

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

AN ORDER OF THE BOARD

NO. P.U. 16(2020)

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*”), as amended, and regulations
5 thereunder; and
6

7 **IN THE MATTER OF** an application by Newfoundland
8 and Labrador Hydro pursuant to OC2020-081 for the
9 approval of a one-time bill credit to Newfoundland Power
10 Inc. and the continuation of the current Utility RSP Fuel Rider,
11 RSP Current Plan and CDM Cost Recovery Adjustment.
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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 May 12, 2020 the Government of Newfoundland and Labrador issued Order in
19 Council OC2020-081 directing the Board as follows:
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- 21 1) Customer rates shall not change on July 1, 2020 as a result of the operation of the
22 Hydro Rate Stabilization Plan (“RSP”) and the Conservation and Demand
23 Management (“CDM”) Cost Recovery Adjustment, or the Newfoundland Power Inc.
24 (“Newfoundland Power”) Rate Stabilization Clause and Municipal Tax Clause.
- 25 2) Upon application by Hydro, the dollar value of the change in the total annual amount
26 for disposition through the RSP adjustment for the period July 1, 2020 to June 30,
27 2021 be provided to Newfoundland Power through a one-time wholesale bill credit
28 as early as practicable.
- 29 3) Upon application by Newfoundland Power, the dollar value of the change in the total
30 annual amount for disposition to customers through the Rate Stabilization Account
31 and the operation of the Municipal Tax Clause for the period July 1, 2020 to June 30,
32 2021 be provided to customers through a one-time bill credit as early as practicable,
33 with the methodology for the determination of the bill credit to be determined by the
34 Board.
- 35 4) Upon application by Hydro, the same bill credit approach be used for Hydro’s Rural
36 customers who are subject to automatic rate changes based on Newfoundland
37 Power’s customer rates and the financial impact of this adjustment be included in the
38 RSP Rural Rate Alteration.

1 **WHEREAS** in accordance with OC2020-081 Hydro filed an application on May 25, 2020
2 requesting approval for the continuation of the existing RSP Fuel Rider, RSP Current Plan
3 Adjustment and CDM Cost Recovery Adjustment applicable to Newfoundland Power and
4 approval of a one-time July 2020 bill credit to Newfoundland Power and a one-time transfer from
5 the RSP Current Plan balance applicable to Newfoundland Power (the “Application”); and
6

7 **WHEREAS** the direction in OC2020-081 with respect to Newfoundland Power’s customer rates
8 and Hydro’s rates to its Rural customers will be addressed in separate orders of the Board; and
9

10 **WHEREAS** the Application proposes that the current Utility RSP Fuel Rider of 0.000 cents per
11 kWh, the Utility RSP Current Plan Adjustment of (0.188) cents per kWh and the CDM Cost
12 Recovery Adjustment of 0.026 cents per kWh, approved in Order No. P.U. 30(2019), be continued;
13 and
14

15 **WHEREAS** the Application proposes a one-time July 2020 bill credit to Newfoundland Power of
16 \$50,575,999 which is comprised of the projected fuel savings of \$68,773,381 associated with the
17 RSP Fuel Rider for the period July 1, 2020 to June 30, 2021 and the offsetting increase of
18 \$18,197,382 to be recovered through the RSP Current Plan over the same period; and
19

20 **WHEREAS** the Application states that, since the forecast wholesale bill from Hydro to
21 Newfoundland Power in July 2020 is materially lower than the \$50,575,999 bill credit, Hydro
22 proposes to make a one-time cash advance to Newfoundland Power on July 31, 2020, the
23 approximate timeframe when customers would receive their bill credit; and
24

25 **WHEREAS** the Application also proposes a one-time transfer on July 31, 2020 of \$50,575,999
26 from Newfoundland Power’s RSP Current Plan balance; and
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28 **WHEREAS** the Application proposes that the disposition of the 2019 and 2020 portion of the
29 balance in the CDM Cost Deferral Account be addressed when Hydro files its 2021 application to
30 update the CDM Cost Recovery Adjustment applicable to Newfoundland Power; and
31

32 **WHEREAS** the Application was copied to: Newfoundland Power; the Consumer Advocate,
33 Dennis Browne, Q.C. (the “Consumer Advocate”); a group of Island Industrial customers: Corner
34 Brook Pulp and Paper Limited, NARL Refining Limited Partnership and Vale Newfoundland and
35 Labrador Limited (“Industrial Customer Group”); Praxair Canada Inc., and Teck Resources
36 Limited; and
37

38 **WHEREAS** on June 1, 2020 the Industrial Customer Group filed comments and requested that
39 Hydro confirm that any consequences that may arise if the one-time bill credit to Newfoundland
40 Power was overestimated will not be recovered in any way from the Industrial Customer Group
41 and would not impact the RSP balances and RSP components affecting the rates for the Industrial
42 Customer Group and that the Industrial Customer RSP adjustment in 2020 and 2021, if such
43 adjustments are necessary, would not be precluded; and

1 **WHEREAS** on June 2, 2020 the Consumer Advocate filed comments and stated that he supported
2 the Application and requested that the matter be dealt with expeditiously to ensure financial rate
3 relief for ratepayers during this difficult time; and
4

5 **WHEREAS** on June 3, 2020, in its reply submission, Hydro confirmed that there would be no
6 impact on the Industrial Customer RSP Current Plan as result of the Application and that the
7 Industrial customers should see rate changes on July 1, 2020 for the CDM Cost Recovery
8 Adjustment and on January 1, 2021 for the normal operation of the RSP; and
9

10 **WHEREAS** the Board did not receive comments from any other party; and
11

12 **WHEREAS** the Board is satisfied that Hydro's proposal to maintain the existing Utility RSP
13 Current Plan Adjustment, Utility RSP Fuel Rider and CDM Cost Recovery Adjustment for
14 Newfoundland Power through to June 30, 2021, to make a one-time July 2020 wholesale bill credit
15 and a one-time cash advance on July 31, 2020 to Newfoundland Power, and to effect a one-time
16 transfer from the RSP Current Plan balance applicable to Newfoundland Power is in accordance
17 with Government's directions in OC2020-081 and the Application should be approved.
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20 **IT IS THEREFORE ORDERED THAT:**
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- 22 1. The Utility RSP Current Plan Adjustment of (0.188) cents per kWh, the Utility RSP Fuel
23 Rider of 0.000 cents per kWh, and the CDM Cost Recovery Adjustment of 0.026 cents per
24 kWh, approved in Order No. P.U. 30(2019), are continued for the period July 1, 2020 to June
25 30, 2021.
26
- 27 2. A one-time transfer on July 31, 2020 of \$50,575,999 from the RSP Current Plan balance
28 applicable to Newfoundland Power and a one-time July 2020 bill credit to Newfoundland
29 Power of \$50,575,999 are approved.

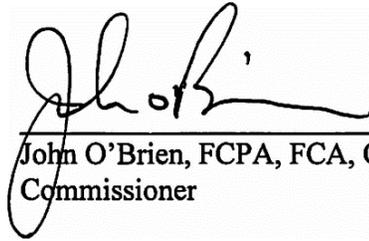
DATED at St. John's, Newfoundland and Labrador, this 17th day of June, 2020.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary