing demand shall be equal to the greater of: (i) the customer's Power on Order, (ii) the actual monthly demand in the current month, and (iii) their maximum demand in the calendar year less their interruptible demand.

### Specifically Assigned Charge:

This rate may include a specifically assigned charge upon approval by the Board.

## General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

# NEWFOUNDLAND AND LABRADOR HYDRO
# RULES AND REGULATIONS

## APPLICABILITY:

These general Rules and Regulations apply to all Hydro Rural Customers.

## 1. INTERPRETATION:

(a) In these Rates and Rules the following definitions shall apply:

(i) "***Act***" means The Public Utilities Act, R.S.N. 1990, c.P-47 as amended from time to time.

(ii) **"*Annual Review Billing Month*"** represents the billing month in which the utility provides payment for the Banked Energy Credits.

(iii) **"*Annual Review Date*"** means the date that marks a Customer-Generator's annual participation in the Net Metering Service Option. The Annual Review Date occurs during the Annual Review Billing Month.

(iv) "***Applicant***" means any person who applies for Service.

(v) **"*Banked Energy Credits*"** represent the amount of kilowatt-hour ("kWh") energy supplied by the customer to the utility that is in excess of the kWh energy supplied by the utility to the customer. Banked Energy Credits will be reduced to zero whenever the customer generator receives payment for the outstanding balance.

(vi) ***"Board"*** means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.

(vii) "***Customer***" means any person who accepts or agrees to accept Service.

(viii) **"*Customer-Generator*"** is a utility customer that has renewable generation on its serviced premise and uses this generation to offset part or all of their electrical energy requirements. Customers with standby generation that does not normally operate while connected to the utility system are not included as Customer-Generators.

(ix) **"*Customer Generation Credit*"** represents a monetary credit to the Customer-Generator for energy supplied by the customer to the utility.

(x) "***Disconnected***" or "***Disconnect***" in reference to a Service means the physical interruption of the supply of electricity thereto.

(xi) "***Discontinued***" or "***Discontinue***" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS**

(xii) "***Domestic Unit***" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.

(xiii) **"*Generation Energy Credit*"** equals the kWh energy supplied by the customer to the utility during the billing month plus any Banked Energy Credits. However, the Generation Energy Credit applied in the current month cannot exceed the energy supplied by the utility to the customer during the billing month.

(xiv) *"**Government Departments**"* means electric service accounts of Provincial or Federal government departments, agencies, boards, commissions, and crown corporations but excludes hospitals, fish plants, churches, schools, community halls, municipal buildings and like facilities.

(xv) "***Hydro***" means Newfoundland and Labrador Hydro.

(xvi) "***Hydro rural customers***" means regulated customers served by Hydro other than industrial customers and Newfoundland Power.

(xvii) **"*Net Metering Service*"** is a metering and billing practice that enables Customer-Generators of renewable energy to offset part or all of their electricity requirements by utilizing their own generation. Electricity generated in excess of the customer's energy requirements is permitted to be credited against customer energy purchases within certain limitations.

(xviii) *"**Service**"* means any service(s) provided by Hydro pursuant to these Regulations.

(xix) "***Serviced premises***" means the premises at which Service is delivered to the Customer.

(xx) **"*Sizing Limits*"** represent the maximum capacity for qualifying generating equipment for each Customer-Generator.

(xxi) **"*Utility Supply Cost*"** represents the total of the: basic customer charge, energy charges and demand charge, where applicable, for energy supplied to the customer during the billing month.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(b) Unless the context requires otherwise these Rates and Rules shall be interpreted such that:

(i) words imparting male persons include female persons and corporations.

(ii) words imparting the singular include the plural and vice versa.

## 2. CLASSES OF SERVICE:

(a) Hydro shall provide the following classes of Service:

### ISLAND INTERCONNECTED AREA/LANSE AU LOUP AREA

| | |
|---|---|
| 1.1 | Domestic |
| 1.1S | Domestic Seasonal |
| 1.3 | Burgeo School and Library |
| 2.1 | General Service, 0-100 kW |
| 2.3 | General Service, 110 kVA (100 kW) - 1000 kVA |
| 2.4 | General Service, 1000 kVA and Over |
| 4.1 | Street and Area Lighting Service |

### ISLAND AND LABRADOR DIESEL AREA

| | |
|---|---|
| 1.2D | Domestic Diesel - Non-Government |
| 1.2DS | Domestic Seasonal Diesel – Non-Government |
| 2.1D | General Service Diesel - Non-Government, 0-10 kW |
| 2.2D | General Service Diesel - Non-Government, 10 kW and Over |
| 4.1D | Street and Area Lighting Service Diesel - Non-Government |
| 1.2G | Domestic Diesel - Government Departments |
| 2.1G | General Service Diesel - Government Departments, 0-10kW |
| 2.2G | General Service Diesel - Government Departments, 10kW and Over |
| 4.1G | Street and Area Lighting Service Diesel - Government Departments |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

**LABRADOR INTERCONNECTED AREA**

| | |
|---|---|
| 1.1L | Domestic |
| 2.1L | General Service, 0-10 kW |
| 2.2L | General Service, 10-100 kW (110 kVA) |
| 2.3L | General Service, 110 kVA (100 kW) - 1000 kVA |
| 2.4L | General Service, 1000 kVA and Over |
| 4.1L | Street and Area Lighting Service |
| 4.11L | Street and Area Lighting Service Labrador - Installed as of Sept. 1, 2002 |
| 4.12L | Street and Area Lighting Service Labrador– Customer Owned |
| 5.1L | Secondary Energy |

(b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.

(c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and in the opinion of Hydro can be readily determined without metering.

(d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part except that the Customer may include the cost of Service in charges for the lease of space or as part of the cost of other services provided by the Customer.

**3. APPLICATION FOR SERVICE:**

(a) An Applicant, when required by Hydro, shall complete a written Electrical Service Contract.

(b) An application for Service, when accepted by Hydro, constitutes a binding contract between the Applicant and Hydro which cannot be assigned.

(c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another Person denoted as the Applicant on the application for Service.

(d) Hydro may in its discretion refuse to provide Service to an Applicant where:

(i) the Applicant fails or refuses to complete an application for Service.

(ii) the Applicant provides false or misleading information on the application for Service.

(iii) the Applicant or the Owner or an Occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(iv) the Applicant fails to provide the security or guarantee required under Regulation 4.

(v) the Applicant is not the owner or an occupant of the Serviced Premises.

(vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having his Service Discontinued.

(vii) the Applicant does not pay a charge described in Regulation 9 (b), (c) or (d).

(viii) the Applicant otherwise fails to comply with these Regulations.

(e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by Hydro in writing.

## 4. SECURITY FOR PAYMENT:

(a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by Hydro. When the Customer has established two consecutive years of good credit history, the security deposit will be refunded with simple interest calculated at a Rate equivalent to the Rate paid from time to time by the chartered banks on over-the-counter withdrawal savings accounts.

(b) Hydro may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

## 5. SERVICE STANDARDS - METERED SERVICES:

(a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three phase supply:

| | | |
|---|---|---|
| Single phase, 3-Wire | - | 120/240 volts |
| Three phase, 4-Wire | - | 120/208 volts wye |
| Three phase, 4-Wire | - | 347/600 volts wye |

Service at any other supply voltage may be provided in special cases at the discretion of Hydro.

(b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volt or as part of a multiunit building, at single phase 120/208 volts. Hydro may if requested by the customer, provide three phase service if a contribution in aid of construction is paid to Hydro in accordance with regulation 9(c).

## NEWFOUNDLAND AND LABRADOR HYDRO
## RULES AND REGULATIONS (Continued)

(c) Hydro shall determine the point at which power and energy is delivered from Hydro's facilities to the Customer's electrical system.

(d) Service entrances shall be in a location satisfactory to Hydro and, except as otherwise approved by Hydro, shall be wired for outdoor meters.

(e) Where Hydro has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by Hydro provide and install, at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

(f) (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank, shall, on request of Hydro, install and maintain a padmount transformer and all associated underground wiring, or provide at his expense a suitable vault or enclosure on the Serviced Premises for exclusive use by Hydro for its equipment necessary to supply and maintain service to the Customer.

(ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to Hydro's system which cannot be accommodated in Hydro's existing vaults or structures, the Customer shall, on request of Hydro, provide at the Customer's expense such additional space in its vault or enclosure as Hydro shall require to accommodate the additional equipment.

(g) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower except where specifically approved by Hydro.

(h) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. Hydro, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at his expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

(i) Hydro shall provide transformation for Service up to 500 kVA where the required service voltage is one of Hydro's standard service voltages and installation is in accordance with Hydro's standards. In other circumstances, Hydro, on such conditions as it deems acceptable, may provide the transformation.

(j) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1 and, where applicable, in accordance with Hydro's specifications. However, the provision of Service shall not in any way be construed as acceptance by Hydro of the Customer's electrical system.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(k) The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of Hydro.

## 6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

(a) For Street and Area Lighting Service Hydro shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. Hydro shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.

(b) Hydro shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead conductors, control equipment and other devices.

(c) Hydro shall not be required to provide Street and Area Lighting Service where, in the opinion of Hydro, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.

(d) Hydro shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.

(e) The location of fixtures for Street and Area Lighting Service shall be determined by Hydro in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.

(f) Hydro does not guarantee that fixtures used for Street and Area Lighting Service will illuminate any specific area.

(g) Where the installation of fixtures is required in a location where there are no existing distribution poles the Customer shall pay any contribution in aid of construction as may be determined under Hydro's policy for the pole line extension required to supply electric service to the location of the fixtures.

(h) Hydro shall not be required to provide additional Street and Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, his bill for such Service has been in arrears for more than 30 days.

## 7. METERING:

(a) Service to each building shall be metered separately except as provided in Regulation 7(b).

(b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

Customer supplies and maintains all distribution facilities beyond the point of supply.

(c) Except as provided in Regulation 7(d) Service to each new Domestic Unit shall be metered separately.

(d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of Hydro, be metered together.

(e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.

(f) Where the Service to a Domestic Unit has a connected load for commercial or nondomestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.

(g) Hydro shall not be required to provide more than one meter per Service, however, sub-metering by the Customer for any purpose not inconsistent with these Regulations is permitted.

(h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.

(i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of Hydro, may be based on:

(i) 80% of the connected load, where the demand does not exceed 100 kW, or

(ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or

(iii) the kilowatt-hour consumption divided by an appropriate number of hours use where the demand is less than 10 kW.

(j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable Rate is in kVA and in kW if the applicable Rate is in kW.
If the demand is recorded on a kVA meter but the applicable Rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable Rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(k) The Customer shall ensure that meters and related equipment are visible and readily accessible to Hydro's personnel and are suitably protected. Unless otherwise approved by Hydro, meters shall be located outdoors and shall not subsequently be enclosed.

(l) If a meter is located indoors and Hydro employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by Hydro, provide for the installation of an outdoor meter at his expense.

(m) In the event that a dispute arises regarding the accuracy of a meter, and Hydro is unable to resolve the matter with the Customer then either the Customer or Hydro shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by Hydro. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. Hydro may require a Customer to deposit with Hydro in advance of testing, an amount sufficient to cover the costs involved.

(n) Metering shall normally be at secondary distribution voltage level but may at the option of Hydro be at the primary distribution level. When metering is at the primary distribution voltage (4-25KV) the monthly demand and energy consumption shall be reduced by 1.5%.

**8. METER READING:**

(a) Where reasonably possible Hydro shall read meters monthly provided that Hydro may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and Hydro will estimate the readings for all other months.

(b) If Hydro is unable to obtain a meter reading due to circumstances beyond its reasonable control, Hydro may estimate the reading.

(c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

## 9. CHARGES:

(a) Every Customer shall pay Hydro the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.

(b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay Hydro a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material. The Payment may be required in advance or subject to credit approval, billed to the Customer.

(c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay Hydro the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the customer.

(d) The Customer shall pay Hydro in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.

(e) The Customer shall pay Hydro the amount set forth in the Rate for all poles required for Street and Area Lighting Service which are in addition to those installed by Hydro for the distribution of electricity. This charge shall not apply to Hydro poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.

(f) Where a service is Disconnected pursuant to Regulation 12(a), b(ii), (c), or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee. Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee. The reconnection fee shall be $20.00 where the reconnection is done during Hydro's normal office hours or $40.00 if it is done at other times.

(g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.

(h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11(a), (b), or (c), or 9(i), or when a Customer requests removal of existing fixtures, and/or poles, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles to be Discontinued or removed.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.

(iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole.

(i) Where street and area lighting fixtures or lamps are wantonly, wilfilly, or negligently damaged or destroyed (other than through the negligence of Hydro), Hydro, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the customer contacts Hydro within thirty days of the date of the letter and agrees to pay the repair costs in advance and all future repair costs, Hydro will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, Hydro, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to Hydro in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.

(j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of Hydro.

(k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides his own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:

For the Island Interconnected, L'Anse au Loup and Isolated service areas:

(i) for supply at 4 KV to 25 KV ..... $0.40 per kVA

(ii) for supply at 33 KV to 138 KV ..... $0.90 per kVA

For the Labrador Interconnected service area:

(iii) for supply at 4 KV to 25 KV ..... $0.25 per kVA

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(iv) for supply at 33 KV to 138 KV ..... $0.60 per kVA

(l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to Hydro, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.

(m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.

(n) An application fee of $8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Serviced Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

**10. BILLING:**

(a) Hydro shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised, Hydro may issue an additional bill.

(b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.

(c) Bills are due and payable when issued. Payment shall be made at such place(s) as Hydro may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is $50.00 or more, Hydro will charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.

(d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of $16.00 may be applied to the Customer's bill.

(e) Where a Customer is billed on the basis of an estimated charge, an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.

(f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service or a Service is Discontinued, Hydro may base the billing on an estimate of the reading as of the date of change.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(g) Where a Customer has been under billed due to an error on the part of Hydro or due to an act or omission by a third party, the Customer may, at the discretion of Hydro, be relieved of the responsibility for all or any part of the amount of the under billing.

## 11. DISCONTINUANCE OF SERVICE:

(a) A Service may be Discontinued by the Customer at any time upon prior notice to Hydro provided that Hydro may require 10 days prior notice in writing.

(b) A Service may be Discontinued by Hydro upon 10 days prior notice in writing to the Customer if the Customer:

(i) provided false or misleading information on the application for the Service; and

(ii) fails to provide security or guarantee for the Service required under Regulation 4.

(c) A Service may be Discontinued by Hydro without notice if the Service was Disconnected pursuant to Rule 12 and has remained Disconnected for over 30 consecutive days.

(d) When Hydro accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that Service is signed by a landlord under Regulation 11(f).

(e) Where a Service has been Discontinued, the Service may, at the option of Hydro and subject to Rule 12(a), remain connected.

(f) A landlord may sign an agreement with Hydro to accept charges for Service provided to a rental premise for all periods when Hydro does not have a contract for Service with a tenant for that premise.

## 12. DISCONNECTION OF SERVICE:

(a) Hydro shall Disconnect a Service within 10 days of receipt of a written request from the Customer.

(b) Hydro may Disconnect a Service without notice to the Customer:

(i) where the Service has been Discontinued.

(ii) on account of or to prevent fraud or abuse.

(iii) where in the opinion of Hydro the Customer's electrical system is defective and represents a danger to life or property.

(iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(v) where the Customer has a building or structure under Hydro's wires which is within the minimum clearances recommended by the Canadian Standards Association.

(vi) when ordered to do so by any authority having the legal right to issue such order.

(c) Hydro may, in accordance with its Collection Policies, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 *days or more after issuance*.

(d) Hydro may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.

(e) Hydro may refuse to reconnect a Service if the Customer is in violation of any provisions of these Rules or if the Customer has a bill for any Service which is unpaid.

(f) Hydro may disconnect a service to make repairs or alterations. Where reasonable and practical, Hydro shall give prior notice to the Customer.

(g) Hydro may disconnect the Service to a rental premises where the landlord has an agreement with Hydro authorizing Hydro to disconnect the Service for periods when Hydro does not have a contract for Service with a tenant of that premises.

**13. PROPERTY RIGHTS:**

(a) The Customer shall provide Hydro with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.

(b) Hydro shall have the right to install, remove or replace such of its property as it deems necessary.

(c) The Customer shall provide Hydro with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.

(d) All equipment and facilities provided by Hydro shall remain the property of Hydro unless otherwise agreed in writing.

(e) The Customer shall not unreasonably interfere with Hydro's access to its property.

(f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to Hydro's poles or other property except by prior written permission of Hydro.

(g) The Customer shall allow Hydro to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(h) The Customer shall not erect any buildings or obstructions on any of Hydro's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of Hydro.

## 14. HYDRO LIABILITY:

Hydro shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond its reasonable control.

## 15. GENERAL:

(a) No employee, representative or agent of Hydro has authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on Hydro.

(b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by Hydro to the Customer's last known address, whichever is sooner.

## 16. POLICIES FOR AUTOMATIC RATE CHANGES

(a) Island Interconnected System:

(i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.

(ii) Rates for the Burgeo school and library will increase or decrease by the average rate of change granted to Newfoundland Power from time to time, excluding: Newfoundland Power's changes for the July 1st Municipal Tax and Rate Stabilization adjustments and any fuel rider adjustments.

(b) L'Anse au Loup System:

(i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.

(c) Isolated Systems:

(i) Isolated Rural Domestic customers, excluding Government departments, pay the same rates as Newfoundland Power for the basic customer charge and First Block consumption (outlined in Rate 1.2D). Rates charged for consumption above this block will be automatically adjusted by the average rate of change granted Newfoundland Power from time to time.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**RULES AND REGULATIONS (Continued)**

(ii) Rates for Isolated Rural General Service customers, excluding Government departments, will increase or decrease by the average rate of change granted Newfoundland Power from time to time.

(iii) As Newfoundland Power changes its rates, Hydro will automatically adjust Rural Isolated street and area lighting rates, excluding those for Government departments, such that these rates are the same as charged Newfoundland Power customers.

## 17. TEMPORARY RESTRICTION FOR LOAD ADDITIONS TO LABRADOR EAST (REVISED)

Effective September 11, 2018 and until further order of the Board of Commissioners of Public Utilities, Hydro will not provide service connections or service upgrades to an Applicant that will result in the addition of load requirements of greater than 100 kW on the Labrador East System. The load addition limit applies to Applicants for single service connection requests for load additions in excess of 100 kW and to Applicants requesting multiple service connections for which the total load addition of the multiple service requests exceeds 100 kW. The load addition limit to Applicants for multiple services will apply to both service requests made concurrently and service requests made at different times for the period while this regulation is in effect.

All Applicants for new services and for name changes on existing services shall complete a written Electrical Service Contract. Hydro will review name change requests on existing serviced premises to ensure that the additional load required to serve the new applicant does not exceed 100 kW. The review of name change requests will also include the review of multiple name change requests and/or new service connection requests from the same Applicant to ensure that the total additional load provided to an individual Applicant will not exceed 100 kW.

When Hydro has reason to believe there are special circumstances surrounding an application for service in Labrador East that will result in the addition of load requirements of greater than 100 kW, where it may be appropriate to approve service connections and upgrades, Hydro may apply to the Board for a variance or exemption to this Regulation.

Hydro will notify the Board of all service connection or service upgrade applications refused by Hydro during the effective period of this Regulation.

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE STABILIZATION PLAN

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

The formulae used to calculate the Plan's activity are outlined below. Positive values denote amounts owing from customers to Hydro whereas negative values denote amounts owing from Hydro to customers.

## Section A: Hydraulic Production Variation

**1. Activity:**

Actual monthly production is compared with the Test Year Cost of Service Study in accordance with the following formula:

$$\{(A - B) \div C\} \times D$$

Where:

A = Test Year Cost of Service Net Hydraulic Production (kWh)
B = Actual Net Hydraulic Production + Net Ponded Energy – Spill Exports (kWh)
C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
D = Annual Average Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)

Net Ponded Energy is defined as energy imports in kWh for ponding (Ponding Imports) less energy generated in kWh for the purposes of sale to external markets (Ponding Exports). The calculation of Net Ponded Energy shall exclude any Ponding Imports used to serve native load and spilled Ponded Energy (Ponding Spill), if applicable.

Spill Exports reflects production of energy during the month for sale to external markets to avoid spill (kWh), if applicable.

The metering point for determining the Ponding Imports is at Bottom Brook or the Labrador-Quebec border, as applicable. The metering point for Ponding Exports and Spill Exports is at Hydro's generation.

## NEWFOUNDLAND AND LABRADOR HYDRO
## RATE STABILIZATION PLAN (Continued)

**2. Financing:**
Each month, financing charges, using Hydro's approved Test Year weighted average cost of capital, will be calculated on the balance.

**3. Hydraulic Variation Customer Assignment:**
Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

E = Hydraulic Variation Account Balance as of December 31, excluding financing charges
F = Financing charges accumulated to December 31

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

**4. Customer Allocation:**
The annual customer assignment will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances respectively as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

# NEWFOUNDLAND AND LABRADOR HYDRO
# RATE STABILIZATION PLAN (Continued)

## Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration

**1. Activity**

**1.1 Fuel Cost Variations**

This is based on the consumption of No. 6 Fuel at the Holyrood Generating Station:

$$(G - D) \times H$$

Where:

D = Annual Average Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)
G = Monthly Actual Average No. 6 Fuel Cost ($Can /bbl.)
H = Monthly Actual Quantity of No. 6 Fuel consumed less No. 6 fuel consumed for non-firm sales (bbl.)

**1.2 Load Variations**

**Firm:** Firm load variation is comprised of fuel and revenue components. The load variation is determined by calculating the difference between actual monthly sales and the Test Year Cost of Service Study sales, and the resulting variance in No. 6 fuel costs and sales revenues. It is calculated separately for Newfoundland Power firm sales and Industrial firm sales, in accordance with the following formula:

$$(I - J) \times \{(D \div C) - K\}$$

Where:

C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
D = Annual Average Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)
I = Actual Sales, by customer class (kWh)
J = Test Year Cost of Service Sales, by customer class (kWh)
K = Firm energy rate, by customer class

**Secondary:** Secondary load variation is based on the revenue variation for Utility Firmed-Up Secondary energy sales compared with the Test Year Cost of Service Study, in accordance with the following formula:

$$(J - I) \times L$$

Where:

I = Actual Sales (kWh)
J = Test Year Cost of Service Sales (kWh)
L = Secondary Energy Firming Up Charge

## NEWFOUNDLAND AND LABRADOR HYDRO
## RATE STABILIZATION PLAN (Continued)

**1.3 Rural Rate Alteration**

Newfoundland Power Rate Change Impacts:
This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M - N) \times O$$

Where:

M = Cost of Service rate
N = Existing rate
O = Actual Units (kWh, bills, billing demand)

**2. Monthly Customer Allocation: Load and Fuel Activity**

Each month, the year-to-date total for fuel price variation and the year-to-date total for the load variation will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation and the year-to-date portion of the load variation which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The current month's activity for Newfoundland Power, Island Industrials and regulated Labrador Interconnected customers will be calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month. The current month's activity allocated to regulated Labrador Interconnected customers will be removed from the Plan and written off to Hydro's net income (loss).

**3. Monthly Customer Allocation: Rural Rate Alteration Activity**

Each month, the rural rate alteration will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study. The portion allocated to regulated Labrador Interconnected will be removed from the Plan and written off to Hydro's net income (loss).

## NEWFOUNDLAND AND LABRADOR HYDRO
## RATE STABILIZATION PLAN (Continued)

**4. Plan Balances**

Separate plan balances for Newfoundland Power, the Island Industrial customer class and the segregated load variation will be maintained. The RSP balances shall be adjusted by other amounts as ordered by the Board. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

## Section C: Fuel Price Projection

A fuel price projection will be calculated to anticipate forecast fuel price changes and to determine fuel riders for the rate adjustments. For industrial customers, this will occur in October each year, for inclusion with the RSP adjustment effective January 1. For Newfoundland Power, this will occur in April each year, for inclusion with the RSP adjustment effective July 1.

**1. Industrial Fuel Price Projection:**

In October each year, a fuel price projection for the following January to December shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel cost, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(S + T) \times U\} - V] \times W$$

Where:

S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December
T = Hydro's average fuel contract premium or (discount) ($US/bbl) for the following January to December
U = the monthly average of the $Cdn / $US Bank of Canada Exchange Rate for the month of September
V = average Test Year Cost of Service cost of No. 6 Fuel ($Can /bbl.)
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year for the Test Year, or an alternate forecast number of barrels as approved by the Board.

The industrial customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of September and is the ratio of Industrial Firm invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of an estimate of the fuel rider based on 12 months-to-date kWh sales to the end of September will be reported to industrial customers, Newfoundland Power, and the Public Utilities Board, by the 10th working day of October.

## NEWFOUNDLAND AND LABRADOR HYDRO
## RATE STABILIZATION PLAN (Continued)

**2. Newfoundland Power Fuel Price Projection:**

In April each year, a fuel price projection for the following July to June shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel cost, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(X + T) \times Y\} - V] \times W$$

Where:

T = Hydro's average fuel contract premium or (discount) ($US/bbl) for the following July to June

V = average Test Year Cost of Service cost of No. 6 Fuel ($Can /bbl.)

W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year, or an alternate forecast number of barrels as approved by the Board.

X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for July to December of the current year and for the January to June period of the subsequent year.

Y = the monthly average of the $Cdn / $US Bank of Canada Exchange Rate for the month of March

The Newfoundland Power customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of March and is the ratio of Newfoundland Power Firm and Firmed-Up Secondary invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of the resulting fuel rider applied to the adjustment rate will be reported to Newfoundland Power, industrial customers, and the Public Utilities Board, by the 10th working day of April.

## NEWFOUNDLAND AND LABRADOR HYDRO
## RATE STABILIZATION PLAN (Continued)

### Section D: Adjustment

**1. Newfoundland Power**

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh which is projected to collect:

Newfoundland Power March 31 Balance

less projected recovery / repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year),

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

A fuel rider shall be added to the above adjustment rate, based on the Newfoundland Power Fuel Price Projection amount (as per Section C.2 above) divided by 12-months-to-date kWh sales to the end of March.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

## NEWFOUNDLAND AND LABRADOR HYDRO
## RATE STABILIZATION PLAN (Continued)

**2. Island Industrial Customers**

As of December 31 each year, the adjustment rate for industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh which is projected to collect:

Industrial December 31 Balance

plus forecast financing charges to the end of the following calendar year,

divided by 12-months-to-date kWh sales to the end of December.

A fuel rider shall be added to the above adjustment rate, based on the Industrial Fuel Price Projection (as per Section C.1 above) amount divided by 12-months-to-date kWh sales to the end of December.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values. Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

**Section E: RSP Surplus:**

The Newfoundland Power allocated amount of the RSP Surplus will be refunded to Newfoundland Power and Hydro's Rural customers in accordance with Hydro's Customer Refund Plan approved in Order No. P.U. 36(2016).

Financing charges on the Newfoundland Power plan balance will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

# NEWFOUNDLAND AND LABRADOR HYDRO
# REVISED ENERGY SUPPLY COST VARIANCE DEFERRAL ACCOUNT

This account shall be charged or credited with the Energy Supply cost variance incurred by Hydro on the Island Interconnected System that is in excess of the Cost Variance Threshold in the calendar year.

Variations resulting from both the price and volume of the following thermal generation sources shall be charged or credited to this account:

- Holyrood Combustion Turbine;
- Hardwoods Gas Turbine;
- Stephenville Gas Turbine;
- St. Anthony Diesel Plant; and
- Hawkes Bay Diesel Plant.

Variations resulting from both the price and volume of off-island power purchases, including delivery costs, shall be charged or credited to this account.

Variations resulting from the volume of the following power purchases shall be charged or credited to this account:

- Nalcor Exploits;
- Star Lake;
- Rattle Brook;
- CBPP Cogeneration;
- St. Lawrence wind; and
- Fermeuse wind.

***Energy Supply costs*** will be determined by the following formula:

$$A + B + C + D$$

A = Test Year Thermal Generation Variances resulting from both price and volume;

Where:

A = (Actual Thermal Generation Cost – Test Year Thermal Generation Cost)

B = Test Year Off-Island Power Purchase Variances resulting from both price and volume;

Where:

B = (Actual Off-Island Power Purchase Cost – Test Year Off-Island Power Purchase Cost)

**NEWFOUNDLAND AND LABRADOR HYDRO**
**REVISED ENERGY SUPPLY COST VARIANCE DEFERRAL ACCOUNT**
**(Continued)**

"Actual Off-Island Power Purchase Cost" shall not include any expenditure related to use of the Labrador-Island Link or use of the Labrador Transmission Assets under the Interim Transmission Funding Agreements.

C = Test Year Power Purchase Variances resulting from volume;

Where:

C = (Actual kWh Purchases – Test Year kWh Purchases) x (Test Year Purchase Cost in $/kWh)

D = Fuel costs or savings resulting from the variance in generation at the Holyrood Thermal Generating Facility (Holyrood TGS);

Where:

D = E/F x G

E = Holyrood TGS Test Year average annual fuel cost per barrel;

F = Test Year fuel conversion factor (kWh/bbl); and

G = [(Test Year kWh Thermal Generation + Test Year kWh Power Purchases) - (Actual kWh Thermal Generation + Actual kWh Power Purchases)] for all defined sources.

Actual Off-Island Power Purchases shall be based upon delivered kWh, net of transmission losses.

The ***Cost Variance Threshold*** equals ±$500,000 in a calendar year.

***Disposition of any Balance in this Account***
Hydro shall file an Application for the disposition of any balance in this account with the Board no later than the 31st day of March each year.

## NEWFOUNDLAND AND LABRADOR HYDRO
## EXCESS EARNINGS ACCOUNT

**Definition of Excess Earnings Account**
This account shall be credited with excess earnings in the event the result of the following formula is greater than zero:

$$A – (B \text{ X } C)$$

Where:

- A = Actual return on rate base, calculated as net interest expense, plus net income, plus cost of service exclusions
- B = Actual average rate base, December 31
- C = Upper limit of return on rate base, defined as Test Year Return on Rate Base + 20 basis points

The disposition of any balance in the account is to be determined by the Board.

The upper limit return on rate base for 2018 and 2019 are presented in the following table.

| | 2018 | 2019 |
|---|---|---|
| **Approved Return on Rate Base** | 5.50% | 5.43% |
| **Upper Limit Range** | 0.20% | 0.20% |
| **Upper Limit Return on Rate Base** | 5.70% | 5.63% |

# NEWFOUNDLAND AND LABRADOR HYDRO
# RETURN ON EQUITY (ROE) RATE CHANGE DEFERRAL ACCOUNT

**Purpose**
As per Board Order No. P.U. 49(2016), Newfoundland and Labrador Hydro's (Hydro's) target Return on Equity (ROE) percentage must be adjusted as required to equal the ROE approved for Newfoundland Power. The purpose of the ROE Rate Change Deferral Account is to defer recovery of the change in test year revenue requirement that will occur due to the customer rate implementation date differing from the effective date of the approved ROE percentage.

**Methodology**
As a result of changes in the ROE percentage between test years, the methodology originally filed as Sections 1 to 5 of Exhibit 12 to the 2017 GRA filing and included as Attachment 1 will be used in determining the change in revenue requirement by rate class and rate design.

**Rate Implementation Process**
The implementation process for changing customer rates that result from ROE revenue requirement adjustments shall include:

a) an application by Hydro to change rates for Hydro Rural Labrador Interconnected and Labrador Interconnected Industrial Customers reflecting the allocated revised test year revenue requirement based on the effective date of revised test year ROE;
b) proposals by Hydro to change rates for Newfoundland Power and Island Industrial Customers reflecting the revised test year ROE revenue requirements to accompany Hydro's applications to update the RSP adjustments.

**Balance Accumulation**
The annual ROE revenue requirement adjustments for Newfoundland Power and Island Industrial Customers reflecting the revised test year ROE percentage will be converted to monthly revenue requirement adjustments to be recorded in the ROE Rate Change Deferral Account for each month of delayed rate implementation.

If the effective date of revised customer rates on the Labrador Interconnected System is subsequent to the effective date of the approved revised test year ROE, Hydro will record the test year revenue requirement impacts of delayed rate implementation in the ROE Rate Change Deferral Account.

**Disposition**
On June 30 of each year, the balance attributable to Newfoundland Power will be transferred to the Newfoundland Power RSP Current Plan balance for disposition through the RSP recovery adjustment for the subsequent 12 month period.

On December 31 of each year, the balance attributable to Island Industrial Customers will be transferred to the Island Industrial Customers RSP Current Plan balance for disposition through the Industrial Customer RSP recovery adjustment for the subsequent 12 month period.

Any balances related to Labrador Interconnected customers will be proposed for disposition at Hydro's next General Rate Application.

## NEWFOUNDLAND AND LABRADOR HYDRO
## SPECIFICALLY ASSIGNED REVENUE DEFERRAL ACCOUNT

This account shall be charged or credited with the monthly variations between the Island Industrial Customer's actual specifically assigned charges and those from Hydro's 2018 or 2019 Test Year Cost of Service Studies, effective April 1, 2018.

Variations shall be tracked by customer. Variations from 2018 actuals shall be calculated compared to the 2018 Test Year Cost of Service. Variations from actual results for 2019 and subsequent years shall be calculated when compared to the 2019 Test Year Cost of Service.

***Disposition***

This account shall be disposed upon approval of the Board.