

1 Q. Please provide details of Applications relating to Aur Resources when it first came
2 online. Did the Board initially approve “interim rates” for Aur Resources and
3 subsequently approve final rates with the difference accumulated over the period
4 the rates were interim refunded to the customer?

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7 A. Hydro made application to the Board of Commissioners of Public Utilities (the
8 Board) on January 18th 2006 requesting (1) approval of a Service Agreement setting
9 out the terms and conditions of service to Aur Resources Inc; and (2) approval, both
10 on an interim and final basis, of the rates for which service will be provided. The
11 Service Agreement was, in most respects, identical to the Service Agreements that
12 apply to other Industrial Customers. The only difference was the determination of
13 billing demand (Clause 2.06 of the Service Agreement) for the year 2006 in that the
14 customer would pay demand charges based upon its highest firm demand in that
15 month, as opposed to its highest firm demand in that year. This difference was
16 proposed to reflect the variability in load that this customer would anticipate in a
17 year of construction, commissioning and testing activities.

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19 Hydro’s request that rates be approved on an interim basis was intended to allow
20 for the provision of power and energy to Aur Resources Inc. with the shortest of
21 delays at the same rates as those paid by other Industrial Customers and that Hydro
22 would refund any overcollection deemed to have occurred if the Board later
23 determined that the Historical Plan Balance of the Rate Stabilization Plan (RSP)
24 would not be a component of the rates to be charged to Aur Resources Inc. A
25 Specifically Assigned Charge was not proposed due to the fact that in the absence
26 of an approved cost of service study such a charge could not be accurately
27 determined for any one customer. Also, Hydro had entered into an agreement with

Aur Resources Inc. whereby it was already recovering the capital costs associated with the transmission interconnection, as approved by the Board in Order Nos. P.U. 3(2005) and P.U. 12(2005).

With regards to final approval of the rates to be charged to Aur Resources Inc., Hydro proposed that the RSP adjustment rate that applied to Aur Resources Inc. be different than that charged to the other Industrial Customers in that the adjustment rate charged to Aur Resources Inc. would not include an amount attributable to the Historical Plan Balance of the RSP, as these costs predated Aur Resources Inc. becoming an Industrial Customer of Hydro.

The Board, in Order P.U. 1(2006), dated January 20, 2006 approved, on an interim basis, rates for Aur Resources Inc. which included the Historical Plan Balance portion of the RSP, a Specifically Assigned Charge of \$150,000, and a demand charge which for 2006 was to be applied to the highest firm demand in the month.

On January 18, 2007, the Board in Order P.U. 1(2007) approved the rates, rules and regulations for Aur Resources Inc. such that rates would be similar to those of other Industrial Customers except that:

- 1) For 2006 the demand charge should be based on the highest firm demand in the month;
- 2) Rates should exclude the Historical Plan Balance of the RSP; and
- 3) Until a new full Cost of Service Study is completed and reviewed, rates should not include a Specifically Assigned Charge.

The Board also approved in Order P.U. 1(2007) a refund or credit to Aur Resources Inc. in the amount of the difference for 2006 between the rates approved in this order and those approved in Order No. P.U. 1(2006).