

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

AN ORDER OF THE BOARD

NO. P.U. 51(2014)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1
3 (the “*EPCA*”) and the *Public Utilities Act*,
4 RSNL 1990, Chapter P-47 (the “*Act*”), as
5 amended, and regulations thereunder; and
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7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. for approval of its 2015
9 forecast average rate base and rate of return on rate
10 base in accordance with Order No. P.U. 13(2013).
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13 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly
14 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
15 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
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17 **WHEREAS** in Order No. P.U. 13 (2013) the Board, *inter alia*, determined a ratemaking rate of
18 return on equity of 8.8% and a common equity component in the capital structure of no more
19 than 45% and directed Newfoundland Power to file an application for approval of a revised
20 forecast average rate base and rate of return on rate base for 2013 and 2014; and
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22 **WHEREAS** in Order No. P.U. 23(2013) the Board approved the revised forecast average rate
23 base and the rate of return on average rate base for 2013 and 2014 and approved a revised
24 Schedule of Rates, Tolls and Charges effective July 1, 2013; and
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26 **WHEREAS** in Order No. P.U. 21(2014) the Board approved a revised Schedule of Rates, Tolls
27 and Charges, effective July 1, 2014; and
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29 **WHEREAS** in Order No. P.U. 13(2013) the Board directed Newfoundland Power to file, on or
30 before November 17, 2014, for approval of its 2015 forecast average rate base and rate of return
31 on rate base maintaining the 2013 and 2014 ratemaking common equity ratio and return on
32 common equity; and
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34 **WHEREAS** on November 7, 2014, in compliance with Order No. P.U. 13(2013), Newfoundland
35 Power filed an application (the “Application”) requesting approval of:

- 36 (i) a 2015 forecast average rate base of \$1,009,527,000;
37 (ii) a just and reasonable rate of return on rate base for 2015 of 7.50% in a range of
38 7.32% to 7.68%; and

1 (iii) continuation of the existing customer rates approved by the Board in Order No.
2 P.U. 21(2014); and
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4 **WHEREAS** the Application was circulated to Newfoundland and Labrador Hydro (“Hydro”)
5 and the Consumer Advocate; and
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7 **WHEREAS** on November 18, 2014 Grant Thornton LLP, the Board’s financial consultant, filed
8 a report with the Board stating that it did not find any discrepancies in Newfoundland Power’s
9 calculation of its 2015 forecast average rate base and its 2015 rate of return on rate base and
10 concluded that the calculations were accurate and in accordance with established practice; and
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12 **WHEREAS** the Grant Thornton LLP report was copied to Newfoundland Power, Hydro and the
13 Consumer Advocate; and
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15 **WHEREAS** on November 20, 2014 Hydro and the Consumer Advocate advised that they did
16 not have comments or submissions on the Application; and
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18 **WHEREAS** the Board has reviewed the Application and supporting evidence and is satisfied
19 that Newfoundland Power’s proposed forecast average rate base and rate of return on rate base
20 for 2015 should be approved and further that it is not necessary to change Newfoundland Power
21 customer rates at this time.
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24 **IT IS THEREFORE ORDERED THAT:**
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- 26
- 27 1. Newfoundland Power’s forecast average rate base for 2015 of \$1,009,527,000 is
28 approved.
 - 29 2. Newfoundland Power’s rate of return on rate base for 2015 of 7.50% in a range of 7.32%
30 to 7.68% is approved.
 - 31 3. Newfoundland Power shall pay the expenses of the Board in connection with this
32 Application.
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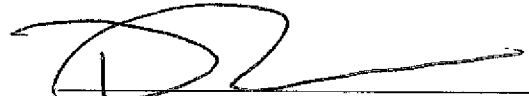
DATED at St. John's, Newfoundland and Labrador, this 2nd day of December 2014.



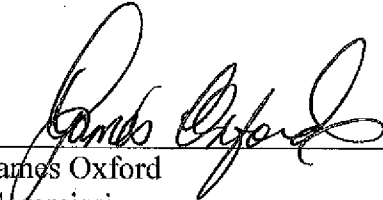
Andy Wells
Chair & Chief Executive Officer



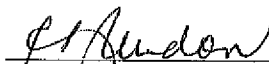
Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary