

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

**AN ORDER OF THE BOARD**

**NO. P.U. 15(2012)**

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 of the *Act*,  
11 of the Rate Stabilization Plan Adjustment in 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 16, 2012, in accordance with Order No. P.U. 40(2003), Hydro provided  
19 written notice to the Board, to Newfoundland Power Inc. (“Newfoundland Power”), and to its  
20 Island Industrial Customers (“Industrial Customers”) as to the forecast fuel price change, the  
21 resulting fuel rider, and the Rate Stabilization Plan Adjustment to be applied to Newfoundland  
22 Power’s rates, effective July 1, 2012; and

23  
24 **WHEREAS** on April 24, 2012 Hydro filed an application (the “Application”) with supporting  
25 information seeking approval of the Rate Stabilization Plan Adjustment in the rates to be charged  
26 to Newfoundland Power; and

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

31  
32 **WHEREAS** on May 1, 2012 notice of the Application was sent to Newfoundland Power, the  
33 Island Industrial Customers and the Consumer Advocate; and

34  
35 **WHEREAS** the Consumer Advocate and Newfoundland Power did not have any objection to  
36 the Board granting the approval requested in the application; and

1 **WHEREAS** on May 9, 2012 the Industrial Customers stated they are effectively constrained  
2 from commenting in relation to the Application but expect all matters pertaining to Industrial  
3 Customer rates and rate adjustments can be fully addressed in Hydro's General Rate Application;  
4 and

5  
6 **WHEREAS** the Board has considered the Application and the information and calculations  
7 contained therein and is satisfied that the proposed forecast fuel variance, the resulting fuel rider  
8 and the Rate Stabilization Plan Adjustment to be applied to Newfoundland Power's rates are in  
9 accordance with the methodology of the interim Rate Stabilization Plan previously approved by  
10 the Board.

11  
12  
13 **IT IS THEREFORE ORDERED THAT:**

- 14  
15 1. The rates to be charged by Hydro to Newfoundland Power, as set out in Schedule "A" to  
16 this Order, to be effective for electrical consumption on or after July 1, 2012, are  
17 approved on an interim basis.  
18  
19 2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

**DATED** at St. John's, Newfoundland and Labrador, this 24<sup>th</sup> day of May, 2012.

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Andy Wells  
Chair and Chief Executive Officer

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Darlene Whalen, P.Eng.  
Vice-Chairperson

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Dwanda Newman, LL.B.  
Commissioner

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James Oxford  
Commissioner

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Barbara Thistle  
Assistant 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.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**UTILITY (INTERIM) (continued)**

**Monthly Rates:**

**Billing Demand Charge:**

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

\$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 .....@ (0.501) ¢ per kWh

Fuel Rider .....@ 2.056 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 1.555 ¢ 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.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**UTILITY (INTERIM) (continued)**

**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.
- (b) Weather adjustment shall be derived from Hydro's general NP native peak demand forecasting model.
- (c) By September 30<sup>th</sup> 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 15<sup>th</sup> of each year, and a final calculation of Weather-Adjusted Native Load by April 5<sup>th</sup> 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.