

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

AN ORDER OF THE BOARD

NO. P.U. 17(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
4 1990, Chapter P-47 (the “Act”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** an application by Newfoundland
8 Power Inc. pursuant to OC2020-081 for approval to:

- 9 (i) suspend the operation of the Rate Stabilization Clause
10 with respect to the Rate Stabilization Adjustment to be
11 charged for the period July 1, 2020 to June 30, 2021;
12 (ii) suspend the operation of the Municipal Tax Clause with
13 respect to the Municipal Tax Adjustment factor for the
14 period July 1, 2020 to June 30, 2021; and
15 (iii) provide a one-time customer bill credit in July 2020.
16
17

18 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly organized
19 and existing under the laws of the Province of Newfoundland and Labrador, is a public utility
20 within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
21

22 **WHEREAS** on May 12, 2020 the Government of Newfoundland and Labrador issued Order in
23 Council OC2020-081 directing the Board as follows:
24

- 25 1) Customer rates shall not change on July 1, 2020 as a result of the operation of the
26 Newfoundland and Labrador Hydro (“Hydro”) Rate Stabilization Plan (“RSP”) and
27 Conservation and Demand Management (“CDM”) Cost Recovery Adjustment, or the
28 Newfoundland Power Rate Stabilization Clause and Municipal Tax Clause.
29 2) Upon application by Hydro, the dollar value of the change in the total annual amount
30 for disposition through the RSP adjustment for the period July 1, 2020 to June 30,
31 2021 be provided to Newfoundland Power through a one-time wholesale bill credit
32 as early as practicable.
33 3) Upon application by Newfoundland Power, the dollar value of the change in the total
34 annual amount for disposition to customers through the Rate Stabilization
35 Adjustment and the operation of the Municipal Tax Clause, for the period July 1,
36 2020 to June 30, 2021, be provided to customers through a one-time bill credit as
37 early as practicable, with the methodology for the determination of the bill credit to
38 be determined by the Board.

- 1 4) Upon application by Hydro, the same bill credit approach be used for Hydro's Rural
2 customers who are subject to automatic rate changes based on Newfoundland
3 Power's customer rates and the financial impact of this adjustment be included in the
4 RSP Rural Rate Alteration.
5

6 **WHEREAS** in Order No. P.U. 16(2020) the Board approved an application filed by Hydro in
7 accordance with OC2020-081 for the continuation of Newfoundland Power's current RSP Current
8 Plan Adjustment, RSP Fuel Rider and CDM Cost Recovery Adjustment as well as a one-time
9 transfer of \$50,575,999 from Newfoundland Power's RSP Current Plan balance and a one-time
10 bill credit to Newfoundland Power; and
11

12 **WHEREAS** the direction in OC2020-081 with respect to Hydro's rates to its Rural customers will
13 be addressed in a separate order of the Board; and
14

15 **WHEREAS** on June 1, 2020 Newfoundland Power filed an application (the "Application") in
16 accordance with OC2020-081 requesting approval of:

- 17 i) the suspension of the operation of the Rate Stabilization Clause in respect of the
18 inclusion of a revised Rate Stabilization Adjustment in the rates to be charged by
19 Newfoundland Power for the period July 1, 2020 to June 30, 2021;
20 ii) the suspension of the operation of the Municipal Tax Clause in respect of the
21 inclusion of a recalculated Municipal Tax Adjustment ("MTA") factor in the rates to
22 be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021;
23 iii) a Customer Bill Credit Fund of \$47,723,550;
24 iv) the proposed One-Time Customer Bill Credit Plan ("the Plan"); and
25 v) the proposed amendment to the Rate Stabilization Clause.
26

27 **WHEREAS** the Application set out that the Customer Bill Credit Fund of \$47,723,550 reflects
28 the wholesale bill credit of \$50,575,999 from Hydro, the balance in the Rate Stabilization Account
29 as of March 31, 2020 of \$4,307,436, and a recalculated MTA factor of 1.02412 reflecting the
30 normal operation of the Municipal Tax Clause for 2020; and
31

32 **WHEREAS** the Application states that the one-time bill credit is primarily based on a forecast
33 reduction in fuel costs at Hydro's Holyrood Thermal Generating Station which would normally be
34 reflected in customer rates through a July 1, 2020 rate reduction but that OC2020-081 has
35 effectively directed that the full benefit of this forecast cost reduction be passed on to customers
36 as early as practicable in response to the COVID-19 pandemic; and
37

38 **WHEREAS** the proposed One-Time Customer Bill Credit Plan provides that customers who are
39 receiving service on July 1, 2020 will be eligible for a one-time bill credit in July 2020 to be
40 determined by applying the bill credit rate to the customer's actual or estimated energy usage over
41 the previous twelve months; and
42

43 **WHEREAS** the proposed amendment to the Rate Stabilization Clause would account for any
44 variance between the Customer Bill Credit Fund and the total amount of bill credits provided to
45 Newfoundland Power customers; and

1 **WHEREAS** the Application was copied to: Hydro and the Consumer Advocate, Dennis Browne,
2 Q.C. (the “Consumer Advocate”); and
3

4 **WHEREAS** on June 2, 2020 the Consumer Advocate filed comments in support of the Application
5 and requested that this matter be dealt with expeditiously to ensure financial rate relief for
6 ratepayers during this difficult time; and
7

8 **WHEREAS** on June 10, 2020 Hydro filed comments in support of the Application and stated that
9 in Hydro’s view the Application complies with OC2020-081 and reasonably balances the
10 regulatory principles of fairness and administrative practicality in the provision of the customer
11 credit; and
12

13 **WHEREAS** on June 12, 2020, in its reply submission, Newfoundland Power noted the Consumer
14 Advocate’s and Hydro’s support and requested that the Board approve the Application as
15 submitted; and
16

17 **WHEREAS** the Board has reviewed the Application and evidence filed as well as the responses
18 to the Requests for Information and the comments of the parties which support the approval of the
19 Application; and
20

21 **WHEREAS** the Board is satisfied that the Application proposes a bill credit as early as practicable
22 in accordance with OC2020-081 as the dollar value of the annual RSP and Municipal Tax Clause
23 adjustments which would normally be reflected in the rates charged to Newfoundland Power
24 customers over the period July 1, 2020 to June 30, 2021 is to be provided in a one-time bill credit
25 to customers in July 2020; and
26

27 **WHEREAS** the Board notes the evidence filed by Newfoundland Power in response to PUB-NP-
28 002 which sets out that using a period of service or multiple service dates to determine eligibility
29 for the credit would result in a delay in the provision of the one-time bill credit to customers of
30 approximately two months; and
31

32 **WHEREAS** the Board is satisfied that the Application proposals related to the suspension of the
33 Rate Stabilization and Municipal Tax Clauses, the Customer Bill Credit Fund, the One-Time
34 Customer Bill Credit Plan and the amendment to the Rate Stabilization Clause are in accordance
35 with the directions of Government in OC2020-081 and the Application should be approved.

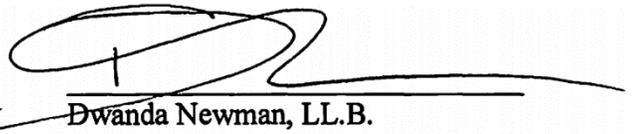
IT IS THEREFORE ORDERED THAT:

1. The suspension of the operation of the Rate Stabilization Clause in respect of the inclusion of a revised Rate Stabilization Adjustment in the rates to be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021 is approved and the Rate Stabilization Adjustment of 0.043 cents per kWh is continued for the period July 1, 2020 to June 30, 2021.
2. The suspension of the operation of the Municipal Tax Clause in respect of the inclusion of a recalculated MTA factor in the rates to be charged by Newfoundland Power for the period July 1, 2020 to June 30, 2021 is approved and the MTA factor of 1.02398 is continued for the period July 1, 2020 to June 30, 2021.
3. The proposed One-Time Customer Bill Credit Plan as set out in Schedule A to this Order is approved.
4. The proposed amendment to the Rate Stabilization Clause as set out in Schedule B to this Order is approved.

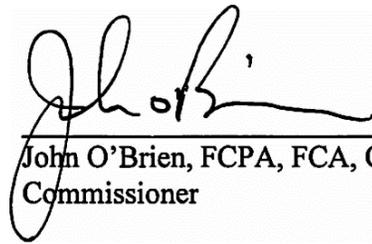
DATED at St. John’s, Newfoundland and Labrador, this 17th day of June, 2020.



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

**NEWFOUNDLAND POWER
2020 ONE-TIME CUSTOMER BILL CREDIT PLAN**

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SECTION 1 INTERPRETATION

1.1 Definitions

In this Newfoundland Power One-Time Customer Bill Credit Plan, the following definitions shall apply:

- (a) “Act” means *The Public Utilities Act*, RSNL 1990, Ch. P-47, as amended from time to time.
- (b) “Bill Credit” means a one-time bill credit amount calculated in accordance with Section 3.4 of the Plan.
- (c) “Bill Credit Rate” means the bill credit rate as calculated in Schedule 1 to the Plan.
- (d) “Board” means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
- (e) “Company” means Newfoundland Power Inc.
- (f) “Customer” means any person who accepts or agrees to accept Service.
- (g) “Fund” means the total amount to be disbursed to Customers in accordance with paragraph 3) of Order in Council *OC2020-081*.
- (h) “HST” means harmonized sales tax levied under the *Excise Tax Act (Canada)*.
- (i) “Hydro” means The Newfoundland and Labrador Hydro-Electric Corporation continued pursuant to the *Hydro Corporation Act*, SNL 2007, c. H-17 as amended.
- (j) “Plan” means this Newfoundland Power One-Time Customer Bill Credit Plan.
- (k) “Service” means electrical service provided by the Company under rules and regulations approved by the Board pursuant to the Act.
- (l) “Serviced Premises” means the premises at which Service is delivered to the Customer.

1.2 Interpretation

- (a) Unless the context clearly requires otherwise, this Plan shall be interpreted such that:
 - (i) words importing persons include corporations and organizations; and
 - (ii) words importing the singular include the plural and *vice versa*.

- (b) The Plan shall be interpreted in a manner consistent with the rules and regulations governing the Company's provision of electrical service as approved by the Board.
- (c) Any dispute concerning the interpretation of this Plan shall be determined:
 - (i) in the first instance, by the Company, acting reasonably; and
 - (ii) if required, by the Board, whose decision shall be considered final.

SECTION 2 CUSTOMER ELIGIBILITY & PAYMENT OF BILL CREDIT

2.1 Customers Entitled to a Bill Credit

A Customer that is receiving Service on July 1, 2020 shall be entitled to a Bill Credit under the terms of the Plan.

2.2 HST

The amount of HST attributable to the amount of a Bill Credit to which a Customer is entitled will be credited to the Customer along with the Bill Credit.

2.3 Payment of Bill Credit

The Company shall provide Bill Credits to eligible Customers on bills issued in July 2020, or as soon as practicable thereafter. The Bill Credit will be shown as a separate item on the bill. Where the amount of the Bill Credit exceeds the total charges for Service on the bill, the net amount shall be shown as a credit on the bill and will be applied to the Customer's next bill.

SECTION 3 CALCULATION OF THE BILL CREDIT AMOUNT

3.1 The Fund

The Plan has been created to disburse amounts due to Customers under the policy directed by Order in Council *OC2020-081*. Bill Credits under the Plan are to be paid to Customers out of the Fund, as described in paragraph 3) of *OC2020-081*, as approved by the Board.

3.2 The Bill Credit Rate

The Bill Credit Rate (expressed in cents per kWh and calculated to the nearest 0.001 cents per kWh) is calculated as follows:

$$A / B = C$$

Where:

A = the Fund (in dollars) defined in Section 3.1.

B = the total energy usage (in kWhs) billed to all Newfoundland Power Customers for the period of May 1, 2019 to April 30, 2020.

C = the Bill Credit Rate.

The Bill Credit Rate is set out in Schedule 1 to the Plan.

3.3 Calculation of Bill Credits

Bill Credits will be calculated based on the Customer's energy usage over a 12-month period, which will be determined as follows:

1. For Customers who have been receiving Service at their current Serviced Premises for 12 months or more, the Bill Credit will be calculated based on the Customer's total energy usage for the most recent 12 months.
2. For Customers who have been receiving Service at their current Serviced Premises for less than 12 months and have received at least one bill for a full month of Service, the Bill Credit will be calculated based on the Customer's estimated annual energy usage, determined in accordance with Schedule 2.
3. For Customers who have not received at least one bill for a full month of Service at their current Serviced Premises, the Bill Credit will be calculated based on the average annual usage for the Customer's class of Service, as set out in Schedule 3.

3.4 Determination of the Bill Credit Amount

Bill Credit amounts shall be calculated by multiplying (i) the Bill Credit Rate by (ii) the Customer's energy usage as determined in accordance with Section 3.3.

Bill Credits (expressed in dollars to nearest \$0.01) shall be calculated as follows:

$$C \times D = E$$

Where:

C = the Bill Credit Rate.

D = the Customer's energy usage.

E = the Bill Credit.

SECTION 4 PLAN ADMINISTRATION

4.1 Liability

The Company shall not be liable to any party for any reason whatsoever associated with the administration of the Plan except in cases where the Company has been grossly negligent.

4.2 Directions

The Company may, by application to the Board, seek directions on any matter related to the administration of the Plan, amendments to the Plan, or any matter related to the provision of Bill Credits to Customers under the Plan.

Schedule 1

The One-Time Customer Bill Credit Rate

The One-Time Bill Credit Fund ¹	\$ 47,723,550
Total kWhs billed May 1, 2019 to April 30, 2020 ²	5,905,912,000
One-Time Bill Credit Rate (¢/kWh)	0.808

¹ Approved in Order No. P.U. 17(2020).

² Newfoundland Power's total energy sales for the year ended April 30, 2020.

Schedule 2

Energy Usage Estimation Methodology

The calculation of the one-time bill credit for a Customer who has been receiving Service for less than 12 months at their current Serviced Premises requires an estimate of the Customer's annual energy usage.

To account for seasonal variations in energy usage, an estimation factor from the table below is applied to the actual energy usage on the Customer's monthly bills.¹ Only bills that reflect a full month of Service are used in the calculation.²

The estimation factor applied to the Customer's energy usage will be the one for the Customer's class of Service that corresponds to the month in which the Customer's first bill for a full month of Service was issued.³

Energy Usage Estimation Factors

First Full Monthly Bill Issued	Domestic	General Service	Street & Area Lighting
June 2020	14.290	13.022	18.020
May 2020	6.213	6.121	8.505
April 2020	3.764	3.934	5.184
March 2020	2.623	2.820	3.579
February 2020	1.969	2.163	2.714
January 2020	1.575	1.767	2.095
December 2019	1.367	1.523	1.699
November 2019	1.238	1.360	1.446
October 2019	1.156	1.245	1.270
September 2019	1.101	1.152	1.152
August 2019	1.052	1.070	1.065
July 2019	1.000	1.000	1.000

¹ Due to seasonal variations in energy usage, estimating annual usage based on a simple average of monthly usage would not provide reasonable results.

² Unless the commencement of Service happens to coincide with the billing date for the Customer's meter reading route, the first bill will not reflect a complete month's usage, and would therefore not be appropriate for use in the estimation formula.

³ For Customers whose class of Service is either Domestic or General Service, and who also receive Street and Area Lighting Service, only the Domestic or General Service estimation factor, as applicable, will be used to estimate the Customer's energy usage.

Schedule 3

**Average Annual Energy Usage
by Customer Class of Service**

For Customers who have not received at least 1 bill for a full month of Service at their current Serviced Premises, the Bill Credit will be calculated based on the average annual energy usage for the Customer's class of Service.⁴

Average Annual Energy Usage

Class of Service	Average Annual Energy Usage (kWh)
Domestic Service	15,448
General Service, 0 – 110 kW (110 kVA)	34,981
General Service, 110 kVA (100 kW) – 1000 kVA	822,563
General Service, 1000 kVA and Over ⁵	5,931,027
Street and Area Lighting Service	3,032

⁴ Based on Newfoundland Power's energy sales 12 months ended April 30, 2020.

⁵ Excludes energy usage associated with Memorial University.

Rate Stabilization Clause Amendment

The Rate Stabilization Clause is proposed to be amended to account for any difference between (i) the actual bill credits provided to Customers in accordance with the One-Time Bill Credit Plan and (ii) the One-Time Bill Credit Fund of \$47,723,550.⁶

It is proposed that the following paragraph 9 be inserted in Part II of the Rate Stabilization Clause:

9. On December 31, 2020, the RSA shall be increased (reduced) by the difference between the total amount of the actual bill credits provided to customers in accordance with the One-Time Bill Credit Plan and the amount of the One-Time Bill Credit Fund, as approved in Order No. P.U. 17(2020).

The transfer shall be expressed in dollars and calculated as follows:

$$A - B$$

Where:

A = the total dollar amount of the actual bill credits provided to customers in accordance with the One-Time Bill Credit Plan.

B = the One-Time Bill Credit Fund of \$47,723,550.

⁶ The calculation of the One-Time Bill Credit Fund is shown in Exhibit 2.