

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

**AN ORDER OF THE BOARD**

**NO. P.U. 4(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*,  
4 RSNL 1990, Chapter P-47 (the “*Act*”), as  
5 amended, and regulations thereunder; and  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro pursuant  
9 to section 70 for approval of the Rate Stabilization  
10 Plan components of the rates to be charged to Island  
11 Industrial Customers effective January 1, 2019.  
12  
13

14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
16 and is also subject to the provisions of the *EPCA*; and  
17

18 **WHEREAS** on January 11, 2019 Hydro filed an application (the “Application”) requesting  
19 approval of revised Island Industrial Customer rates effective January 1, 2019 reflecting:  
20

- 21 i) Island Industrial Customer base rates as approved in Order No. P.U. 48(2018);
- 22 ii) a revised Island Industrial Customer Rate Stabilization Plan (“RSP”) Fuel Rider of  
23 0.00 cents per kWh; and
- 24 iii) a revised Island Industrial Customer RSP Current Plan Adjustment of 0.302 cents  
25 per kWh; and  
26

27 **WHEREAS** Section C of the RSP rules require an update of the Island Industrial Customer RSP  
28 Fuel Rider to anticipate fuel price changes, based on an October fuel projection, to become  
29 effective January 1 of the following year; and  
30

31 **WHEREAS** on October 16, 2018 Hydro filed an updated forecast price of fuel of \$92.50 per  
32 barrel (CDN) for 2019; and  
33

34 **WHEREAS** in Order No. P.U. 48(2018) the Board approved revised Island Industrial Customer  
35 base rates to become effective, on an interim basis, upon the implementation of the RSP  
36 adjustment for January 1, 2019; and

1 **WHEREAS** there is no requirement for an Island Industrial Customer RSP Fuel Rider for 2019  
2 as the approved base rates reflect the October 2018 fuel price projection for the 2019 calendar  
3 year; and  
4

5 **WHEREAS** Section D of the RSP Rules requires an update to the Island Industrial Customer  
6 RSP Current Plan Adjustment to become effective January 1 of each year to recover the balance  
7 in the Island Industrial Customer RSP at December 31 of the previous year and forecast  
8 financing charges to the end of the following calendar year; and  
9

10 **WHEREAS** the RSP Current Plan Balance owing from Island Industrial Customers is  
11 approximately \$1.9 million (including financing) as of December 31, 2018 and recovery of this  
12 balance in 2019 in accordance with the RSP Rules would result in an Island Industrial Customer  
13 RSP Current Plan Adjustment of 0.302 cents per kWh effective January 1, 2019; and  
14

15 **WHEREAS** a copy of the Application was circulated to Newfoundland Power Inc.; the  
16 Consumer Advocate, Dennis Browne, Q.C.; a group of Island Industrial customers: Corner  
17 Brook Pulp and Paper Limited, NARL Refining Limited Partnership, Vale Newfoundland and  
18 Labrador Limited (the “Industrial Customer Group”); Iron Ore Company of Canada, and the  
19 communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City (the  
20 “Labrador Interconnected Group”); and  
21

22 **WHEREAS** on January 18, 2019 the Industrial Customer Group advised the Board that they  
23 take no issue with the Application or the inclusion of the proposed adjustments in the interim  
24 rates; and  
25

26 **WHEREAS** the Board did not receive comments from the other parties; and  
27

28 **WHEREAS** on January 22, 2019 Hydro requested approval of the Application as submitted and  
29 noted that the Industrial Customer Group took no issue with the Application and that no  
30 comments were received from the other parties; and  
31

32 **WHEREAS** the Board has reviewed the Application and is satisfied that the proposed Rate  
33 Stabilization Plan adjustments are consistent with the RSP Rules and the proposed revised rates  
34 should be approved.  
35  
36

37 **IT IS THEREFORE ORDERED THAT:**  
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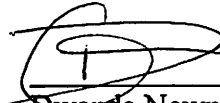
- 39 1. The Island Industrial Customer rates to be effective on all electrical consumption on and  
40 after January 1, 2019, as set out in Schedule A to this Order, are approved on an interim  
41 basis.  
42
- 43 2. Hydro shall pay the expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 30<sup>th</sup> day of January, 2019.




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



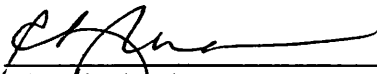
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Dwanda Newman, LL.B.  
Vice-Chair



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James Oxford  
Commissioner



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Cheryl Blundon  
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.

**Base Rate\*:**

**Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.90 per kilowatt (kW) per month of billing demand.

**Firm Energy Charge:**

Base Rate ..... @ 3.521 ¢ per kWh

**RSP Adjustment:**

**RSP Adjustment:**

Current Plan ..... @ 0.302 ¢ per kWh  
Fuel Rider ..... @ 0.000 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 0.302 ¢ per kWh

**CDM Cost Recovery Adjustment** ..... @ 0.010 ¢ per kWh

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

**Specifically Assigned Charges:**

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

	<b>Annual Amount</b>
Corner Brook Pulp and Paper Limited	\$ 11,458
North Atlantic Refining Limited	\$ 104,051
Teck Resources Limited	\$ 50,030
Vale	\$ 144,378

**\*Subject to RSP Adjustments and CDM Cost Recovery Adjustment:**

RSP Adjustments 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.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a seven year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

**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.**

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL – Non-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:**

**Non-Firm Energy Charge (¢ per kWh):**

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used;
- B = the conversion factor for the source used (kWh/bbl);
- C = the administrative and variable operating and maintenance charge (10%); and
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2013 (3.47%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 618 kWh/bbl;
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl; and
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

**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.**

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL - WHEELING (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 and whose Industrial Service Agreement so provides.

**Rate:**

**Energy Charge:**

All kWh (Net of losses)\* ..... @ 0.423 ¢ per kWh

\*For the purpose of this Rate, losses shall be 3.47%, the average system losses on the Island Interconnected Grid for the last five years ending in 2013.

**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.**