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June 1, 2020

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Application for Approval to Issue a One-Time Bill Credit to Newfoundland Power Customers in accordance with Order in Council OC2020-081

Enclosed please find Newfoundland Power's Application for approval to provide a one-time bill credit to its customers. The Application complies with the Government of Newfoundland and Labrador's directive to the Board in Order in Council OC2020-081.

In accordance with OC2020-081, the Application proposes that:

- (i) The annual July 1st customer rate adjustment be suspended;
- (ii) A total amount of \$47.7 million be distributed to Newfoundland Power's customers through a one-time bill credit;
- (iii) All eligible customers receive their one-time bill credit in July 2020 in accordance with a plan provided with the Application; and
- (iv) Any remaining balance at plan closeout be addressed through the next annual July 1st rate adjustment in 2021.

Newfoundland Power consulted with Newfoundland and Labrador Hydro ("Hydro") and the Consumer Advocate in preparing the Application.

The total amount to be distributed to customers through the one-time bill credit was based on the wholesale bill credit as reflected in an application filed by Hydro on May 25, 2020. Should changes be required as a result of the Board's review of Hydro's application, Newfoundland Power will revise this Application accordingly.

We trust that the foregoing and enclosed are found to be in order.

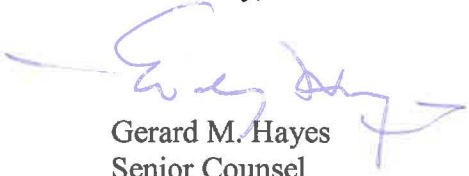
If you have any questions, please contact the undersigned at your convenience.

Newfoundland Power Inc.

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6
PHONE (709) 737-5609 • FAX (709) 737-2974 • ghayes@newfoundlandpower.com

Board of Commissioners
of Public Utilities
June 1, 2020
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Yours truly,



Gerard M. Hayes
Senior Counsel

cc. Shirley A. Walsh
Newfoundland and Labrador Hydro

Dennis Browne, Q.C.
Browne Fitzgerald Morgan Avis

Newfoundland Power Inc.

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6

PHONE (709) 737-5609 • FAX (709) 737-2974 • ghayes@newfoundlandpower.com

IN THE MATTER OF the
Public Utilities Act, (the “Act”);

IN THE MATTER OF an Order in Council made
under the authority of Section 5.1 of the *Electrical
Power Control Act, 1994*; and

IN THE MATTER OF an application pursuant to
Sections 58, 70 (1) and 71 of the Act (the “Application”)
by Newfoundland Power Inc. (“Newfoundland Power”)
for approval of: (i) suspension of the operation of the Rate
Stabilization Clause in respect of the inclusion of a revised
Rate Stabilization Adjustment in the rates to be charged by
Newfoundland Power for the period July 1, 2020 to
June 30, 2021; (ii) suspension of the operation of the
Municipal Tax Clause in respect of the inclusion of a
recalculated Municipal Tax Adjustment (“MTA”) factor in
the rates to be charged by Newfoundland Power for the
period July 1, 2020 to June 30, 2021; (iii) a one-time bill
credit fund; (iv) a one-time customer bill credit plan; and
(v) an amendment of the Rate Stabilization Clause.

TO: The Board of Commissioners of Public Utilities (the “Board”)

THE APPLICATION OF Newfoundland Power SAYS:

A. Background

1. Newfoundland Power is a corporation duly organized and existing under the laws of the province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. By Order in Council OC2020-081, dated May 12, 2020, (the “Order in Council”), the Provincial Government provided direction to the Board regarding, among other things, that:
 - (i) customer rates for the period July 1, 2020 to June 30, 2021 shall not change on July 1, 2020 as a result of the application of adjustments arising from the operation of the Newfoundland and Labrador Hydro (“Hydro”) Rate Stabilization Plan (“RSP”) and Conservation and Demand Management Cost Recovery Adjustment, or Newfoundland Power’s Rate Stabilization Clause and Municipal Tax Clause;

- (ii) upon application by Hydro, the dollar value of the change in the total annual amount for disposition through the RSP adjustment for the period July 1, 2020 to June 30, 2021 be provided to Newfoundland Power through a one-time wholesale bill credit (the “Wholesale Bill Credit”) as early as practicable; and
 - (iii) upon application by Newfoundland Power, the dollar value of the change in the annual amount for disposition to customers through the Rate Stabilization Account (“RSA”) and the operation of the Municipal Tax Clause for the period July 1, 2020 to June 30, 2021 (the “Customer Bill Credit Fund”), be provided to Newfoundland Power’s customers through a one-time bill credit as early as practicable, with the methodology for determination of the bill credit to be determined by the Board.
3. The Order in Council is Exhibit 1 to the Application.
 4. On May 25, 2020, Hydro submitted an application to the Board for approval of, among other things, the Wholesale Bill Credit in accordance with the Order in Council. The Wholesale Bill Credit as proposed in Hydro’s application is in the amount of \$50,575,999.

B. The Rate Stabilization Account

5. By Order No. P.U. 34 (1985), the Board approved the establishment of the RSA by Newfoundland Power. The Rate Stabilization Clause included in Newfoundland Power’s *Schedule of Rates, Rules & Regulations* (the “Rate Stabilization Clause”) provides for the calculation of the balance in the RSA and the inclusion of a Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
6. The Rate Stabilization Adjustment of 0.043 cents per kWh included in Newfoundland Power’s rates for the period October 1, 2019 to June 30, 2020 was approved by the Board in Order No. P.U. 31 (2019).
7. The Rate Stabilization Clause effectively requires that customer rates change on July 1st of each year to reflect the inclusion of a revised Rate Stabilization Adjustment in the rates charged by Newfoundland Power.
8. In order to give effect to the Order in Council, it is necessary to suspend the operation of the Rate Stabilization Clause in respect of the inclusion of a revised Rate Stabilization Adjustment in the rates to be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021.

C. The Municipal Tax Clause

9. By Order No. P.U. 17 (1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but collected through an MTA factor included in the rates of Newfoundland Power. The Municipal Tax Clause included in Newfoundland Power's *Schedule of Rates, Rules and Regulations* (the "Municipal Tax Clause") provides for the recalculation of the MTA factor on July 1st of each year.
10. The current Municipal Tax Clause was approved by the Board in Order No. P.U. 18 (2004). The MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to Newfoundland Power by municipalities.
11. The MTA factor of 1.02398 included in Newfoundland Power's rates for the period October 1, 2019 to June 30, 2020 was approved by the Board in Order No. P.U. 31 (2019).
12. The Municipal Tax Clause effectively requires that customer rates change on July 1st of each year to reflect the recalculated MTA factor in the rates charged by Newfoundland Power.
13. In order to give effect to the Order in Council, it is necessary to suspend the operation of the Municipal Tax Clause in respect of the inclusion of a recalculated MTA factor in the rates to be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021.

D. Customer Bill Credit Fund

14. Exhibit 2 to the Application presents the calculation of the Customer Bill Credit Fund of \$47,723,550, determined in accordance with the Order in Council.
15. The Customer Bill Credit Fund reflects the Wholesale Bill Credit of \$50,575,999 as proposed in Hydro's application dated May 25, 2020, the balance in the RSA as of March 31, 2020 of \$4,307,436, and a recalculated MTA factor of 1.02412 reflecting the normal operation of the Municipal Tax Clause for 2020.

E. One-Time Customer Bill Credit Plan

16. The evidence filed in support of this Application fully describes the Newfoundland Power One-Time Customer Bill Credit Plan. The One-Time Customer Bill Credit Plan is set out in Exhibit 3 to the Application.
17. The One-Time Customer Bill Credit Plan, amongst other things, provides for the calculation and payment of a one-time bill credit to Newfoundland Power's customers based on energy usage, as described in the evidence filed in support of this Application.

F. Rate Stabilization Clause Amendment

18. Timing differences inherent in the bill credit calculation methodology provided for in the One-Time Customer Bill Credit Plan may result in a variance between the Customer Bill Credit Fund and the total amount of the bill credits provided to Newfoundland Power's customers.
19. Exhibit 4 to the Application sets out a proposed amendment to the Rate Stabilization Clause to flow the amount of any variance, as described in paragraph 18, to the RSA.

G. Reasons for Approval

20. Approval by the Board of suspension of the operation of the Rate Stabilization Clause and the Municipal Tax Clause, as described in paragraphs 8 and 13, and the Customer Bill Credit Fund, as described in paragraphs 14 and 15, is necessary to comply with the directions set out in the Order in Council.
21. Approval by the Board of the One-Time Customer Bill Credit Plan set out in Exhibit 3 to the Application, and the amendment of the Rate Stabilization Clause set out in Exhibit 4 to the Application, will provide a one-time bill credit to Newfoundland Power's customers calculated based on customers' energy usage, consistent with the normal operation of the Rate Stabilization Clause and the Municipal Tax Clause, and in compliance with the directions set out in the Order in Council.

H. Order Requested

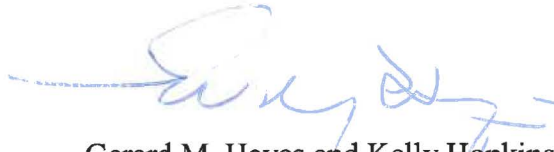
22. Newfoundland Power requests an Order from the Board approving:
 - (i) suspension of the operation of the Rate Stabilization Clause in respect of the inclusion of a revised Rate Stabilization Adjustment in the rates to be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021;
 - (ii) suspension of the operation of the Municipal Tax Clause in respect of the inclusion of a recalculated MTA factor in the rates to be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021;
 - (iii) the Customer Bill Credit Fund of \$47,723,550 as calculated in Exhibit 2 to the Application;
 - (iv) the One-Time Bill Credit Plan set out in Exhibit 3 to the Application, including the calculation and application of bill credits to the accounts of Newfoundland Power's customers, as described in the evidence filed in support of this Application; and
 - (v) the proposed amendment of the Rate Stabilization Clause set out in Exhibit 4.

I. Communications

23. Communications with respect to this Application should be forwarded to the attention of Gerard M. Hayes and Kelly Hopkins, Counsel to Newfoundland Power.

DATED at St. John's, Newfoundland and Labrador, this 1st day of June, 2020.

NEWFOUNDLAND POWER INC.



Gerard M. Hayes and Kelly Hopkins
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Newfoundland Power Inc.
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55 Kenmount Road
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IN THE MATTER OF the
Public Utilities Act, (the “Act”);

IN THE MATTER OF an Order in Council made
under the authority of Section 5.1 of the *Electrical
Power Control Act, 1994*; and

IN THE MATTER OF an application pursuant to
Sections 58, 70 (1) and 71 of the Act (the “Application”)
by Newfoundland Power Inc. (“Newfoundland Power”)
for approval of: (i) suspension of the operation of the Rate
Stabilization Clause in respect of the inclusion of a revised
Rate Stabilization Adjustment in the rates to be charged by
Newfoundland Power for the period July 1, 2020 to
June 30, 2021; (ii) suspension of the operation of the
Municipal Tax Clause in respect of the inclusion of a
recalculated Municipal Tax Adjustment (“MTA”) factor in
the rates to be charged by Newfoundland Power for the
period July 1, 2020 to June 30, 2021; (iii) a one-time bill
credit fund; (iv) a one-time customer bill credit plan; and
(v) an amendment of the Rate Stabilization Clause.

AFFIDAVIT

I, Paige London, of St. John’s in the Province of Newfoundland and Labrador, make oath and say as follows:

1. That I am Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc.
2. To the best of my knowledge, information and belief, all matters, facts and things set out in this Application are true.

SWORN to before me at St. John's
in the Province of Newfoundland and Labrador
this 1st day of June, 2020,
before me:



Barrister



Paige London

2020 One-Time Customer Bill Credit

**Evidence of
Newfoundland Power Inc.**

June 2020

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1 **A. OVERVIEW**

2 This Application seeks Board approval of a plan to provide a one-time bill credit to
3 Newfoundland Power’s customers in July 2020. The one-time bill credit was directed by the
4 Government of Newfoundland and Labrador in Order in Council OC2020-081.

5
6 The one-time bill credit is primarily based on a forecast reduction in fuel costs at Newfoundland
7 and Labrador Hydro’s (“Hydro”) Holyrood Thermal Generating Station. This cost reduction
8 would normally be reflected in customers’ rates through a July 1st rate reduction. The Provincial
9 Government has effectively directed, through OC2020-081, that the full benefit of this forecast
10 cost reduction be passed on to customers *as early as practicable* in response to the COVID-19
11 pandemic.

12
13 The Application proposes a total amount of \$47.7 million be distributed among customers
14 through the one-time bill credit. This amount complies with the Provincial Government policy
15 directive in OC2020-081.

16
17 Newfoundland Power proposes all eligible customers receive their bill credits in July 2020. This
18 will comply with the Provincial Government directive that the bill credit be provided to
19 customers *as early as practicable*.

20
21 Newfoundland Power’s plan proposes to vary customers’ bill credits based on energy usage for
22 the 12 months ending June 30, 2020. This methodology is conceptually consistent with the

1 Board’s longstanding practice of reflecting annual variances in fuel costs in the energy portion of
2 customers’ rates.

3
4 The plan proposes reasonable methods for estimating the annual energy usage of customers with
5 less than 1 year of billing history. Estimating the annual energy usage of these customers will
6 ensure all eligible customers receive their bill credits in July 2020.

7
8 Any outstanding balance following the distribution of bill credits to customers is proposed to be
9 addressed through the next annual July 1st customer rate adjustment in 2021.

10
11 Newfoundland Power’s plan: (i) complies with the Provincial Government policy directive in
12 OC2020-081; (ii) is conceptually consistent with regulatory practice; and (iii) will result in the
13 provision of the one-time bill credit to customers *as early as practicable*. Therefore, the Board
14 should approve Newfoundland Power’s Application.

15
16 **B. BACKGROUND**

17 Newfoundland Power’s customer rates are adjusted annually on July 1st. The annual adjustment
18 reflects a combination of: (i) costs related to Hydro’s Rate Stabilization Plan (“RSP”), including
19 changes in fuel costs for the Holyrood Thermal Generating Station; (ii) costs related to Hydro’s
20 Conservation and Demand Management (“CDM”) Cost Recovery Adjustment; and (iii) costs
21 related to Newfoundland Power’s Rate Stabilization Account and Municipal Tax Adjustment.¹

¹ The operation of Hydro’s RSP is set out in Schedule C of Order No. 30 (2019) and the operation its CDM Cost Recovery Adjustment is set out in Schedule C of Order No. P.U. 22 (2017). The operation of Newfoundland Power’s Rate Stabilization Clause and its Municipal Tax Clause are set out in Schedule A of Order No. P.U. 31 (2019).

1 On May 12, 2020, the Provincial Government issued Order in Council OC2020-081.²

2 OC2020-081 essentially directs the Board to adopt a policy that:

3

4 (i) Customer rates shall not change on July 1, 2020 as a result of operation of
5 Hydro's RSP and CDM Cost Recovery Adjustment, or Newfoundland Power's
6 Rate Stabilization Clause and Municipal Tax Clause;

7 (ii) The dollar value of the change in the total annual amount for disposition through
8 the RSP adjustment for the period July 1, 2020 to June 30, 2021 be provided by
9 Hydro to Newfoundland Power through a one-time wholesale bill credit *as early*
10 *as practicable*;

11 (iii) The dollar value of the change in the annual amount for disposition to customers
12 through the Rate Stabilization Account and Municipal Tax Clause be provided to
13 Newfoundland Power's customers through a one-time bill credit *as early as*
14 *practicable*, with the methodology to be determined by the Board; and

15 (iv) The same bill credit approach also be provided to Hydro Rural Customers who
16 are subject to automatic rate changes based on the rates approved for customers of
17 Newfoundland Power.

18

19 Exhibit 1 to the Application provides Order in Council OC2020-081.

² OC2020-081 was issued under the authority of Section 5.1(1) of the *Electrical Power Control Act, 1994*, which permits the Lieutenant-Governor in Council to direct the Board with respect to its policies and procedures for determining rate structures of public utilities, among other provisions.

1 The one-time customer bill credit was directed by the Provincial Government as a measure to
2 assist electricity customers during the ongoing COVID-19 pandemic.³ On May 14, 2020, the
3 Provincial Government announced that the bill credit will be provided to customers as early as
4 July and is expected to vary based on customers' energy usage.⁴

5
6 The Application proposes: (i) the total amount to be provided to customers through the one-time
7 bill credit (the "Fund"); and (ii) a plan to distribute the one-time bill credit to customers in July
8 2020 (the "Plan").

9
10 Both the Fund and the Plan comply with the Provincial Government directive to the Board in
11 OC2020-081.

12
13 **C. FUNDING THE ONE-TIME BILL CREDIT**

14 Order in Council OC2020-081 specifically directs how the one-time bill credit is to be funded.⁵

15
16 On May 25, 2020, Hydro filed an application with the Board seeking approval of the one-time
17 wholesale credit to Newfoundland Power for use in providing the bill credit to customers.⁶

³ On March 18, 2020, the Provincial Government declared a public health emergency under the *Public Health Protection and Promotion Act* due to the COVID-19 pandemic.

⁴ On May 14, 2020, the Provincial Government issued a news release titled *Premier Ball and Minister Coady Announce Financial Measures for Electricity Customers*. The news release states: "This is an unprecedented time for the province and the Provincial Government recognizes that many people are facing challenges. To help, residential and general service customers including businesses and other organizations whose rates are based on Holyrood fuel costs, will receive a one-time credit on their bills as early as July. This credit is expected to vary based on customers' usage and is made possible due to fuel savings at the Holyrood Thermal Generating Facility."

⁵ Paragraph 3 of Order in Council OC2020-081 directs that the dollar value of the change in the annual amount for disposition to customers through the Rate Stabilization Account and Municipal Tax Clause be provided to customers through a one-time bill credit.

⁶ See Hydro's *Application for Approval of a One-Time Bill Credit to Newfoundland Power in Accordance with OC2020-081* filed with the Board on May 25, 2020 and revised on May 29, 2020 ("Hydro's Application").

1 Hydro's Application provides an updated fuel price forecast for the Holyrood Thermal
2 Generating Station. The updated fuel price forecast is approximately 39% less than the price
3 currently reflected in customer rates.⁷ The forecast total cost reduction is approximately
4 \$50.6 million over the period July 1, 2020 to June 30, 2021.⁸

5
6 Newfoundland Power's application proposes a total Fund to be distributed among customers of
7 approximately \$47.7 million.

8
9 The \$47.7 million reflects: (i) a balance to be returned to customers of approximately
10 \$50.6 million in Hydro's RSP;⁹ less (ii) a balance owing from customers of approximately
11 \$2.8 million associated with Newfoundland Power's Rate Stabilization Account;¹⁰ and less
12 (iii) approximately \$99,000 associated with Newfoundland Power's Municipal Tax Clause.¹¹

13
14 The amount of \$47.7 million was determined in a manner that complies with the specific
15 Provincial Government directives in Order in Council OC2020-081.

16
17 Exhibit 2 to the Application provides the detailed calculation of the amount proposed to be
18 distributed to Newfoundland Power's customers.

⁷ Hydro's Application states that, based on the March 2020 fuel price projection, the No. 6 fuel price is forecast to be \$64.80/bbl. This is \$41.10/bbl lower than the 2019 Test Year price of \$105.90/bbl ($\$41.10 / \$105.90 = 0.39$, or 39%). See Hydro's Application, Evidence Supporting Application, Section 2.1 Projected No. 6 Fuel Costs.

⁸ The total wholesale credit to Newfoundland Power was calculated by Hydro to be: (i) \$68.8 million associated with the reduced No. 6 fuel price forecast; and (ii) a balance of \$18.2 million in the RSP Current Plan to be recovered from Newfoundland Power's customers ($\$68.8 \text{ million} - \$18.2 \text{ million} = \$50.6 \text{ million}$). See Hydro's Application, Evidence Supporting Application, Section 2.0 Summary of Changes in RSP Cost Recovery.

⁹ See Part A of Exhibit 2, page 1 of 3.

¹⁰ See Part B of Exhibit 2, page 1 of 3.

¹¹ See Part C of Exhibit 2, page 1 of 3.

1 **D. DISTRIBUTING THE BILL CREDIT TO CUSTOMERS**

2 **D.1 Plan Overview**

3 The Plan proposes to distribute the one-time bill credit to all eligible customers in July 2020.

4 The distribution of bill credits in July complies with the Provincial Government directive that
5 customers receive this benefit *as early as practicable*.¹²

6

7 The Plan proposes a methodology to vary customers' bill credit amounts based on their energy
8 usage. In Newfoundland Power's view, varying bill credit amounts based on customers' energy
9 usage is a reasonable means of distributing the Fund among customers.

10

11 The Fund for the one-time bill credit is primarily based on a forecast reduction in fuel costs at the
12 Holyrood Thermal Generating Station. The longstanding practice of the Board is to reflect
13 variances in Holyrood fuel costs through changes in the energy component of customers' rates.¹³
14 This is consistent with good utility practice.¹⁴

15

16 The methodology proposed for distributing the Fund among customers is conceptually consistent
17 with the longstanding regulatory practice associated with variations in Holyrood fuel costs. It
18 involves: (i) determining a bill credit rate in cents/kWh for distributing the Fund;¹⁵ and (ii)

¹² See Paragraph 3 of Order in Council OC2020-081.

¹³ Other components of customer rates include basic customer charges and demand charges.

¹⁴ For example, the NARUC *Electric Utility Cost Application Manual*, 1992, establishes 3 cost classifications for electric utilities: (i) demand; (ii) energy; and (iii) customer. Energy costs are those that vary with the energy or kWh that the utility provides, including fuel costs (see page 34).

¹⁵ The annual adjustments resulting from operation of Hydro's RSP, including the recovery of historic balances and the RSP Fuel Rider, are determined based on energy and charged based on a cents/kWh rate (see Schedule C of Order No. P.U. 30 (2019)).

1 applying the bill credit rate to customers' annual energy usage to determine the amount of the
2 credit to be provided to each customer.¹⁶

3

4 Exhibit 3 to the Application provides the proposed Plan.

5

6 **D.2 Customer Eligibility**

7 Under the terms of the Plan, all customers receiving electrical service from Newfoundland Power
8 on July 1, 2020 will be eligible to receive the one-time bill credit.¹⁷

9

10 By determining eligibility based on a July 1st service date, customers will begin receiving their
11 bill credits on July 2, 2020. This complies with the Provincial Government directive that the bill
12 credit be provided to customers *as early as practicable*.¹⁸

13

14 **D.3 Calculation of Customer Bill Credits**

15 ***D.3.1 Bill Credit Rate***

16 The bill credit rate is designed to distribute the entire Fund to customers based on each
17 customer's annual energy usage.¹⁹ The Plan proposes a single bill credit rate apply to all eligible
18 customers.

¹⁶ The annual July 1st rate adjustment affects customers' energy price on a *prospective* basis, whereas the one-time bill credit is proposed to be based upon customers' *historical* energy usage. Both, however, affect customers' electricity costs in proportion to individual energy usage.

¹⁷ As of May 2020, Newfoundland Power provides service to approximately 234,000 Domestic, 24,000 General Service, and 11,000 Street and Area Lighting customers. No material change in the number of customers served is forecast by July 1, 2020.

¹⁸ See Order in Council OC2020-081, paragraph 3.

¹⁹ The development of a cents/kWh rate for the one-time bill credit is consistent with the approach for delivering the 2016 RSP Surplus Refund. For more information, see Exhibit 1 of the *2016 RSP Surplus Refund Evidence of Newfoundland Power Inc.*, filed with the Board in June 2016.

1 The bill credit rate was calculated by dividing the total Fund amount of \$47.7 million by the total
2 annual energy usage of all Newfoundland Power's customers as of April 30, 2020.²⁰ This is the
3 most recent 12 months of data available as of Plan development.²¹

4

5 Schedule 1 of Exhibit 3 provides the calculation of the proposed bill credit rate.

6

7 ***D.3.2 Determining Bill Credit Amounts***

8 ***For Customers with 12 Months of Service***

9 Bill credit amounts will be determined by applying the bill credit rate to each eligible customer's
10 most recent 12 months of energy usage as of July 1, 2020.²²

11

12 The majority of customers will receive bill credits based on their actual usage. At Plan

13 development, approximately 231,000 customers, or 90%, had 12 complete months of service.²³

²⁰ Customers' total usage over this period was 5,905,912,000 kWh. The bill credit rate was therefore calculated to be 0.808 cents/kWh ($\$47,723,550 / 5,905,912,000 \text{ kWh} = 0.808 \text{ cents/kWh}$). See footnote 2 of Schedule 1.

²¹ The bill credit rate is calculated based on 12 months of energy usage for *all* customers as of April 30, 2020. In calculating bill credit amounts for *individual* customers, the bill credit rate will be applied to their billed annual usage as of July 1, 2020. Given Newfoundland Power's total energy sales do not change materially from year to year, this difference in timing is not expected to result in a material variance in the total Fund available and the amount that is ultimately distributed to customers.

²² Customers' most recent 12 months of energy usage will be determined based on their last 12 electricity bills as of July 1, 2020, as outlined in Section 3.3 of the Plan. Newfoundland Power estimates that approximately 90% of customers will receive bill credits based on their actual usage over this period.

²³ A number of customers have multiple services. For example, a customer may have both a Domestic service and a Street and Area Lighting service. At Plan development, Newfoundland Power provided service to a total of 259,000 customers, including customers with multiple service accounts. $231,000 / 259,000 = 0.89$, or approximately 90%.

1 *For Customers with 1 to 11 Months of Service*

2 For customers with between 1 and 11 months of service, the Plan proposes to estimate
3 customers' annual energy usage by way of estimation factors. At Plan development,
4 approximately 24,200 customers, or 9%, had between 1 and 11 months of service.²⁴

5
6 Estimation factors are a practical method of determining a customers' energy usage for a full
7 year. The estimation factors are weighted by month to reflect seasonal variations in energy
8 usage among Newfoundland Power's customers.²⁵

9
10 Energy usage patterns differ throughout the year for Domestic, General Service and Street and
11 Area Lighting customers. Different sets of estimation factors have therefore been developed for
12 Domestic, General Service and Street and Area Lighting customers.²⁶

²⁴ $24,200 / 259,000 = 0.09$, or 9%.

²⁵ In each case, the estimation factor applied will correspond to a customers' first full month of service. For example, the months of April to June, inclusive, are estimated to account for approximately 26.57% of Newfoundland Power's annual sales to Domestic customers. For a Domestic customer whose first full month of service was April, an estimation factor of 3.764 would be applied ($100\% / 26.57\% = 3.764$). This is the estimation factor used in the illustrative example provided in Table 1.

²⁶ The estimation factors were determined based on an analysis of Newfoundland Power's monthly sales by 3 customer groups: (i) Domestic; (ii) General Service; and (iii) Street and Area Lighting. The analysis was completed using monthly sales to each group over the period May 1, 2019 to April 30, 2020.

1 Table 1 provides an illustrative example that compares the average energy usage of a Domestic
2 customer over 12 months (“Scenario A”) to an estimate of that same customer’s annual usage
3 based on 3 months of service (“Scenario B”).”

**Table 1:
Illustrative Example of Estimation Factor
(Average Domestic Customer Usage)**

	Scenario A	Scenario B
Months of Service	12	3
Actual Usage	15,448	4,105
Estimation Factor	N/A	3.764
Annual Usage for Bill Credit Calculation	15,448	15,451

4 The illustrative example shows that, by applying the estimation factor, a customer’s estimated
5 and actual energy usage should not be materially different.²⁷ Individual results will vary based
6 on customers’ actual usage.²⁸

7
8 Schedule 2 of Exhibit 3 provides the estimation factors proposed for use in determining
9 customers’ bill credit amounts.

²⁷ Using the proposed bill credit rate, the customer’s bill credit would be \$124.82 for Scenario A and \$124.84 for Scenario B.

²⁸ The forecast variability in bill credit amounts for Domestic customers is shown in Figure 1 on page 12.

1 *For Customers with Less than 1 Month of Service*

2 An estimation factor cannot reasonably be applied to estimate the annual energy usage of
3 customers with less than 1 month of service. At Plan development, approximately 3,600
4 customers, or 1%, had less than 1 month of service.²⁹

5
6 For customers with less than 1 month of service, the Plan proposes to determine bill credit
7 amounts based on the average energy usage for each customer's class of service. The average
8 energy usage for each class of service was determined based on the most recent 12 months of
9 data as of Plan development.³⁰

10

11 This methodology accommodates differences in total annual energy usage among customers in
12 different classes of service.³¹ Applying this methodology will ensure all eligible customers
13 receive the one-time bill credit *as early as practicable*, as directed by OC2020-081.

14

15 Schedule 3 of Exhibit 3 provides the average annual energy usage by class of service proposed
16 for use in determining customers' bill credit amounts.

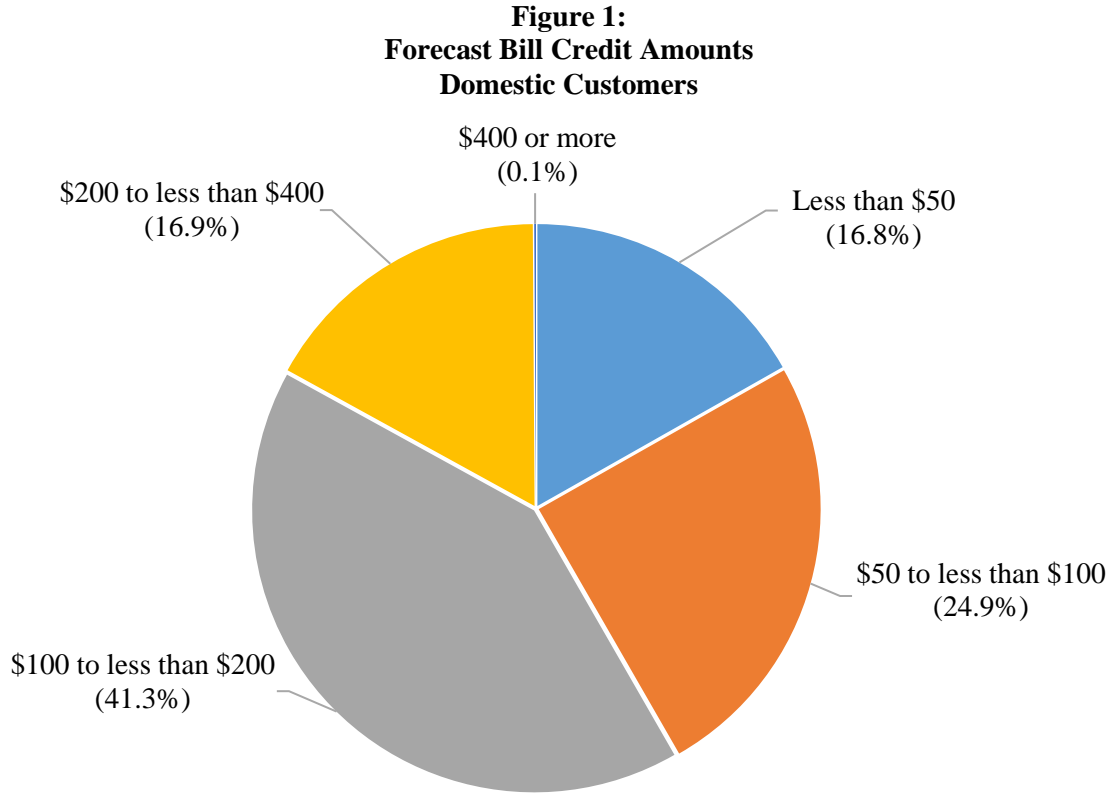
²⁹ $3,600 / 259,000 = 0.01$, or 1%. Approximately 95% of the 3,600 customers with less than 1 month of service were Domestic customers. There were no General Service customers billed under Rate 2.4 with less than 1 month of service as of Plan development.

³⁰ The average usage by customer class was determined based on Newfoundland Power's energy sales over the period May 1, 2019 to April 30, 2020. See Schedule 3 to Exhibit 3.

³¹ For example, the average energy usage of General Service customers in Rate 2.3 is approximately 23 times that of General Service customers in Rate 2.1 and 55 times that of Domestic customers.

1 **D.3.3 Forecast Customer Bill Credit Amounts**

2 Figure 1 provides forecast bill credit amounts for Newfoundland Power’s Domestic customers
3 based on the methodology proposed in the Plan.³²



4 Approximately 2/3 of Newfoundland Power’s Domestic customers will receive a bill credit of
5 between \$50 and \$200 based on the methodology proposed in the Plan. The one-time bill credit
6 will effectively result in the majority of Domestic customers having no electricity bill to pay in
7 July.³³

³² Domestic customers account for approximately 90% of all customers that will receive the one-time bill credit. Figure 1 is based on Domestic customers’ annual energy usage as of April 30, 2020.

³³ The average one-time bill credit for Domestic customers is approximately \$125. This compares to an average monthly bill for Domestic customers of approximately \$109 in July 2019.

1 General Service customers will receive bill credits that are more variable in amount. This
2 reflects the higher variability in energy usage among these customers.³⁴

3

4 The applicable amount of Harmonized Sales Tax (“HST”) will be provided with customers’ bill
5 credits.³⁵ HST is not included in the forecast bill credit amounts shown in Figure 1.

6

7 **D.4 Payment of Customer Bill Credits**

8 All eligible customers will receive the one-time bill credit on electricity bills issued from July 2nd
9 to July 29th.

10

11 For customers whose bill credit exceeds their outstanding balance, the credit will carry through
12 to their next billing cycle. For customers whose service is transferred during July 2020, their
13 outstanding balance, including any credit, will automatically be transferred with their service.

14

15 **E. IMPLEMENTATION & ADMINISTRATION**

16 **E.1 Customer Communications**

17 Communication with customers on the one-time bill credit will occur primarily via digital
18 channels and direct communication included with customers’ electricity bills issued in July 2020.

19

20 Information will be made available on Newfoundland Power’s customer website following
21 Board approval of the Plan. This information will explain the methodology for calculating bill

³⁴ Bill credit amounts for General Service customers are forecast to range as high as approximately \$6,900 for Rate 2.1, \$48,300 for Rate 2.3, and \$754,700 for Rate 2.4.

³⁵ Newfoundland Power received an opinion from Ryan Consulting, a global tax services firm, on the applicability of HST to customers’ bill credits. The opinion confirmed that the applicable HST amount should be provided with customers’ bill credits. The Plan includes the provision of the applicable HST amount to customers.

1 credit amounts and the timing of issuing bill credits to customers. Social media will be used to
2 advise customers of the information on the website.

3

4 The use of digital communication channels is both cost-effective and consistent with customers'
5 service expectations.³⁶

6

7 Customers' bills in July 2020 will include both general information on the methodology for
8 calculating bill credits and specific information on the credit amount applied.

9

10 Customer Service Representatives at the Customer Contact Centre will be equipped with
11 information to explain the calculation and timing of bill credits to customers.

12

13 **E.2 Plan Closeout**

14 The Plan will close following the distribution of all customer bill credits in July 2020 or as soon
15 as practicable thereafter.³⁷

16

17 While the Plan is designed to deliver the full Fund amount to customers, it is reasonable to
18 expect a degree of variance at Plan closeout. This reflects the practical result of differences in
19 using annual energy sales as of April 30, 2020 to derive the bill credit rate, and annual energy
20 sales as of July 1, 2020 to determine the bill credit amounts for each customer.

³⁶ Over the period 2015 to 2019, approximately 77% of all inquiries from customers were received via the customer website.

³⁷ While an automated process will effectively apply a bill credit to all customers' bills in July 2020, a small number of customers are expected to require manual assessment to determine their eligibility. For example, a customer may establish service effective July 1st, but may not show as a customer in Newfoundland Power's Customer Service System until the next business day. A review process will be completed by mid-July to ensure all eligible customers have been identified.

2020 One-Time Customer Bill Credit

- 1 Any outstanding balance at Plan closeout will be reflected in the next annual July 1st customer
- 2 rate adjustment.
- 3
- 4 Exhibit 4 to the Application provides a proposed revision to the Rate Stabilization Clause to
- 5 provide for Plan closeout.

**Order in Council
OC2020-081**

Under the authority of subsection 5.1(1) of the Electrical Power Control Act, 1994, the Lieutenant-Governor in Council is pleased to direct the Board of Commissioners of Public Utilities (Board) to adopt a policy that:

- 1) Customer rates for the period July 1, 2020 to June 30, 2021 shall not change on July 1, 2020 as a result of the application of adjustments arising from the operation of the Newfoundland and Labrador Hydro (Hydro) Rate Stabilization Plan, as set out in Schedule "C" of Order No. P.U.30(2019), and Conservation and Demand Management Cost Recovery Adjustment, as set out in Schedule "C" of Order No. P.U.22(2017), or Newfoundland Power Inc.'s (Newfoundland Power) Rate Stabilization Clause and Municipal Tax Clause, both as set out in Schedule "A" of Order No. P.U.31(2019);
 - 2) Upon application by Hydro, the dollar value of the change in the total annual amount for disposition through the Rate Stabilization Plan adjustment for the period July 1, 2020 to June 30, 2021, be provided to Newfoundland Power through a one-time wholesale bill credit as early as practicable;
 - 3) Upon application by Newfoundland Power, the dollar value of the change in the annual amount for disposition to customers through the Rate Stabilization Account, as described in Schedule "A" of Order No. P.U.31(2019), and the operation of the Municipal Tax Clause referenced above, for the period July 1, 2020 to June 30, 2021, be provided to customers through a one-time bill credit as early as practicable, with the methodology for determination of the bill credit to be determined by the Board; and
-
- 4) Upon application by Hydro, the same bill credit approach as provided for in Item 3 also be provided to Hydro Rural Customers who are subject to automatic rate changes based on the rates approved for customers of Newfoundland Power, and the financial impact of this adjustment be included in the RSP Rural Rate Alteration.

2020 One-Time Customer Bill Credit Fund

2020 One-Time Customer Bill Credit Fund

	Balance Owing From (To) Customers
A. One-Time Wholesale Bill Credit from Hydro to Newfoundland Power ¹	\$ (50,575,999)
B. Newfoundland Power's Rate Stabilization Account ("RSA")	
RSA balance as of March 31, 2020 ²	\$ 4,307,436
RSA balance as of March 31, 2019 ³	\$ 1,553,897
Change in billings associated with the RSA	\$ 2,753,539
C. Newfoundland Power's Municipal Tax Adjustment Factor ("MTA Factor")	
MTA Factor, effective July 1, 2020 ⁴	1.02412
MTA Factor, effective July 1, 2019 ⁵	1.02398
Change in billings associated with the change in the MTA Factor ⁶	\$ 98,910
D. The One-Time Customer Bill Credit Fund ⁷	\$ (47,723,550)

¹ See paragraph 18(b) of Hydro's *Application for Approval of a One-Time Bill Credit to Newfoundland Power in Accordance with OC2020-081*, filed on May 25, 2020 and revised on May 29, 2020.

² See page 2 of 3 of this Exhibit for Newfoundland Power's RSA balance as of March 31, 2020.

³ See *Schedule 2: Calculation of the Rate Stabilization Adjustment* of the Company's Application for October 1, 2019 Customer Rates. The Application for October 1, 2019 Rates was approved by the Board in Order No. P.U. 31 (2019).

⁴ See page 3 of 3 of this Exhibit for calculation of Newfoundland Power's MTA Factor for the one-time credit.

⁵ See *Schedule 3 - Calculation of the MTA Factor* of the Company's Application for October 1, 2019 Customer Rates. The Application for October 1, 2019 Rates was approved by the Board in Order No. P.U. 31 (2019).

⁶ Change in billings associated with the change in the MTA Factor is calculated as:

Amount of Revenue earned in 2019 to which MTA Factor shall apply (see "Y" on page 3)	\$ 706,498,200
Change in the MTA Factor	0.00014
	\$ 98,910

⁷ The One-Time Customer Bill Credit Fund (D) is calculated as: A + B + C.

Rate Stabilization Account
Amounts Owning From (To) Customers
For the Period of April 1, 2019 - March 31, 2020
(\$000s)

<u>Month</u>	<u>Opening Balance</u>	<u>Adjustments</u>	<u>RSA Billed During Month</u>	<u>Interest & Excess Fuel Costs</u>	<u>Secondary Energy Costs</u>	<u>Transfer To (From) Hydro</u>	<u>Other Hydro Cost Recoveries¹</u>	<u>Closing Balance</u>
April	1,553,897	-	(1,684,438)	16,272	-	678,111	117,468	681,311
May	681,311	-	(1,503,791)	26,938	-	597,974	103,586	(93,982)
June	(93,982)	-	(1,223,070)	23,737	-	434,127	75,203	(783,985)
July	(783,985)	-	(938,280)	22,949	(594,600)	396,473	68,680	(1,828,761)
August	(1,828,761)	-	(873,127)	19,527	(100,805)	375,655	65,074	(2,342,437)
September	(2,342,437)	-	(875,697)	64,489	(167,289)	409,692	70,970	(2,840,272)
October	(2,840,272)	-	(606,423)	(11,901)	(192,637)	(802,727)	1,003,231	(3,450,729)
November	(3,450,729)	-	(198,370)	(11,801)	(81,111)	(964,971)	1,025,672	(3,681,309)
December	(3,681,309)	(11,145,814) ²	(238,507)	(1,783)	(892,904)	(1,206,168)	1,059,029	(16,107,456)
January	(16,107,456)	-	(300,392)	(89,949)	(720,492)	(1,333,181)	1,076,595	(17,474,875)
February	(17,474,875)	-	(303,582)	(89,985)	(291,299)	(1,242,506)	1,064,055	(18,338,192)
March	(18,338,192)	23,418,725 ³	(278,843)	(97,950)	(222,523)	(1,237,086)	1,063,305	4,307,436
		<u>12,272,911</u>	<u>(9,024,520)</u>	<u>(129,458)</u>	<u>(3,263,659)</u>	<u>(3,894,607)</u>	<u>6,792,871</u>	

¹ Monthly charges to the RSA include (i) Hydro's CDM Cost Recovery Rider and (ii) Hydro's GRA Cost Recovery Rider of \$892,219, effective October 1, 2019.

² Adjustments in December 2019 include (i) -\$3,325,830 related to the operation of the Energy Supply Cost Variance for 2019, approved in Order No. P.U. 32 (2007) and approved for continued use in Order No. P.U. 43 (2009); (ii) -\$6,687,000 related to the October 1, 2019 wholesale rate flow-through for which inclusion in the RSA account was approved in Order No. P.U. 31 (2019); and (iii) -\$1,132,984 related to the difference between total municipal taxes collected from customers through rates and the total taxes paid to municipalities for 2019.

³ Adjustments in March 2020 include (i) \$8,077,820 for the 2019 year end balance in the Weather Normalization Reserve Account and related income tax effects, approved in Order No. P.U. 13 (2013); (ii) \$5,577,693 for the amortization of deferred customer energy conservation program costs as approved in Order No. P.U. 13 (2013); (iii) \$6,556,521 for the disposition of the difference in forecasted vs. test year defined benefit pension costs, approved in Order No. P.U. 43 (2009); (iv) \$261,740 for the disposition of the difference in forecasted vs. test year OPEBs expense for 2019, approved in Order No. P.U. 16 (2013); (v) \$2,686,951 for the disposition of the 2019 balance in the Demand Management Incentive Account and related income tax effects, approved in Order No. P.U. 11 (2020); and (vi) \$258,000 for the disposition of the 2019 Revenue Requirement shortfall approved in Order No. P.U. 2 (2019).

Calculation of the Municipal Tax Adjustment Factor for the period July 1, 2020 to June 30, 2021

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2020 to June 30, 2021 is calculated as follows:

X	= Amount of all municipal taxes paid in 2019	=	\$17,041,111
Y	= Amount of Revenue earned in 2019 to which MTA factor shall apply, calculated as follows:		
	Normalized Revenue from rates for 2019	=	\$684,179,000
	Add: RSA Billings for 2019	=	\$14,180,200
	Add: 2019 Weather Normalization Revenue Adj.	=	\$11,031,000
	Less: Forfeited Discounts	=	\$2,892,000
Y	=		\$706,498,200
<i>Municipal Tax Adjustment Factor</i>		=	$\frac{X}{Y} + 1.00000$
		=	$\frac{\$17,041,111}{\$706,498,200} + 1.00000$
Municipal Tax Adjustment Factor		=	1.02412

**Newfoundland Power
2020 One-Time Customer Bill Credit Plan**

NEWFOUNDLAND POWER
2020 ONE-TIME CUSTOMER BILL CREDIT PLAN

WHENEVER. WHEREVER.
We'll be there.



**NEWFOUNDLAND POWER
2020 ONE-TIME CUSTOMER BILL CREDIT PLAN**

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SECTION 1 INTERPRETATION

1.1 Definitions

In this Newfoundland Power One-Time Customer Bill Credit Plan, the following definitions shall apply:

- (a) “Act” means *The Public Utilities Act*, RSNL 1990, Ch. P-47, as amended from time to time.
- (b) “Bill Credit” means a one-time bill credit amount calculated in accordance with Section 3.4 of the Plan.
- (c) “Bill Credit Rate” means the bill credit rate as calculated in Schedule 1 to the Plan.
- (d) “Board” means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
- (e) “Company” means Newfoundland Power Inc.
- (f) “Customer” means any person who accepts or agrees to accept Service.
- (g) “Fund” means the total amount to be disbursed to Customers in accordance with paragraph 3) of Order in Council *OC2020-081*.
- (h) “HST” means harmonized sales tax levied under the *Excise Tax Act (Canada)*.
- (i) “Hydro” means The Newfoundland and Labrador Hydro-Electric Corporation continued pursuant to the *Hydro Corporation Act*, SNL 2007, c. H-17 as amended.
- (j) “Plan” means this Newfoundland Power One-Time Customer Bill Credit Plan.
- (k) “Service” means electrical service provided by the Company under rules and regulations approved by the Board pursuant to the Act.
- (l) “Serviced Premises” means the premises at which Service is delivered to the Customer.

1.2 Interpretation

- (a) Unless the context clearly requires otherwise, this Plan shall be interpreted such that:
 - (i) words importing persons include corporations and organizations; and
 - (ii) words importing the singular include the plural and *vice versa*.

- (b) The Plan shall be interpreted in a manner consistent with the rules and regulations governing the Company's provision of electrical service as approved by the Board.
- (c) Any dispute concerning the interpretation of this Plan shall be determined:
 - (i) in the first instance, by the Company, acting reasonably; and
 - (ii) if required, by the Board, whose decision shall be considered final.

SECTION 2 CUSTOMER ELIGIBILITY & PAYMENT OF BILL CREDIT

2.1 Customers Entitled to a Bill Credit

A Customer that is receiving Service on July 1, 2020 shall be entitled to a Bill Credit under the terms of the Plan.

2.2 HST

The amount of HST attributable to the amount of a Bill Credit to which a Customer is entitled will be credited to the Customer along with the Bill Credit.

2.3 Payment of Bill Credit

The Company shall provide Bill Credits to eligible Customers on bills issued in July 2020, or as soon as practicable thereafter. The Bill Credit will be shown as a separate item on the bill. Where the amount of the Bill Credit exceeds the total charges for Service on the bill, the net amount shall be shown as a credit on the bill and will be applied to the Customer's next bill.

SECTION 3 CALCULATION OF THE BILL CREDIT AMOUNT

3.1 The Fund

The Plan has been created to disburse amounts due to Customers under the policy directed by Order in Council *OC2020-081*. Bill Credits under the Plan are to be paid to Customers out of the Fund, as described in paragraph 3) of *OC2020-081*, as approved by the Board.

3.2 The Bill Credit Rate

The Bill Credit Rate (expressed in cents per kWh and calculated to the nearest 0.001 cents per kWh) is calculated as follows:

$$A / B = C$$

Where:

A = the Fund (in dollars) defined in Section 3.1.

B = the total energy usage (in kWhs) billed to all Newfoundland Power Customers for the period of May 1, 2019 to April 30, 2020.

C = the Bill Credit Rate.

The Bill Credit Rate is set out in Schedule 1 to the Plan.

3.3 Calculation of Bill Credits

Bill Credits will be calculated based on the Customer's energy usage over a 12-month period, which will be determined as follows:

1. For Customers who have been receiving Service at their current Serviced Premises for 12 months or more, the Bill Credit will be calculated based on the Customer's total energy usage for the most recent 12 months.
2. For Customers who have been receiving Service at their current Serviced Premises for less than 12 months and have received at least one bill for a full month of Service, the Bill Credit will be calculated based on the Customer's estimated annual energy usage, determined in accordance with Schedule 2.
3. For Customers who have not received at least one bill for a full month of Service at their current Serviced Premises, the Bill Credit will be calculated based on the average annual usage for the Customer's class of Service, as set out in Schedule 3.

3.4 Determination of the Bill Credit Amount

Bill Credit amounts shall be calculated by multiplying (i) the Bill Credit Rate by (ii) the Customer's energy usage as determined in accordance with Section 3.3.

Bill Credits (expressed in dollars to nearest \$0.01) shall be calculated as follows:

$$C \times D = E$$

Where:

C = the Bill Credit Rate.

D = the Customer's energy usage.

E = the Bill Credit.

SECTION 4 PLAN ADMINISTRATION

4.1 *Liability*

The Company shall not be liable to any party for any reason whatsoever associated with the administration of the Plan except in cases where the Company has been grossly negligent.

4.2 *Directions*

The Company may, by application to the Board, seek directions on any matter related to the administration of the Plan, amendments to the Plan, or any matter related to the provision of Bill Credits to Customers under the Plan.

The One-Time Customer Bill Credit Rate

The One-Time Customer Bill Credit Rate

The One-Time Bill Credit Fund ¹	\$	47,723,550
Total kWhs billed May 1, 2019 to April 30, 2020 ²		5,905,912,000
One-Time Bill Credit Rate (¢/kWh)		0.808

¹ Approved in Order No. P.U. XX (2020).

² Newfoundland Power's total energy sales for the year ended April 30, 2020.

Energy Usage Estimation Methodology

Energy Usage Estimation Methodology

The calculation of the one-time bill credit for a Customer who has been receiving Service for less than 12 months at their current Serviced Premises requires an estimate of the Customer's annual energy usage.

To account for seasonal variations in energy usage, an estimation factor from the table below is applied to the actual energy usage on the Customer's monthly bills.¹ Only bills that reflect a full month of Service are used in the calculation.²

The estimation factor applied to the Customer's energy usage will be the one for the Customer's class of Service that corresponds to the month in which the Customer's first bill for a full month of Service was issued.³

Energy Usage Estimation Factors

First Full Monthly Bill Issued	Domestic	General Service	Street & Area Lighting
June 2020	14.290	13.022	18.020
May 2020	6.213	6.121	8.505
April 2020	3.764	3.934	5.184
March 2020	2.623	2.820	3.579
February 2020	1.969	2.163	2.714
January 2020	1.575	1.767	2.095
December 2019	1.367	1.523	1.699
November 2019	1.238	1.360	1.446
October 2019	1.156	1.245	1.270
September 2019	1.101	1.152	1.152
August 2019	1.052	1.070	1.065
July 2019	1.000	1.000	1.000

¹ Due to seasonal variations in energy usage, estimating annual usage based on a simple average of monthly usage would not provide reasonable results.

² Unless the commencement of Service happens to coincide with the billing date for the Customer's meter reading route, the first bill will not reflect a complete month's usage, and would therefore not be appropriate for use in the estimation formula.

³ For Customers whose class of Service is either Domestic or General Service, and who also receive Street and Area Lighting Service, only the Domestic or General Service estimation factor, as applicable, will be used to estimate the Customer's energy usage.

**Average Annual Energy Usage
by Customer Class of Service**

Average Annual Energy Usage by Customer Class of Service

For Customers who have not received at least 1 bill for a full month of Service at their current Serviced Premises, the Bill Credit will be calculated based on the average annual energy usage for the Customer's class of Service.¹

Class of Service	Average Annual Energy Usage (kWh)
Domestic Service	15,448
General Service, 0 – 110 kW (110 kVA)	34,981
General Service, 110 kVA (100 kW) – 1000 kVA	822,563
General Service, 1000 kVA and Over ²	5,931,027
Street and Area Lighting Service	3,032

¹ Based on Newfoundland Power's energy sales 12 months ended April 30, 2020.

² Excludes energy usage associated with Memorial University.

Rate Stabilization Clause Amendment

Rate Stabilization Clause Amendment

The Rate Stabilization Clause is proposed to be amended to account for any difference between (i) the actual bill credits provided to Customers in accordance with the One-Time Bill Credit Plan and (ii) the One-Time Bill Credit Fund of \$47,723,550.¹

It is proposed that the following paragraph 9 be inserted in Part II of the Rate Stabilization Clause:

9. On December 31, 2020, the RSA shall be increased (reduced) by the difference between the total amount of the actual bill credits provided to customers in accordance with the One-Time Bill Credit Plan and the amount of the One-Time Bill Credit Fund, as approved in Order No. P.U. XX (2020).

The transfer shall be expressed in dollars and calculated as follows:

$$A - B$$

Where:

A = the total dollar amount of the actual bill credits provided to customers in accordance with the One-Time Bill Credit Plan.

B = the One-Time Bill Credit Fund of \$47,723,550.

¹ The calculation of the One-Time Bill Credit Fund is shown in Exhibit 2.