

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

AN ORDER OF THE BOARD

NO. P.U. 15(2024)

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 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for
9 approval of a revised Utility Rate reflecting
10 updates to the Rate Stabilization Plan Current
11 Plan Adjustment, Conservation and Demand
12 Management Cost Recovery Adjustment and
13 Project Cost Recovery Rider for Newfoundland
14 Power, pursuant to sections 70(1) and 71 of
15 the **Act**.
16
17

18 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and existing
19 under the **Hydro Corporation Act, 2007**, is a public utility within the meaning of the **Act**, and is
20 also subject to the provisions of the **EPCA**; and
21

22 **WHEREAS** in Order No. P.U. 4(2022) the Board approved the Rate Stabilization Plan (“RSP”) Rules
23 for Balance Disposition which provided for the disposition of balances accumulated up to October
24 31, 2021; and
25

26 **WHEREAS** in Order No. P.U. 19(2022) the Board approved the commencement of the recovery of
27 Muskrat Falls Project costs and implemented a Project Cost Recovery Rider; and
28

29 **WHEREAS** in Order No. P.U. 37(2022) the Board approved an amendment to the Conservation
30 and Demand Management (“CDM”) Cost Deferral Account to permit an increase in the
31 amortization period of annual CDM costs from seven to ten years, effective as of January 1, 2023,
32 for both historical balances and annual charges; and
33

34 **WHEREAS** in Order No. P.U. 10(2024) the Board approved the transfer of the 2023 Isolated
35 Systems Supply Cost Deferral Account of approximately \$11.6 million to Newfoundland Power’s
36 RSP Current Plan balance effective March 31, 2024; and

1 **WHEREAS** on May 7, 2024 the Government of Newfoundland and Labrador issued Order in
2 Council OC2024-062 directing Hydro to structure any application for utility rate increases such
3 that retail rate increases to domestic class customers attributable to Hydro shall be targeted at
4 2.25% per year up to and including 2030; and

5
6 **WHEREAS** on May 28, 2024 Hydro filed an application (the “Application”) seeking approval for a
7 revised utility rate effective July 1, 2024 reflecting:

- 8
9 i) a revised RSP Current Plan Adjustment of 0.461 cents per kWh;
10 ii) a revised CDM Cost Recovery Adjustment of 0.017 cents per kWh;
11 iii) a revised Project Cost Recovery Rider of 1.124 cents per kWh; and

12
13 **WHEREAS** the RSP Rules for Balance Disposition requires Hydro to update the Utility RSP Current
14 Plan Adjustment annually based upon the March 31 RSP balance; and

15
16 **WHEREAS** the Application stated that as of March 31, 2024 the RSP Current Plan balance was
17 \$32.6 million owing from Newfoundland Power which results in a revised Utility RSP Current Plan
18 Adjustment of 0.461 cents per kWh, a decrease of 0.035 cents per kWh effective July 1, 2024; and

19
20 **WHEREAS** the CDM Cost Deferral Account requires Hydro to update the CDM Cost Recovery
21 Adjustment annually to provide for the recovery of costs transferred to the account each year
22 which results in a revised CDM Cost Recovery Adjustment of 0.017 cents per kWh, an increase of
23 0.002 cents per kWh effective July 1, 2024; and

24
25 **WHEREAS** the Application stated that to comply with OC2024-262, Hydro, in consultation with
26 Newfoundland Power, calculated the proposed 1.124 cents per kWh Project Cost Recovery Rider
27 using detailed calculations performed by Newfoundland Power to meet the targeted 2.25%
28 domestic retail rate increase attributable to Hydro’s cost; and

29
30 **WHEREAS** the Application was copied to Newfoundland Power; the Consumer Advocate, Dennis
31 Browne, KC; a group of Island Industrial Customers: Corner Brook Pulp and Paper Limited, Braya
32 Renewable Fuels (Newfoundland) GP Inc. and Vale Newfoundland and Labrador Limited; Linde
33 Canada Inc.; and Teck Resources Limited; and

34
35 **WHEREAS** on June 12, 2024 the Board’s financial consultants, Grant Thornton LLP, filed a report
36 with the Board stating that it did not note any discrepancies in the calculations used within
37 Schedule 2 of the Application and concluded that the Project Cost Recovery Rider of 1.124 cents
38 per kWh is based on the target domestic rate increase of 2.25% as directed by OC2024-062; and

39
40 **WHEREAS** on June 19, 2024, Hydro filed a reply noting that the parties did not file comments and
41 requesting approval of the Application; and

42
43 **WHEREAS** on June 21, 2024, the Board advised the parties that given the timing of the filing of
44 the Application and the schedule for the review process, an implementation date of August 1,
45 2024 would be targeted for Hydro’s utility rate adjustment to Newfoundland Power; and

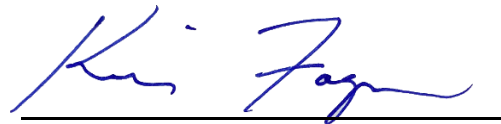
1 **WHEREAS** on June 26, 2024, in a submission to the Board on Newfoundland Power’s application
2 for July 1 rates, Hydro advised that the delayed rate implementation would impact the amounts
3 it would recover through its proposed rate adjustments but confirmed it would not change its
4 application or the customer rate impact targeted for domestic customers; and
5

6 **WHEREAS** the Board is satisfied that the proposals in the Application are consistent with the RSP
7 Rules for Balance Disposition, the definition of the CDM Cost Deferral Account, and OC2024-062,
8 and therefore should be approved.
9

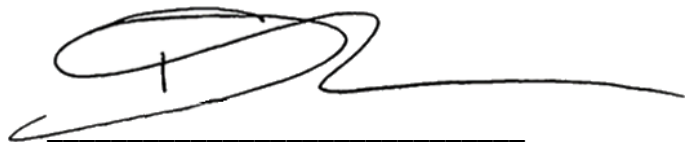
10
11 **IT IS THEREFORE ORDERED THAT:**
12

- 13 1. The proposed Utility Rate as set out in Schedule A to this Order, to be effective on all electrical
14 consumption on and after August 1, 2024, is approved.
15
16 2. Hydro shall pay all expenses of the Board arising from the Application.

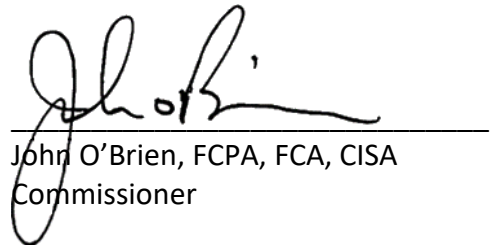
DATED at St. John's, Newfoundland and Labrador this 10th day of July, 2024.



Kevin Fagan
Chair and Chief Executive Officer



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Jo-Anne Galarneau
Board Secretary

**NEWFOUNDLAND AND LABRADOR HYDRO
SCHEDULE OF RATES, RULES AND REGULATIONS
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, NP will be provided with 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.

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“Curtable Credit” is determined based upon NP’s forecast curtable load available for the period in accordance with the terms and conditions set forth in NP’s Curtable Service Option. NP will notify Hydro of its available curtable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtable 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 Curtable 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 Curtable Credit, no test will be required.

NP will be required to provide a report to Hydro no 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 Curtable 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 Curtable Credit will be established based upon the lesser of the load reduction achieved in the test or the forecast curtable 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 Curtable Credit.

The Curtable Credit reflected in the Minimum Billing Demand will be set to equal the curtable 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.

“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 1,000)

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

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“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
- a) The sum of the actual billed demands in the Months of January, February and March of the current year.

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..... @ 0.461¢ per kWh

Project Cost Recovery Rider.....@ 1.124¢ per kWh

CDM Cost Recovery Adjustment.....@ 0.017¢ per kWh

***Subject to RSP Adjustment, CDM Cost Recovery Adjustment, and Project Cost Recovery Rider**

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.

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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 an 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 weigh 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 of 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 the Weather-Adjusted Native Load by April 5th of each year.

General

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

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