

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

AN ORDER OF THE BOARD

NO. P.U. 6(2021)

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 pursuant to sections
9 70(1) and 76 of the *Act*, for the approval of the 2021
10 Island Industrial Customer Rate Stabilization Plan
11 Adjustments in accordance with the Rate Stabilization
12 Plan Rules.
13
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
16 existing under the Hydro Corporation Act, 2007, is a public utility within the meaning of the *Act*,
17 and is also subject to the provisions of the *EPCA*; and
18

19 **WHEREAS** the Rate Stabilization Plan (“RSP”) Rules provide that the Island Industrial Customer
20 rates be adjusted on January 1 each year to update the RSP Fuel Rider and the RSP Current Plan
21 Adjustment; and
22

23 **WHEREAS** in Order No. P.U. 5(2021) the Board approved Hydro’s application to delay the
24 January 1, 2021 RSP adjustments for the Island Industrial Customers and to continue the current
25 rates until a further order of the Board; and
26

27 **WHEREAS** on February 10, 2021 Hydro filed an application (the “Application”) requesting the
28 Board approve revised Island Industrial Customer rates effective February 1, 2021 reflecting:

- 29 i) an alternate forecast of 1,174,603 barrels be used in the calculation of the Industrial Fuel
30 Price Projection and RSP Fuel Rider for 2021;
- 31 ii) a revised Island Industrial Customer RSP Fuel Rider of (0.823) cents per kWh;
- 32 iii) the transfer of the Island Industrial Customer 2017 GRA Cost Recovery Rider balance of
33 \$271,092 as of December 31, 2020 to the Island Industrial Customer RSP Current Plan
34 and conclusion of the Island Industrial Customer 2017 GRA Cost Recovery Rider
35 effective January 31, 2021;
- 36 iv) a debit transfer of \$2,476,684 to the Island Industrial Customer RSP Current Plan balance
37 as at December 31, 2020;

- 1 v) an Island Industrial Customer one-time bill credit in the amount of \$2,476,684 allocated
2 by customer based on 2020 energy ratios and reflected on Island Industrial Customer
3 bills in March 2021; and
4 vi) a revised Island Industrial Customer RSP Current Plan Adjustment of 0.423 cents per
5 kWh; and
6

7 **WHEREAS** the Application stated that as a result of a decrease in the forecast price of No. 6 fuel
8 for 2021 and the balance owing to customers in the Island Industrial Customer RSP Current Plan
9 as of December 31, 2020, the update to the RSP Fuel Rider and Current Plan Adjustment would
10 cause an average billing decrease of approximately 23%; and
11

12 **WHEREAS** the Application stated that Hydro believes that an alternate RSP Fuel Rider and a
13 modified RSP Current Plan Adjustment are warranted for 2021 to limit rate volatility for the Island
14 Industrial Customers; and
15

16 **WHEREAS** the Application stated that Hydro is forecasting increased off-island purchases in
17 2021 relative to the 2019 Test Year which will offset thermal generation at the Holyrood Thermal
18 Generating Station and proposed that the Board approve the use of a forecast of 1,174,603 barrels
19 of No. 6 fuel in the calculation of the Island Industrial Customer RSP Fuel Rider to better reflect
20 the current forecast; and
21

22 **WHEREAS** the Application stated that using the alternate forecast barrels of No. 6 fuel in the
23 calculation of the Island Industrial Customer RSP Fuel Rider would result in an Island Industrial
24 Customer RSP Fuel Rider of (0.823) cents per kWh effective February 1, 2021; and
25

26 **WHEREAS** the Application also proposed a one-time bill credit paid from the Island Industrial
27 Customer RSP Current Plan Account in the amount of \$2,476,684 which reflects the RSP No. 6
28 fuel price savings allocated to the Island Industrial Customers in 2020; and
29

30 **WHEREAS** the Application proposed that the one-time bill credit be allocated among the Island
31 Industrial Customers based on relative 2020 annual energy usage by customer and provided to
32 customers on their February bills issued in March 2021; and
33

34 **WHEREAS** the Application further proposed a charge to the Island Industrial Customer RSP
35 Current Plan balance of \$2,476,684, effective December 31, 2020, to permit its use in the
36 computation of the RSP Current Plan Adjustment in accordance with RSP Rules; and
37

38 **WHEREAS** the Application also proposed the conclusion of the Island Industrial Customer 2017
39 GRA Cost Recovery Rider as of January 31, 2021 to avoid an additional rate change for the Island
40 Industrial Customers in 2021 and proposed that the unrecovered balance as of December 31, 2020,
41 in the amount of \$271,092, be transferred to the Island Industrial Customer RSP Current Plan; and
42

43 **WHEREAS** the Application stated that the transfer of \$2,476,684 to provide the one-time bill
44 credit to the Island Industrial Customers and the transfer of the remaining balance of the Island
45 Industrial Customer 2017 GRA Cost Recovery Rider would result in an Island Industrial Customer
46 RSP Current Plan Adjustment of 0.423 cents per kWh effective February 1, 2021; and

1 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
2 the Consumer Advocate, Dennis Browne, Q.C.; a group of Island Industrial Customers: Corner
3 Brook Pulp and Paper Limited, NARL Refining Limited Partnership and Vale Newfoundland and
4 Labrador Limited (the “Industrial Customer Group”); Praxair Canada Inc.; and Teck Resources
5 Limited; and
6

7 **WHEREAS** on February 16, 2021, the Industrial Customer Group advised that they support the
8 approvals requested by the Application, and Newfoundland Power advised that it had no comment;
9 and
10

11 **WHEREAS** the Board did not receive any other comments on the Application; and
12

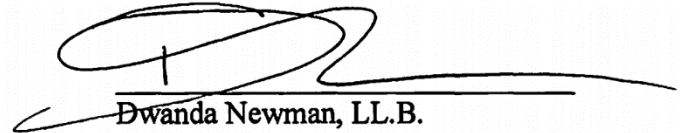
13 **WHEREAS** on February 19, 2021 Hydro filed a submission requesting that the Application be
14 approved as submitted; and
15

16 **WHEREAS** the Board is satisfied that the Application proposals including the proposals relating
17 to the calculation of the Island Industrial Customer RSP Fuel Rider and Current Plan Adjustment,
18 the Island Industrial Customer 2017 GRA Cost Recovery Rider and the one-time bill credit to
19 Island Industrial Customers, would contribute to rate stability, intergenerational equity and fairness
20 for these customers and should be approved.
21


22
23 **IT IS THEREFORE ORDERED THAT:**
24

- 25 1. The forecast of 1,174,603 barrels to be used in the calculation of the Island Industrial Customer
26 Fuel Price Projection and Island Industrial Customer RSP Fuel Rider for 2021 is approved.
27
- 28 2. The transfer of the remaining Island Industrial Customer 2017 GRA Cost Recovery Rider
29 balance as of December 31, 2020 of \$271,092 into the Island Industrial Customer RSP Current
30 Plan and the conclusion of the Island Industrial Customer 2017 GRA Cost Recovery Rider
31 effective January 31, 2021 is approved.
32
- 33 3. The debit transfer of \$2,476,684 to the Island Industrial Customer RSP Current Plan balance
34 as of December 31, 2020 is approved.
35
- 36 4. The Island Industrial Customer one-time bill credit in the amount of \$2,476,684 to be allocated
37 by customer based on 2020 energy ratios and reflected on Island Industrial Customer bills
38 issued in March 2021 is approved.
39
- 40 5. The Island Industrial Customer rates to be effective on all electrical consumption on and after
41 February 1, 2021, as set out in Schedule A to this Order, are approved.
42
- 43 6. Hydro shall pay all expenses of the Board arising from the Application.


DATED at St. John's, Newfoundland and Labrador, this 25th day of February, 2021.



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary

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

RSP Adjustment:

RSP Adjustment:

Current Plan @ 0.423 ¢ per kWh
Fuel Rider @ (0.823) ¢ per kWh

Total RSP Adjustment – All kilowatt-hours @ (0.400) ¢ per kWh

CDM Cost Recovery

Adjustment @ 0.012 ¢ 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.