

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

**AN INTERIM ORDER OF THE BOARD
NO. P. U. 37(2008)**

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act*, RSNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the “*Act*”) as amended, and their
5 subordinate regulations;

6
7 **AND**

8
9 **IN THE MATTER OF** the application by
10 Newfoundland and Labrador Hydro (“Hydro”)
11 for approval of the Rate Stabilization Plan
12 components of the rates to be charged to
13 Island Industrial Customers, pursuant to
14 Sections 70 (1) of the *Act* (the “Application”).

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16
17 **WHEREAS** Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a
18 public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*; and

19
20 **WHEREAS** Order No. P. U. 40(2003) sets out the manner by which the Rate Stabilization Plan
21 (RSP) is calculated and applied to the rates charged by Hydro to its Island Industrial Customers
22 which includes special treatment and recovery of “Historical Plan Balances” that had accumulated in
23 the RSP as of December 31, 2003; and

24
25 **WHEREAS** in Order No. P. U. 1(2007) and in Order No. P.U. 3(2007) the Board approved, on an
26 interim basis rates, rules and regulations for the Island Industrial Customers such that Aur Resources
27 Inc., a new Island Industrial Customer of Hydro would have rates similar to those of other Island
28 Industrial Customers of Hydro excluding the portion of the RSP Adjustment derived from the
29 Historical Plan Balance of the RSP; and

30
31 **WHEREAS** Order No. P. U. 8(2007) confirmed on a final basis the interim rates for Hydro’s Island
32 Industrial Customers to be effective January 1, 2007 until an application is filed by Hydro for new
33 rates effective January 1, 2008 in accordance with the provisions of the RSP; and

34
35 **WHEREAS** on December 31, 2007 the five-year collection period to recover the Historical Plan
36 Balance ended as per Section E of Hydro’s RSP and as of December 31, 2007 any remaining balance
37 in Historical Plan was transferred to the current plan and the Historical Plan Balance was set to zero;
38 and

1 **WHEREAS** on December 20, 2007 Hydro filed an Application to the Board for an Interim Order
2 continuing the rates currently in effect for the Island Industrial Customers until such time as the
3 Board issues a final Order with respect to rates for Hydro's Island Industrial Customers for 2008, on
4 the basis that the normal operation of the RSP could cause significant rate volatility for the Island
5 Industrial Customers in the context of a significant load change of one of the Island Industrial
6 Customers; and

7
8 **WHEREAS** Order No. P. U. 34(2007) approved Hydro's proposal and approved, on an interim
9 basis, Island Industrial Customer rates to be effective for consumption on and after January 1, 2008,
10 until a final Order of the Board with respect to Island Industrial Customers' rates for 2008; and

11
12 **WHEREAS** on December 11, 2008 Hydro filed the Application for approval to:

- 13
14 i) continue the existing Island Industrial Customer interim rates except that rates for
15 Teck Cominco Limited (formerly Aur Resources Inc.) would be increased to the
16 same level as Hydro's other Island Industrial Customers; and
17 ii) revise the Schedule of Rates and the RSP rules and regulations for Hydro's Island
18 Industrial Customers to remove reference to the Historical Plan Balance; and

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20 **WHEREAS** the Board provided notice of the Application and invited comments from the Consumer
21 Advocate, Newfoundland Power and each of Hydro's Island Industrial Customers; and

22
23 **WHEREAS** the Board did not receive a submission from the Consumer Advocate in relation to the
24 Application and Newfoundland Power advised by letter on December 16, 2008 that it did not intend
25 to make any comments on the Application; and

26
27 **WHEREAS** the Island Industrial Customers made submissions on December 17, 2008 requesting
28 that the interim rates be continued, with the existing differential for Teck Cominco Limited, until
29 March 31, 2009 to provide an opportunity for all parties to request information, file evidence,
30 request other pre-hearing procedures and a hearing and/or submissions, and requiring Hydro to file
31 an application for final rates at least thirty days prior to the expiry of the interim rates; and

32
33 **WHEREAS** Hydro did not file a reply to the Island Industrial Customers' submission; and

34
35 **WHEREAS** the Schedule of Rates proposed by Hydro eliminates reference to the Historical Plan
36 and continues the existing rates for all of Hydro's Island Industrial Customers maintaining the total
37 energy rate but expressing the RSP Adjustment portion as a blended rate instead of three separate
38 components, and increasing the rate charged to Teck Cominco Limited to the same as that being
39 charged to Hydro's other Island Industrial Customers, which according to Hydro would result in a
40 38% rate increase for Teck Cominco Limited ; and

1 **WHEREAS** the Board has considered Hydro's Application as well as the submissions of the Island
2 Industrial Customers, the only customers affected by the Application, and in the absence of a reply
3 from Hydro as to these submissions has determined that the rates, rules and regulations for the Island
4 Industrial Customers should be continued until final rates are established after a full examination of
5 all of the issues with a full opportunity for interested persons to participate in the examination
6 process; and
7

8 **WHEREAS** the Board is satisfied that it is reasonable and prudent to:

- 9 (i) Continue on an interim basis until March 31, 2009 the existing rates for the Island
10 Industrial class of customers;
11 (ii) Continue the current RSP rules on an interim basis until final rates are established;
12 and
13 (iii) Require Hydro to file an application for approval of final rates, rules and regulations
14 for the Island Industrial Customers allowing sufficient time for a full examination of
15 the matter.
16
17

18 **IT IS THEREFORE ORDERED THAT:**
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- 21 1. The continuation of the rates, rules and regulations for Hydro's Island Industrial Customers
22 is approved on an interim basis from January 1, 2009 to March 31, 2009, with the Schedule
23 of Rates as attached in Schedule A.
24 2. Hydro shall make application to finalize the interim rates, rules and regulations for the Island
25 Industrial Customers by January 30, 2009.
26 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 24th day of December 2008.

Andrew Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

Barbara Thistle
Assistant Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM – (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$6.68 per month per kilowatt of billing demand.

Firm Energy Charge:

Base Rate*.....	@ 3.676 ¢ per kWh
RSP Adjustment.....	@ (0.785) ¢ per kWh**
** Teck Cominco Limited RSP Adjustment	@ (2.000) ¢ per kWh
Energy Rate.....	@ 2.891 ¢ per kWh***
*** Teck Cominco Limited Energy Rate	@ 1.676 ¢ per kWh

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro’s Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

Specifically Assigned Charges:

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Abitibi-Consolidated (Grand Falls)	\$ 1,244
Abitibi-Consolidated (Stephenville)	\$ 104,647
Corner Brook Pulp and Paper Limited	\$ 347,167
North Atlantic Refining Limited	\$ 150,976
Teck Cominco Limited	\$ 186,169

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM – (INTERIM) (continued)

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

