

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

AN ORDER OF THE BOARD

NO. P.U. 41(2017)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. for approval of its
9 2018 forecast average rate base and rate of
10 return on rate base in accordance with
11 Order No. P.U. 18(2016).
12
13

14 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly
15 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
16 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** in Order No. P.U. 18(2016) the Board, *inter alia*, determined a ratemaking rate of
19 return on equity of 8.5% and a common equity component in the capital structure of no more
20 than 45% and directed Newfoundland Power to file an application for approval of a revised
21 forecast average rate base and rate of return on rate base for 2016 and 2017; and
22

23 **WHEREAS** in Order No. P.U. 25(2016) the Board approved the revised forecast average rate
24 base and the rate of return on average rate base for 2016 and 2017 and approved a revised
25 Schedule of Rates, Tolls and Charges effective July 1, 2016; and
26

27 **WHEREAS** in Order No. P.U. 23(2017) the Board approved a revised Schedule of Rates, Tolls
28 and Charges, effective July 1, 2017; and
29

30 **WHEREAS** on November 10, 2017, in compliance with Order No. P.U. 18(2016),
31 Newfoundland Power filed an application (the “Application”) requesting approval of:

- 32 (i) a 2018 forecast average rate base of \$1,115,997,000;
- 33 (ii) a just and reasonable rate of return on rate base for 2018 of 7.04% in a range of
34 6.86% to 7.22%; and
- 35 (iii) continuation of the existing customer rates approved by the Board in Order No.
36 P.U. 23(2017); and
37

38 **WHEREAS** the Application was circulated to Newfoundland and Labrador Hydro (“Hydro”)
39 and the Consumer Advocate, Dennis Browne, Q.C. (the “Consumer Advocate”); and

1 **WHEREAS** on December 5, 2017 Grant Thornton LLP, the Board’s financial consultant, filed a
2 report with the Board stating that it did not find any discrepancies in Newfoundland Power’s
3 calculation of its 2018 forecast average rate base and its 2018 rate of return on rate base and
4 concluded that the calculations were in accordance with Board orders; and

5
6 **WHEREAS** the Grant Thornton LLP report was copied to Newfoundland Power, Hydro and the
7 Consumer Advocate; and

8
9 **WHEREAS** on November 21, 2017 Hydro advised that it would not be filing requests for
10 information or comments on the Application; and

11
12 **WHEREAS** the Board did not receive any further submissions on the Application; and

13
14 **WHEREAS** the Board has reviewed the Application and supporting evidence and is satisfied
15 that the proposed 2018 forecast average rate base and rate of return on rate base should be
16 approved; and

17
18 **WHEREAS** the Board is satisfied that the rates approved in Order No. P.U. 23(2017) should be
19 continued as these rates are forecast to yield a 2018 rate of return on rate base and 2018 rate of
20 return on common equity within the ranges established by the Board.

21
22
23 **IT IS THEREFORE ORDERED THAT:**

- 24
25 1. Newfoundland Power’s forecast average rate base for 2018 of \$1,115,997,000 is
26 approved.
27
28 2. Newfoundland Power’s rate of return on rate base for 2018 of 7.04% in a range of 6.86%
29 to 7.22% is approved.
30
31 3. Newfoundland Power shall pay the expenses of the Board in connection with this
32 Application.

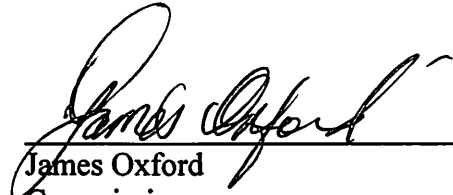
DATED at St. John's, Newfoundland and Labrador, this 8th day of December, 2017.



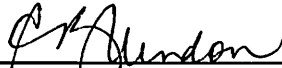
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary