

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

AN ORDER OF THE BOARD

NO. P.U. 29(2019)

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*, RSNL
4 1990, Chapter P-47 (the “*Act*”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** an application by Newfoundland
8 and Labrador Hydro for approval to defer certain costs
9 related to the Reliability and Resource Adequacy Study
10 pursuant to sections 58 and 80 of the *Act*.
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13 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
14 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
15 and is also subject to the provisions of the *EPCA*; and
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17 **WHEREAS** on August 16, 2019 Hydro filed an application requesting approval to establish a cost
18 deferral account for certain costs associated with the review of the Reliability and Resource
19 Adequacy Study filed by Hydro on November 16, 2018 (the “Application”); and
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21 **WHEREAS** the Application explained that the Reliability and Resource Adequacy Study: i) is
22 based on a full review of Hydro’s planning criteria in light of significant system changes that have
23 occurred since Hydro’s last assessment of long-term resource adequacy in 2012; ii) addresses
24 Hydro’s long-term approach to providing least-cost, reliable service for its customers and focusses
25 on Hydro’s proposed planning criteria and ability to meet customer and system requirements
26 reliably over a ten-year planning period (2019-2028); and iii) contains Hydro’s recommendations
27 regarding modifications to planning criteria and extension of the system energy planning criteria
28 to the entire Newfoundland and Labrador Interconnected System; and
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30 **WHEREAS** the Application stated that the Reliability and Resource Adequacy Study is a
31 significant filing with important implications for customers and Hydro believes that review of the
32 Reliability and Resource Adequacy Study is essential to ensure the most appropriate investment
33 for customers; and
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35 **WHEREAS** the Application stated that since the Reliability and Resource Adequacy Study was
36 filed Hydro has responded to a number of requests for information, provided additional
37 supplemental reports and participated in meetings with the Board’s consultants to discuss and
38 answer questions; and

1 **WHEREAS** the Application stated that to date Hydro has accrued approximately \$316,000 in
2 costs related to the review of the Reliability and Resource Adequacy Study which include expenses
3 incurred by the Board such as Professional Services - Consulting fees and that, since the process
4 is ongoing, these costs will continue to rise; and

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6 **WHEREAS** the Application explained that the costs related to the Reliability and Resource
7 Adequacy Study are not reflected in the 2019 test year costs as Hydro believed that the costs would
8 be deferred as part of the costs associated with phase two of the Board's Investigation into Supply
9 Issues and Power Outages on the Island Interconnected System as per Order No. P.U. 13(2016)
10 but that the Board has clarified in recent correspondence that the review of the Reliability and
11 Resource Adequacy Study is considered a separate matter; and

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13 **WHEREAS** the Application stated that the costs incurred by Hydro related to the review of the
14 Reliability and Resource Adequacy Study are prudent and Hydro should have an opportunity to
15 defer these costs pending a further application and order of the Board; and

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17 **WHEREAS** the Application further stated that the proposed Reliability and Resource Adequacy
18 Study cost deferral is consistent with the past practice related to the deferral of external regulatory
19 costs and that approval of the proposed Reliability and Resource Adequacy Study cost deferral
20 account will provide Hydro the opportunity to earn a just and reasonable return while the review
21 is ongoing with final disposition of the costs made by further application to the Board at a later
22 date; and

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24 **WHEREAS** the Application was copied to Newfoundland Power Inc.; the Consumer Advocate,
25 Mr. Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited; NARL Refining Limited
26 Partnership; Vale Newfoundland & Labrador Limited; Mr. Danny Dumaresque; Grand
27 Riverkeeper Labrador, Inc. and Teck Resources Ltd.; and

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29 **WHEREAS** the Board did not receive any comments on the Application; and

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31 **WHEREAS** on August 30, 2019 Hydro filed a submission requesting that the Application be
32 approved as submitted; and

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34 **WHEREAS** the Board is satisfied that the proposed deferral account for certain costs related to
35 the review of the Reliability and Resource Adequacy Study should be approved.

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38 **IT IS THEREFORE ORDERED THAT:**

- 39
40 1. The proposed deferral account for costs associated with the review of the Reliability and
41 Resource Adequacy Study, as set out in Schedule A, is approved.
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43 2. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 6th day of September, 2019.



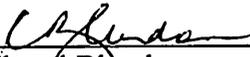
Darlene Whalen, P. Eng., FEC
Chair & CEO



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, PCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary

**Newfoundland and Labrador Hydro
Reliability and Resource Adequacy Deferral Account Definition**

The account shall be charged with external regulatory costs associated with the Reliability and Resource Adequacy proceeding which include:

- Board costs, including consultant and expert costs; and
- Approved Intervenor cost claims.

Disposition of any Balance in this Account

Hydro shall apply for recovery of costs charged to this account through its next General Rate Application.