

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

AN ORDER OF THE BOARD

NO. P. U. 10(2011)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the “*Act*”) and regulations thereunder;

5
6 **AND**

7
8 **IN THE MATTER OF** an application by
9 Newfoundland and Labrador Hydro for the
10 approval, pursuant to Section 70 (1) of the *Act*,
11 of the Rate Stabilization Plan component of the
12 rates to be charged to Newfoundland Power Inc.

13
14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
16 and is also subject to the provisions of the *EPCA*; and

17
18 **WHEREAS** on April 14, 2011, in accordance with Order No. P. U. 40(2003), Hydro provided
19 written notice to the Board, to Newfoundland Power and to its Island Industrial Customers as to
20 the forecast fuel price change, the resulting fuel rider, and the RSP rate to be applied to
21 Newfoundland Power’s rates, effective July 1, 2011; and

22
23 **WHEREAS** on April 14, 2011 Hydro filed an application (the “Application”) with supporting
24 information seeking approval of the Rate Stabilization Plan components of the rates to be
25 charged to Newfoundland Power Inc. (“Newfoundland Power”); and

26
27 **WHEREAS** Order No. P. U. 40(2003) set out the manner by which the Rate Stabilization Plan
28 (the “RSP”) was to be calculated and applied to the rates charged by Hydro to Newfoundland
29 Power and to its Island Industrial Customers; and

30
31 **WHEREAS** Order No. P. U. 11(2008) approved a modification to the calculation of the fuel
32 rider to adjust the 2007 Test Year barrels of No. 6 fuel forecast to be consumed at the Holyrood
33 Thermal Generating Station to reflect the substantial reduction in load resulting from the
34 shutdown of one of the paper machines at Corner Brook Pulp and Paper; and

1 **WHEREAS** Order No. P. U. 22(2009) approved a modification to the calculation of the fuel
2 rider to adjust the 2007 Test Year barrels of No. 6 fuel forecast to be consumed at the Holyrood
3 Thermal Generating Station to reflect the substantial reduction in load resulting from the
4 shutdown of Abitibi Consolidated (Grand Falls); and

5
6 **WHEREAS** notice of the Application was sent to Newfoundland Power, the Industrial
7 Customers and the Consumer Advocate on May 3, 2011; and

8
9 **WHEREAS** the Industrial Customers in correspondence dated May 16, 2011 advised that it was
10 the Industrial Customers' understanding that the Order being sought is intended to be in
11 accordance with the existing Rate Stabilization Plan rules; and

12
13 **WHEREAS** Order No. P.U. 39(2010) approved, on an interim basis:

14 (i) the rates, tolls and charges to be effective for consumption by Newfoundland
15 Power as of January 1, 2011; and

16 (ii) the Rate Stabilization Plan rules; and

17
18 **WHEREAS** Order No. P.U. 1(2011) approved modifications to the Rate Stabilization Plan rules
19 and approved, on an interim basis, the Rate Stabilization Plan rules; and

20
21 **WHEREAS** the Board has considered the Application and the information and calculations
22 contained therein and is satisfied that the proposed forecast fuel variance, the resulting fuel rider
23 and the RSP rate to be applied to Newfoundland Power's rates are in accordance with the
24 methodology of the interim RSP previously approved by the Board.

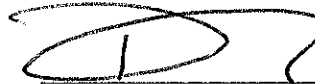
25
26
27 **IT IS THEREFORE ORDERED THAT:**

- 28
29 1. The rates to be charged by Hydro to Newfoundland Power, as set out in Schedule "A" to
30 this Order, to be effective for electrical consumption on or after July 1, 2011, are
31 approved on an interim basis.
32
33 2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

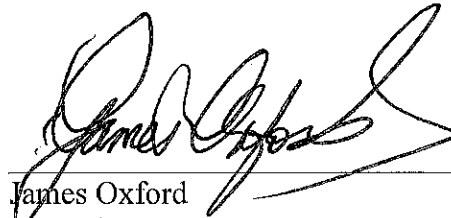
DATED at St. John's, Newfoundland and Labrador, this 27th day of May, 2011.



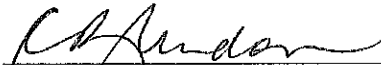
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (INTERIM)

Availability:

This rate is applicable to service to Newfoundland Power (NP).

Definitions:

"Billing Demand"

In the Months of January through March, billing demand shall be the greater of:

- (a) the highest Native Load less the Generation 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, plus the Weather Adjustment True-up; and
- (b) the Minimum Billing Demand.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

| | |
|-----------------------------|---------------|
| | kW |
| Hydraulic Generation Credit | 80,104 |
| Thermal Generation Credit | <u>37,826</u> |
| Total Generation Credit | 117,930 |

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, Newfoundland Power will be provided 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.

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (INTERIM) (continued)

"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.

"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; and
- (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 1000)

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

"Weather Adjustment True-up" means one-ninth of the difference between:

- (a) the greater of:
 - the Weather Adjusted Native Load less the Generation Credit, times three; and
 - the Minimum Billing Demand, times three; and
- (b) 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:

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (INTERIM) (continued)

\$4.00 per kW of billing demand

Energy Charge:

First 250,000,000 kilowatt-hours* @ 3.246 ¢ per kWh
All excess kilowatt-hours* @ 8.805 ¢ per kWh

Firming-up Charge:

Secondary energy supplied by
Corner Brook Pulp and Paper Limited* @ 0.841 ¢ per kWh

RSP Adjustment:

Current Plan @ (0.703) ¢ per kWh
Fuel Rider @ 1.634 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours @ 0.931 ¢ per kWh

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

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.

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 NP's actual Maximum Native Load.

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (INTERIM) (continued)

- (b) Weather adjustment shall be derived from Hydro's general NP native peak demand forecasting model.
- (c) By September 30th of each year, Hydro shall provide NP with 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 Environment Canada's weather station data for the St. John's, Gander, and Stephenville airports. NP's regional customer counts shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, Environment Canada's weather data 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 19 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 on underlying weather data.
- (f) Subject to the availability of Environment Canada weather data, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of Weather-Adjusted Native Load by April 5th of each year.

General:

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

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