

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

AN ORDER OF THE BOARD

NO. P.U. 7(2023)

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**, RSNL
4 1990, Chapter P-47 (the “**Act**”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for
9 recovery of the 2022 balance in the Isolated
10 Systems Supply Cost Variance Deferral Account
11 pursuant to sections 70(1) and 80 of the **Act**.
12
13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
15 under the Hydro Corporation Act, 2007, is a public utility within the meaning of the **Act**, and is
16 also subject to the provisions of the **EPCA**; and
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18 **WHEREAS** the definition of the Isolated Systems Supply Cost Variance Deferral Account was
19 approved in Order No. P.U. 22(2017); and
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21 **WHEREAS** the approved account definition requires Hydro to file an application for the approval
22 of the account balance and disposition of any balance in the Isolated Systems Supply Cost
23 Variance Deferral Account no later than March 31st of each year; and
24

25 **WHEREAS** on March 10, 2023 Hydro filed an application requesting approval of the allocation of
26 the 2022 debit balance in the Isolated Systems Supply Cost Variance Deferral Account in the
27 amount of \$9,037,722, consistent with the methodology approved for disposition in previous
28 years (the “Application”); and
29

30 **WHEREAS** the Application proposes that the 2022 Isolated Systems Supply Cost Variance Deferral
31 Account debit balance be allocated between Newfoundland Power Inc. (“Newfoundland Power”)
32 and the Hydro Rural Labrador Interconnected System customers based on the 2019 Test Year
33 Rural Deficit allocation which would result in a debit balance of \$8,685,251 owing from
34 Newfoundland Power and a \$352,471 charge to Hydro’s net income; and

1 **WHEREAS** the Application proposes to transfer the allocated balance associated with the 2022
2 Isolated Systems Supply Cost Variance Deferral Account to Newfoundland Power's Rate
3 Stabilization Plan ("RSP") Current Plan balance as of March 31, 2023 to be recovered from
4 customers through the RSP Current Plan Adjustment starting July 1, 2023; and
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6 **WHEREAS** the Application was circulated to: Newfoundland Power; the Consumer Advocate,
7 Dennis Browne, K.C.; a group of Island Industrial customers: Corner Brook Pulp and Paper
8 Limited, Braya Renewable Fuels (Newfoundland) GP Inc., Vale Newfoundland and Labrador
9 Limited; Linde Canada Inc.; and Teck Resources Limited; and
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11 **WHEREAS** Grant Thornton LLP filed a report on March 22, 2023 which concluded that there was
12 nothing to suggest that the amount reported is not in accordance with the account definition
13 approved in Order No. P.U. 22(2017); and
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15 **WHEREAS** Newfoundland Power advised on March 27, 2023 that they had no comments on the
16 Application and no other comments were received; and
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18 **WHEREAS** on March 28, 2023 Hydro noted that there were no comments received from the
19 parties and asked that the Board approve the Application as filed; and
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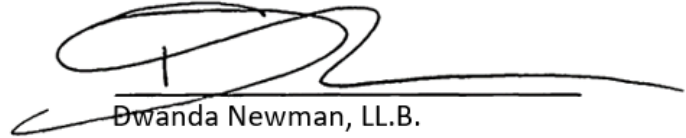
21 **WHEREAS** the Board is satisfied that Hydro's proposal for the allocation and recovery of the 2022
22 Isolated Systems Supply Cost Variance Deferral Account should be approved.
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25 **IT IS THEREFORE ORDERED THAT:**
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27 1. Hydro's proposed disposition of the \$9,037,722 balance in the 2022 Isolated Systems Supply
28 Cost Variance Deferral Account through the transfer, effective March 31, 2023, of a debit of
29 \$8,685,251 to the Newfoundland Power RSP Current Plan balance with recovery starting July
30 1, 2023, and a debit of \$352,471 allocated to Hydro Rural Labrador Interconnected System
31 customers to be applied to reduce Hydro's net income is approved.
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33 2. Hydro shall pay all expenses of the Board arising from this Application.


DATED at St. John's, Newfoundland and Labrador, this 13th day of April 2023.




Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary