

1 Q. (Re: 2015 Interim Rates Application Evidence) Is Hydro aware of cases in this  
2 Province where the Board has gone back and adjusted interim rates after the fact?  
3 Please elaborate.

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6 A. Yes.

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8 ***AUR Resources Interim Rates Refund***

9 On January 20, 2006, the Board issued Order No. P.U. 1(2006), approving, on an  
10 interim basis, rates for AUR Resources which included the Historical Plan Balance  
11 portion of the Rate Stabilization Plan (RSP), a specifically assigned charge of  
12 \$150,000, and a demand charge which for 2006 was based upon the highest firm  
13 demand in the month.

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15 In Order No. P.U. 1(2007), the Board approved that final 2006 rates, rules and  
16 regulations for AUR Resources Inc. should be similar to those of the other Island  
17 Industrial Customers of Hydro except that:

- 18 i) for 2006 the demand charge should be based on the highest firm  
19 demand in the month;  
20 ii) rates should exclude the historical plan balance of the RSP; and  
21 iii) until a new full cost of service study is completed and reviewed, rates  
22 should not include a specifically assigned charge.

1 The Board approved a refund or credit to AUR Resources Inc., of the difference for  
2 2006 between the approved final rates and those approved in Order No.  
3 P.U. 1(2006).<sup>1</sup>  
4

5 ***NP 1998-99 Cost of Capital Review***

6 On November 10, 1997, pursuant to Section 82 of the *Public Utilities Act*, the Board  
7 commenced an investigation on its own motion into the cost of capital reflected in  
8 the rates of Newfoundland Power (NP). The rates at the time were approved as  
9 final based upon a 1997 Test Year. On November 21, 1997, the Board received  
10 correspondence from the City of St. John's requesting that a hearing be held to set  
11 rates for 1998 and beyond.  
12

13 Upon conclusion of the preliminary investigation, the Board ordered a hearing into  
14 the matter of rate of return and capital structure for NP. The commencement of a  
15 hearing on the appropriate cost of capital for 1998 effectively made NP's customer  
16 rates interim effective January 1, 1998.  
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18 In Order No. P.U. 16(1998-99) dated July 31, 1998 as a result of the cost of capital  
19 hearing, the Board approved interim rate adjustments to the rates that were in  
20 effect for billing customers for the period January 1, 1998 to August 31, 1998.

21 Refunds were paid to customers to reflect the reduced cost of capital approved in  
22 the Board's order. The Board also did a further review of the reasonableness of the  
23 adjusted interim rates in NP's 1998 fall hearing. The review conducted during the  
24 NP GRA in the fall determined no further adjustment was required.  
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26 Excerpts from Order No. P.U. 16(1998-99) are provided below:<sup>2</sup>

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<sup>1</sup> Schedules B and C to Order P.U. 1(2007) provide the final rates for AUR Resources for 2006.

1        *The Company will be ordered to submit adjusted rates to be effective January*  
2        *1, 1998, based upon the allowed rate of return on rate base of 9.91% for the*  
3        *1997 test year. The rate of return on rate base for 1998 will be finalized*  
4        *following the Fall 1998 hearing.*

5  
6        *The Board will be ordering a reduction in rates for 1998. The rate adjustment*  
7        *will be effected under Section 75 of the Act, and will be interim rates. The*  
8        *Board will be ordering that this rate adjustment be reflected in monthly bills*  
9        *with effect from September 1st, 1998, and that refunds be paid to consumers*  
10       *before October 31, 1998 to reflect the rate reduction for the period January*  
11       *1st, 1998 to the date of their last billing in the month of August. The rate*  
12       *adjustment will apply to power consumed on or after January 1, 1998 and*  
13       *without any adjustment for the one-half month revenue recognition lag. Rate*  
14       *adjustments are to be made without any adjustment of revenue to cost ratios*  
15       *for the different rate classes.*

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<sup>2</sup> See pages 101-102 of Order No. P.U. 16(1998-99).