

P.U. 29(2001-2002)

IN THE MATTER OF the
PUBLIC UTILITIES ACT,
R.S.N. 1990, c. P-47, as amended
("the Act")

AND

IN THE MATTER OF an Automatic Adjustment
Mechanism to adjust the rates of Newfoundland Power
Inc. ("the Company") based on variations in rate base
as established by the Board of Commissioners of
Public Utilities ("the Board") in Order Nos. P.U. 36
(1998-99), P.U. 21 (2001-2002), and P.U. 28 (2001-2002)
and pursuant to Section 70(1) of the Act;

AND

IN THE MATTER OF a change to the Company's
System of Accounts pursuant to Section 58 of the Act.

WHEREAS the Company is a corporation duly organized and existing under the laws of the
Province of Newfoundland and Labrador, is a public utility within the meaning of the Act, and is
subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS by Order No. P.U. 36 (1998-99) the Board approved a formula to be used to adjust the
Company's rate of return on rate base (the "Automatic Adjustment Formula"); and

WHEREAS the Automatic Adjustment Formula contains three variables used to adjust the rate of return on rate base, namely Rate Base, Invested Capital, and Estimated Cost of Common Equity; and

WHEREAS following a hearing the Board issued Order No. P.U. 21 (2001-2002) approving the Company's 2002 capital budget and approving values for Rate Base and Invested Capital to be used to calculate the allowed return on rate base for 2002 using the Automatic Adjustment Formula; and

WHEREAS the value for Estimated Cost of Common Equity is determined based on the average daily closing yields of specific long term (30 years) Government of Canada bonds during the last five trading days in October and the first five trading days in November as set out in Order No. P.U. 36 (1998-99); and

WHEREAS on November 8, 2001 the Company provided to the Board its calculation of the Estimated Cost of Common Equity and the resultant calculation of rate of return on rate base for the year 2002 as determined by the Automatic Adjustment Formula; and

WHEREAS on November 28, 2001 the Board issued Order No. P.U. 28 (2001-2002) which, *inter alia*:

- (a) approved the allowed range of rate of return on rate base for the Company for the year 2002 to be 9.88% to 10.24%; and
- (b) directed the Company to submit a revised schedule of rates, tolls and charges to be

effective January 1, 2002 to reflect the change in the allowed rate of return as a result of the operation of the Automatic Adjustment Formula; and

WHEREAS the net effect on revenue of the decrease in the cost of capital as reflected in the operation of the Automatic Adjustment Formula is a decrease in the 1999 test year revenue requirement of the Company of \$1,920,000; and

WHEREAS on December 7, 2001 the Company filed a new schedule of rates, tolls and charges which provides for decreased revenue of \$1,920,000, reflecting the decrease in the Company's 1999 test year revenue requirement resulting from the operation of the Automatic Adjustment Formula; and

WHEREAS the Board requested its Financial Consultants, Grant Thornton, to review the rates and other calculations submitted by the Company to ensure compliance with Order No. P.U. 28 (2001-2002); and

WHEREAS after examination, Grant Thornton indicated that the rates, tolls and charges as submitted by the Company on December 7, 2001, if applied to all kilowatts and kilowatt hours consumed on and after January 1, 2002, will, in accordance with the submission of the Company on December 7, 2001, provide for a reduced revenue requirement as a result of the operation of the Automatic Adjustment Formula; and

WHEREAS on December 7, 2001 the Company submitted a revised definition of the Excess Revenue Account provided for in the Company's System of Accounts, reflecting the upper limit of the Company's revised rate of return on rate base approved by the Board in Order No. P.U. 28 (2001-2002); and

WHEREAS it is appropriate that the definition of the Excess Revenue Account be amended to reflect the upper limit of the revised range of rate of return on rate base approved in Order No. P.U. 28 (2001-2002).

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 70(1) of the Act, approval be and it is hereby granted to the Schedule of Rates, Tolls and Charges of the Company attached hereto and marked Schedule "A", to be effective on all energy consumption on and after January 1, 2002.
2. Pursuant to Section 58 of the Act, approval be and it is hereby granted to the revised definition of the Excess Revenue Account attached hereto and marked Schedule "B", for inclusion in the Company's System of Accounts effective January 1, 2002.

DATED at St. John's, Newfoundland, this 20th day of December, 2001.

Darlene Whalen, P.Eng.,
Vice-Chairperson.

Raymond A. Pollett,
Commissioner

John William Finn, Q.C.,
Commissioner

G. Cheryl Blundon,
Board Secretary.

**NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE**

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$15.84 per month

Energy Charge:
All kilowatt-hours@ 6.382 ¢ per kWh

Minimum Monthly Charge\$15.84

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-10 kW**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$18.03 per month

Energy Charge:
All kilowatt-hours@ 8.402 ¢ per kWh

Minimum Monthly Charge, Single Phase\$18.03
Three Phase\$36.06

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.2
GENERAL SERVICE 10-100 kW (110 kVA)**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$19.63 per month

Demand Charge:

\$7.49 per kW of billing demand in the months of December, January, February and March and \$6.76 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kW of billing demand@ 6.682 ¢ per kWh
All excess kilowatt-hours@ 4.075¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 13.8 cents per kWh plus the Basic Customer Charge of \$19.63 per month, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to \$2.32 per kW of maximum demand occurring in the 12 months ending with the current month, but not less than \$36.06 for a three phase service.

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$88.36 per month

Demand Charge:

\$6.51 per kVA of billing demand in the months of December, January, February and March and \$5.78 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,
up to a maximum of 30,000 kilowatt-hours@ 6.358 ¢ per kWh
All excess kilowatt-hours@ 3.973 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 13.8 cents per kWh plus the Basic Customer Charge of \$88.36 per month, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to \$2.32 per kVA of maximum demand occurring in the 12 months ending with the current month.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$176.73 per month

Demand Charge:

\$6.22 per kVA of billing demand in the months of December, January, February and March and \$5.49 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 100,000 kilowatt-hours@ 5.224 ¢ per kWh
All excess kilowatt-hours@ 3.883 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 13.8 cents per kWh plus the Basic Customer Charge of \$176.73 per month, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to \$2.32 per kVA of maximum demand occurring in the 12 months ending with the current month.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Mercury Vapour	Sentinel/Standard	Post Top
175W (7,000 lumens)	\$12.69	\$14.02
250W (9,400 lumens)	15.52	-
400W (17,200 lumens)	20.68	-
700W (29,600 lumens)	32.48	-
1000W (48,000 lumens)	48.37	-

High Pressure Sodium*

100W (8,600 lumens)	\$12.69	\$14.02
150W (14,400 lumens)	15.52	17.14
250W (23,200 lumens)	20.40	-
400W (45,000 lumens)	26.85	-

* For all new installations and replacements.

Special poles used exclusively for lighting service**

Wood	\$ 5.88
30' Concrete or Metal, direct buried	9.60
45' Concrete or Metal, direct buried	13.84
25' Concrete or Metal, Post Top, direct buried	8.36

Underground Wiring (per run)**

All sizes and types of fixtures	\$14.03
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

Curtailment Credit = Contracted Demand Reduction x \$29 per kVA

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

Peak Period Load Factor =
$$\frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x \$29 per kVA

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

Definition of Excess Revenue

Old Definition

3.05 Excess Revenue Account

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This account shall be credited with any revenue in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 1998 all earnings in excess of 9.99% rate of return on rate base, for 1999 all earnings in excess of 10.16% rate of return on rate base, and for 2000 and subsequent years all earnings in excess of 10.46% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.

New Definition

3.05 Excess Revenue Account

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This account shall be credited with any revenue in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 1998 all earnings in excess of 9.99% rate of return on rate base, for 1999 all earnings in excess of 10.16% rate of return on rate base, for 2000 and 2001 all earnings in excess of 10.46% rate of return on rate base, and for 2002 and subsequent years all earnings in excess of 10.24% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.