

1 Q. In reference to the response to PUB 1.0 NLH, how has Hydro treated billing
2 demand for new customers during the construction, testing and
3 commissioning process in the past? What practice is followed in other
4 regulated jurisdictions with regard to billing new customers for power during
5 commissioning?
6
7

8 A. The standard approved Island Industrial Service Agreement contains the
9 following provision that can be used for circumstances such as testing of new
10 equipment or processes (see e.g. paragraph 10.02(11) in the Aur Resources
11 Inc. Service Agreement):
12

13 "In addition to the reductions in Billing Demand that may be
14 made in accordance with this Article 10, Hydro may, in its sole
15 judgment and discretion, make other Billing Demand
16 adjustments from time to time to decrease the Customer's bill
17 to reflect unusual or unanticipated conditions or to facilitate the
18 testing of equipment or processes by the Customer."
19

20 In Hydro's view, this provision was not intended to apply to extended
21 construction or start-up periods, rather it was intended to enable Island
22 Industrial Customers to avoid increases in demand costs occasioned by
23 inadvertent and unexpected spikes in demand or resulting from the testing of
24 new processes or equipment with undetermined consequences as to power
25 costs or operational effects.
26

27 There was also an occasion, when the Corner Brook Pulp and Paper Mill
28 was converting its bark and oil fired boiler for use as a co-generation unit,
29 that Hydro sought the Board's approval for a variation of the Service
30 Agreement. This variation permitted that customer to treat take non-firm

1 energy to run its electric boilers to replace the steam production capacity it
2 lost during the co-generation conversion work. Had this not been approved,
3 the customer would have been subjected to an increased demand charge for
4 the remainder of that year.
5
6 Hydro is not aware of the practices in other jurisdiction in this regard.