

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

AN ORDER OF THE BOARD

NO. P.U. 2(2020)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the “*Act*”), as amended, and regulations
5 thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for approval to
9 continue the current Island Industrial Customer rates
10 pursuant to sections 70(1) and 71 of the *Act*.
11
12

13 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
14 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
15 and is also subject to the provisions of the *EPCA*; and
16

17 **WHEREAS** the Rate Stabilization Plan (“RSP”) Rules provide that the Island Industrial Customer
18 rates be adjusted on January 1 each year to update the RSP Fuel Rider and the RSP Current Plan
19 Adjustment; and
20

21 **WHEREAS** Section C of the RSP Rules require an update of the Island Industrial Customer RSP
22 Fuel Rider to anticipate fuel price changes, based on an October fuel projection, to become
23 effective January 1 of the following year; and
24

25 **WHEREAS** on October 15, 2019 Hydro filed an updated forecast fuel price of \$103.65 per barrel
26 (CDN) for 2020; and
27

28 **WHEREAS** Section D.2 of the RSP Rules require an update to the Island Industrial Customer
29 RSP Current Plan Adjustment to become effective January 1 of each year to recover the balance
30 in the Island Industrial Customer RSP at December 31 of the previous year and the forecast
31 financing charges to the end of the following calendar year; and
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33 **WHEREAS** on October 15, 2019 Hydro also advised that a \$1.9 million transfer of deferred
34 supply costs to the Island Industrial Customer RSP Current Plan in accordance with Order No.
35 P.U. 21(2019) could contribute to an average rate increase of 4.7% as of January 1, 2020; and
36

37 **WHEREAS** on January 16, 2020 Hydro filed an application requesting approval for a delay in
38 updating the Island Industrial Customer RSP adjustments as required by Section C.1 and D.1 of
39 the RSP Rules from January 1, 2020 to February 1, 2020. (the “Application”); and

1 **WHEREAS** the Application stated that the January 1, 2020 adjustment would result in a material
2 rate increase for the Island Industrial customers of approximately 6.3% to become effective
3 January 1, 2020 and, including the rate increase implemented as of October 1, 2019, the Island
4 Industrial customers will have incurred rate increases of approximately 16.0% in a four-month
5 period; and
6

7 **WHEREAS** the Application further stated that Hydro entered into discussions with the Island
8 Industrial Customers regarding whether mitigation of the increase would be necessary and what
9 alternatives may be available and that these discussions continued into January 2020 as the final
10 balance used in the calculation of the specific rate increase could not be calculated until the RSP
11 balance as of December 31, 2019 was finalized; and
12

13 **WHEREAS** the Application proposed that the January 1, 2020 adjustment of the Island Industrial
14 Customer RSP rates as required by Sections C.1 and D.1 of the RSP Rules be delayed until
15 February 1, 2020 as Hydro will be filing an application with a proposal to allow for mitigation of
16 the rate increase to the Island Industrial Customers, and also to maintain the existing Island
17 Industrial Customer RSP Fuel Rider and RSP Current Plan adjustment beyond January 1, 2020
18 until the new RSP Fuel Rider and RSP Current Plan Adjustment are adjusted as of February 1,
19 2020 pursuant to a further application by Hydro; and
20

21 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
22 the Consumer Advocate, Dennis Browne, Q.C.; a group of Island Industrial Customers: Corner
23 Brook Pulp and Paper Limited, NARL Refining Limited Partnership and Vale Newfoundland and
24 Labrador Limited (the “Industrial Customer Group”); Praxair Canada Inc., and Teck Resources
25 Limited; and
26

27 **WHEREAS** the Industrial Customer Group advised on January 16, 2020 that it supported a delay
28 in the implementation of the RSP Rules; and
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30 **WHEREAS** Newfoundland Power advised on January 28, 2020 that it had no comment on the
31 proposed delay; and
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33 **WHEREAS** the Board did not receive comments from the remaining parties; and
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35 **WHEREAS** the Board is satisfied that delaying the January 1, 2020 Island Industrial Customer
36 RSP adjustments and continuing current Island Industrial Customer rates until further order of the
37 Board is reasonable in the circumstances and, if necessary, the Board will subsequently direct
38 Hydro with respect to the filing of a further application in relation to the Island Industrial Customer
39 RSP rates.

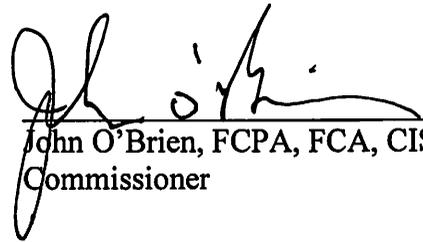
1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The January 1, 2020 Rate Stabilization Plan adjustments for Island Industrial Customers is
4 delayed until a further Order of the Board.
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6 2. The current Island Industrial Customer rates are continued until further order of the Board.
7
8 3. Hydro shall pay all expenses of the Board arising from this Application.

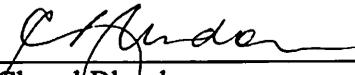
DATED at St. John's, Newfoundland and Labrador, this 30th day of January, 2020.



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



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary