

P.U. 46(2006)

IN THE MATTER OF the *Electrical Power Control Act*, RSNL, 1994, c. E-5.1 (the “*EPCA*”) and the *Public Utilities Act* RSNL, 1990, c. P-47 (“the *Act*”) and their subordinate regulations;

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro (“Hydro”) for approval of, under Section 70 of the *Act*, changes in the rates to be charged for the supply of power and energy to Newfoundland Power Inc., (Newfoundland Power”), Rural Customers and Industrial Customers; and under Section 71 of the *Act*, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers;

AND IN THE MATTER OF an application by Hydro seeking approval of amendments to the Rate Stabilization Plan.

BEFORE: **Robert Noseworthy**
 Chair and Chief Executive Officer

Darlene Whalen, P. Eng.
Vice-Chair

1 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is
2 a public utility within the meaning of the *Act* and is subject to the provisions of the *EPCA*; and

3
4 **WHEREAS** Hydro filed a General Rate Application with the Board on August 3, 2006 seeking
5 approval of, among other things, a new schedule of rates, tolls and charges; and

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7 **WHEREAS** on December 6, 2006 Hydro filed a revised General Rate Application seeking
8 approval of final rates, or in the alternative, interim rates, for consumption on or after January 1,
9 2007; and

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11 **WHEREAS** a hearing has not been held in relation to Hydro's General Rate Application or
12 Revised Application; and

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14 **WHEREAS** the Board has considered Hydro's request for a final rates Order to be effective
15 January 1, 2007 and has determined that it will not approve final rates until fully testing the
16 proposed rates, which may involve a public hearing or other process; and

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18 **WHEREAS** section 75 of the *Act* provides that the Board may make an interim Order
19 unilaterally and without public hearing or notice, approving with or without modification a
20 schedule of rates, tolls and charges submitted by a public utility upon the terms and conditions
21 that it may decide; and

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23 **WHEREAS** by Order No. P.U. 41(2006) the Board approved, on an interim basis, a schedule of
24 rates, tolls and charges pursuant to Hydro's Revised Application; and

1 **WHEREAS** further to its Revised Application, Hydro has made an application seeking a
2 revision to the Rate Stabilization Plan component of Hydro's rates, tolls and charges so as to be
3 consistent with Hydro's Revised Application, Order No. P.U. 41(2006), an Order in Council
4 issued under the authority of section 5.1 the *EPCA*, and an agreement between Hydro, the
5 Consumer Advocate, the Island Industrial Customers and Newfoundland Power Inc., which
6 agreement is set out in four documents filed with the Board, in particular:

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- 8 (i) Agreement on Cost of Service, Rate Design and Rate Stabilization Plan matters dated
9 October 20, 2006;
 - 10 (ii) Agreement on Cost of Service, Rate Design and Other Issues dated November 23, 2006;
 - 11 (iii) Agreement on Matters pertaining to Revenue Requirement dated November 23, 2006;
 - 12 (iv) Agreement on Labrador Interconnected Rates dated November 23, 2006; and
- 13

14 **WHEREAS** if after a full review of Hydro's Revised Application it is determined that excess
15 revenue has been earned by Hydro as a result of the interim Order the Board may order, pursuant
16 to section 75(3) of the *Act*, that customers of Hydro receive a refund or that the excess revenue
17 be placed in a reserve account for that purpose; and

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19 **WHEREAS** the Board is satisfied that granting approval, on an interim basis, of certain changes
20 to the Rate Stabilization Plan is appropriate and reasonable in the circumstances.

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1 **IT IS THEREFORE ORDERED THAT:**

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3 1. Pursuant to Section 75 of the *Act*, the Board approves, on an interim basis, the monthly
4 amount of the 2007 automatic rate adjustment for the Rural Labrador Interconnected
5 system be increased from (\$117,901) to \$92,560 which amount arises from the phase-in
6 of the credit from secondary energy sales to CFB Goose Bay to the rural deficit, leaving
7 the CFB Revenue Credit applied to the rural deficit in Hydro's Final 2007 Test Year Cost
8 of Service and future years, as formerly set out in the table of clause 1.3(b) of the Rate
9 Stabilization Plan, to be determined later by final Order of the Board; and

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11 2. Pursuant to Sections 69 and 75 of the *Act*, the Board approves, on an interim basis, that
12 Hydro shall set up a reserve account to maintain the December 31, 2006 Rate
13 Stabilization Plan Hydraulic Variation balance, net of the normal 25% December 31,
14 2006 allocation, with normal Rate Stabilization Plan financing charges applied, until the
15 balance in the account is disposed of later by final Order of the Board.

DATED at St. John's, Newfoundland and Labrador this 29th day of December 2006.

Robert Noseworthy
Chair & Chief Executive Officer

Darlene Whalen, P. Eng.
Vice-Chair

G. Cheryl Blundon
Board Secretary