

P.U. 18 (2003)

**IN THE MATTER OF THE PUBLIC
UTILITIES ACT, 1990, CHAPTER P-47
("THE ACT")**

AND

**IN THE MATTER OF THE APPLICATION
BY NEWFOUNDLAND POWER INC.
("THE APPLICANT")** for approval of rate
stabilization and municipal tax adjustments to
be applied to the rates of the Applicant for
the period July 1, 2003 to June 30, 2004
pursuant to section 71 of the Act.

WHEREAS the Applicant 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 also subject to the provisions of the *Electrical Power Control Act, 1994*; and

WHEREAS Newfoundland and Labrador Hydro ("Hydro") maintains a Retail Rate Stabilization Plan ("RSP"), the operational guidelines of which are included in the Board of Commissioners of Public Utilities' ("the Board") Report to the Minister Responsible for Energy dated August 6, 1985, and amended in Order No. P.U. 7 (2002-2003); and

WHEREAS by Order No. P.U. 34 (1985), the Board approved the establishment of a Rate Stabilization Account (“RSA”) by the Applicant, and the Board also approved the inclusion of a Rate Stabilization Adjustment in the rates charged by the Applicant; and

WHEREAS the current RSA was approved by the Board by Order No. P.U. 22 (2002-2003); and

WHEREAS the rate stabilization clause included in the Applicant’s “*Schedule of Rates, Rules & Regulations*” provides for the calculation of the balance in the RSA and the calculation of the Rate Stabilization Adjustment; and the Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect the accumulated balance in the Applicant’s RSA as of December 31st of the previous year, and any change in the mill rate charged to the Applicant by Hydro as a result of the operation of its RSP; and

WHEREAS the Rate Stabilization Adjustment included in the Applicant’s rates for the period July 1, 2002 to June 30, 2003 is 0.163 cents/kWh; and

WHEREAS by Order No. P.U. 17 (1987), the Board ordered that municipal taxes no longer be included as an expense in the determination of revenue requirement but that they be collected through a Municipal Tax Adjustment (MTA) factor included in the rates of the Applicant; and

WHEREAS the municipal tax clause included in the Applicant's "*Schedule of Rates, Rules & Regulations*" provides for the calculation of the MTA factor and the MTA factor is to be recalculated on July 1st of each year to reflect taxes charged to the Applicant by municipalities; and

WHEREAS the MTA factor included in the Applicant's rates for the period July 1, 2002 to June 30, 2003 is 1.02501; and

WHEREAS the Applicant has applied for approval of rate stabilization and municipal tax adjustments to be applied to the rates of the Applicant for the period July 1, 2003 to June 30, 2004, pursuant to Section 71 of the *Act*, which application was received by the Board on May 30, 2003, together with an accompanying affidavit and schedules (the "Application"); and

WHEREAS Schedule A of this Application presents Hydro's calculation of the RSP adjustment to the mill rate to be paid by the Applicant to Hydro for the period July 1, 2003 to June 30, 2004; and

WHEREAS Schedule B of the Application presents the calculation of the Rate Stabilization Adjustment of 0.326 cents/kWh proposed in the Application to be used by the Applicant in billing customers for the period July 1, 2003 to June 30, 2004; and

WHEREAS Schedule C of the Application presents the calculation of the MTA factor of 1.02438 proposed in the Application to be used by the Applicant in billing customers for the period July 1, 2003 to June 30, 2004; and

WHEREAS in accordance with the rate stabilization clause and the municipal tax clause, the Rate Stabilization Adjustment and the MTA factor for the period July 1, 2003 to June 30, 2004 is to apply to all bills based on meter readings taken on and after July 1, 2003.

IT IS THEREFORE ORDERED THAT:

The Board approves the Rate Stabilization Adjustment factor of 0.326 cents/kWh and the MTA factor of 1.02438 to be applied to all bills based on meter readings for the period July 1, 2003 to June 30, 2004.

DATED at St. John's, Newfoundland and Labrador, this 19th day of June, 2003.

Robert Noseworthy,
Chair and Chief Executive Officer.

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

G. Cheryl Blundon,
Director of Corporate Services
and Board Secretary.