

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

AN ORDER OF THE BOARD

NO. P.U. 20(2022)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6
7

8 **IN THE MATTER OF** an application by
9 Newfoundland Power Inc. pursuant to sections
10 70 and 71 of the *Act* for approval of:

- 11 (i) revised rate stabilization and municipal
12 tax adjustments for the period July 1, 2022
13 to June 30, 2023;
 - 14 (ii) a revised schedule of rates, tolls and
15 charges; and
 - 16 (iii) revisions to the Rate Stabilization Clause.
- 17
18

19 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly organized
20 and existing under the laws of the Province of Newfoundland and Labrador, is a public utility
21 within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
22

23 **WHEREAS** on June 14, 2022 Newfoundland Power filed an application (the “Application”)
24 requesting approval of:

- 25 i) a Rate Stabilization Adjustment of 0.288 cents per kWh and a Municipal Tax
26 Adjustment Factor of 1.02627 to be applied to all bills based on electrical
27 consumption on and after July 1, 2022;
- 28 ii) the schedule of rates, tolls and charges to be effective on all electrical consumption
29 on and after July 1, 2022; and
- 30 iii) amendments to the rules and regulations governing Newfoundland Power’s
31 provision of service to its customers associated with the elimination of
32 Newfoundland and Labrador Hydro’s (“Hydro”) Rate Stabilization Plan Fuel
33 Rider, the introduction of Hydro’s Muskrat Falls Project Cost Recovery Rider, and
34 the conclusion of the One-Time Bill Credit approved in Order No. P.U. 17(2020);
35 and

1 **WHEREAS** Newfoundland Power’s Rate Stabilization Clause provides for the calculation of the
2 balance in Newfoundland Power’s Rate Stabilization Account (“RSA”) and the inclusion of a Rate
3 Stabilization Adjustment in the rates charged by Newfoundland Power; and
4

5 **WHEREAS** the RSA is to be recalculated on July 1st of each year to reflect: i) the accumulated
6 balance in the RSA as of March 31st of the current year; ii) any changes in the rate to be charged
7 to Newfoundland Power by Hydro for the coming year as a result of the operation of Hydro’s Rate
8 Stabilization Plan (“RSP”); iii) the portion of Hydro’s Conservation and Demand Management
9 costs to be recovered from Newfoundland Power’s customers; and (iv) any other rate adjustment
10 approved by the Board; and
11

12 **WHEREAS** in Order No. P.U. 19(2022) the Board approved the rate that Hydro will charge
13 Newfoundland Power effective July 1, 2022; and
14

15 **WHEREAS** Newfoundland Power’s Municipal Tax Adjustment Factor is adjusted each year on
16 July 1st to reflect Newfoundland Power’s municipal tax costs for the year; and
17

18 **WHEREAS** the Application proposals would result in the following changes, effective July 1,
19 2022:

- 20 (i) the Rate Stabilization Adjustment would decrease to 0.288 cents per kWh from the
21 current adjustment of 0.329 cents per kWh approved in Order No. P.U. 23(2021); and
- 22 (ii) the Municipal Tax Adjustment Factor would increase to 1.02627 from the current
23 factor of 1.02559 approved in Order No. P.U. 23(2021); and
24

25 **WHEREAS** the Application also proposed revisions to the Rate Stabilization Clause to
26 discontinue Hydro’s RSP Fuel Rider, the introduction of Hydro’s Muskrat Falls Project Cost
27 Recovery Rider, and the conclusion of the One-Time Bill Credit approved in Order No. P.U.
28 17(2020); and
29

30 **WHEREAS** the Application set out that the changes to the Rate Stabilization Adjustment,
31 including the Muskrat Falls Project Cost Recovery Rider, and the Municipal Tax Adjustment
32 Factor for the period July 1, 2022 to June 30, 2023 would result in an overall average rate decrease
33 for Newfoundland Power customers of 0.3%; and
34

35 **WHEREAS** on June 22, 2022 the Board’s financial consultants, Grant Thornton LLP, filed a
36 report with the Board in relation to the Application stating that it did not note issues of concern;
37 and
38

39 **WHEREAS** the Application was copied to Hydro and the Consumer Advocate, Dennis Browne,
40 Q.C.; and
41

42 **WHEREAS** the Board did not receive any comments or submissions in relation to the Application;
43 and
44

45 **WHEREAS** the Board has reviewed the Application and is satisfied that the proposed Rate
46 Stabilization Adjustment, the Municipal Tax Adjustment Factor, the schedule of rates, tolls and
47 charges and the revisions to the Rate Stabilization Clause are in accordance with established rates,
48 rules and regulations and Board orders and should be approved.

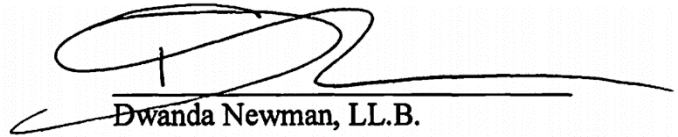
1 **IT IS THEREFORE ORDERED THAT:**
2

- 3 1. The Rate Stabilization Adjustment of 0.288 cents per kWh and the Municipal Tax Adjustment
4 Factor of 1.02627 for the period July 1, 2022 to June 30, 2023 are approved.
5
6 2. The amendments to the Schedule of Rates, Rules and Regulations as set out in Schedule A to
7 this Order, to be effective on all electrical consumption on and after July 1, 2022 are approved.
8
9 3. Newfoundland Power shall pay the expenses of the Board arising from this Application.

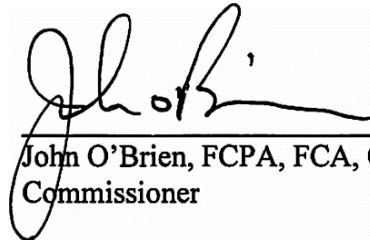
DATED at St. John's, Newfoundland and Labrador, this 29th day of June, 2022.



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




Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner


Cheryl Blundon
Board Secretary

NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Not Exceeding 200 Amp Service \$15.83 per month

Exceeding 200 Amp Service \$20.83 per month

Energy Charge:

All kilowatt-hours @12.346¢ per kWh

Minimum Monthly Charge:

Not Exceeding 200 Amp Service \$15.83 per month

Exceeding 200 Amp Service \$20.83 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 does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #1.1S
DOMESTIC SEASONAL – OPTIONAL

Availability:

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

Rate:

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):

All kilowatt-hours @ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):

All kilowatt-hours @ (1.297)¢ per kWh

Special Conditions:

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-100 kW (110 kVA)

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Unmetered	\$11.92 per month
Single Phase.....	\$19.92 per month
Three phase.....	\$31.92 per month

Demand Charge:

\$9.71 per kW of billing demand in the months of December, January, February and March and \$7.21 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month in excess of 10 kW.

Energy Charge:

First 3,500 kilowatt-hours	@ 12.207¢ per kWh
All excess kilowatt-hours	@ 9.246¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 20.997 cents per kWh plus the Basic Customer Charge, 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:

Unmetered	\$11.92 per month
Single Phase	\$19.92 per month
Three Phase	\$31.92 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 metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$48.92 per month

Demand Charge:

\$8.15 per kVA of billing demand in the months of December, January, February and March and \$5.65 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 50,000 kilowatt-hours @ 10.430¢ per kWh
All excess kilowatt-hours @ 8.470¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 20.997 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

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 POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$85.25 per month

Demand Charge:

\$7.83 per kVA of billing demand in the months of December, January, February and March and \$5.33 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 75,000 kilowatt-hours @ 10.069¢ per kWh
All excess kilowatt-hours @ 8.390¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 20.997 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

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 POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

High Pressure Sodium	Sentinel/Standard	Post Top
100W (8,600 lumens)	\$18.09	\$19.28
150W (14,400 lumens)	22.59	-
250W (23,200 lumens)	32.21	-
400W (45,000 lumens)	45.23	-

Light Emitting Diode

LED 100	\$15.94	-
LED 150	17.97	-
LED 250	21.77	-
LED 400	25.16	-

Special poles used exclusively for lighting service*

Wood	\$6.13
30' Concrete or Metal, direct buried	8.56
45' Concrete or Metal, direct buried	14.16
25' Concrete or Metal, Post Top, direct buried	6.07

Underground Wiring (per run)*

All sizes and types of fixtures	\$14.43
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* Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

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

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan ("RSP"), CDM Cost Recovery Adjustment, and the Project Cost Recovery Rider (collectively, "Hydro's Rate Adjustments").

I. RATE STABILIZATION ADJUSTMENT ("A")

The Rate Stabilization Adjustment ("A") shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA. The adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B1 + B2 + B3 + C}{D}$$

D

Where:

- B1 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.

- B2 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's CDM Cost Recovery Adjustment.

- B3 = the Muskrat Falls Project Cost Recovery Rider.

- C = the balance in the Company's RSA as of March 31st of the current year.

- D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT (“RSA”)

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:
 - (i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of Hydro’s Rate Adjustments.
 - (ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

P = the 2nd block base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

- (iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = the price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = the kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT (“RSA”) (Cont’d)

- (iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

- (v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.
3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly street lighting rates are as follows:

	Fixture Size (watts)			
	<u>100</u>	<u>150</u>	<u>250</u>	<u>400</u>
High Pressure Sodium	454	714	1,260	1,953
	Fixture Type			
	<u>LED 100</u>	<u>LED 150</u>	<u>LED 250</u>	<u>LED 400</u>
Light Emitting Diode	218	336	475	664

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT (“RSA”) (Cont’d)

4. On December 31, 2019, the RSA shall be reduced (increased) by the amount that the increase in the Company’s revenue for the year resulting from the change in base rates attributable to the flow through of Hydro’s wholesale rate change, effective October 1, 2019, is greater (or less) than the amount of the increase in the Company’s purchased power expense for the year resulting from the change in the base rate charged by Hydro effective October 1, 2019.

The methodology to calculate the RSA adjustment at December 31, 2019 is as follows:

Calculation of increase in Revenue:

2019 Revenue with Flow-through (Q)	\$ -
2019 Revenue without Flow-through (R)	<u>\$ -</u>
Increase in Revenue (S = Q – R)	\$ -

Calculation of increase in Purchased Power Expense:

2019 Purchased Power Expense with Hydro Increase (T)	\$ -
2019 Purchased Power Expense without Hydro Increase (U)	<u>\$ -</u>
Increase in Purchased Power Expense (V = T – U)	\$ -

Adjustment to Rate Stabilization Account (W = S – V)	\$ -
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Where:

- Q = Normalized revenue from base rates effective October 1, 2019.
- R = Normalized revenue from base rates determined based on rates effective March 1, 2019.
- T = Normalized purchased power expense from Hydro’s wholesale rate effective October 1, 2019 (not including Hydro’s Rate Adjustments).
- U = Normalized purchased power expense determined based on Hydro’s wholesale rate effective July 1, 2018 (not including Hydro’s Rate Adjustments).

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT (“RSA”) (Cont’d)

5. On December 31st of each year from 2008 until further order of the Board, the Rate Stabilization Account (RSA) shall be increased (reduced) by the Energy Supply Cost Variance.

This Energy Supply Cost Variance identifies the change in purchased power cost that is related to the difference between purchasing energy at the 2nd block energy charge in the wholesale rate and the test year energy supply cost reflected in customer rates.

The Energy Supply Cost Variance expressed in dollars shall be calculated as follows:

$$\frac{(A - B) \times (C - D)}{100}$$

Where:

- A = the wholesale rate 2nd block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized annual purchases in kWh.
- D = the test year annual purchases in kWh.
6. The RSA shall be adjusted by any other amount as ordered by the Board.
7. On March 31st of each year, the Rate Stabilization Account shall be increased on a before tax basis, by the CDM Cost Recovery Transfer.

The CDM Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account (the “CDM Cost Deferral”), commencing in the year following the year in which the CDM Cost Deferral is charged to the CDM Cost Deferral Account. Beginning January 1, 2021, all historical balances and annual charges to the CDM Cost Deferral will be recovered over 10 years.

The CDM Cost Deferral Account will identify the year in which each CDM Cost Deferral was incurred.

The CDM Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/10th of each CDM Cost Deferral, beginning January 1, 2021, which individual amounts shall be included in the CDM Cost Recovery Transfer for 10 years following the year in which the CDM Cost Deferral was recorded.

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

8. On March 31st of each year, beginning in 2013, the Rate Stabilization Account shall be increased (reduced), on a before tax basis, by the balance in the Weather Normalization Reserve accrued in the previous year.

III. RATE CHANGES

The energy charges in each rate classification shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.