

May 25, 2020

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Application for Approval of a One-Time Bill Credit to Newfoundland Power in Accordance with OC2020-081

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") Application for approval of a one-time bill credit to Newfoundland Power in accordance with OC2020-081.

In correspondence to the Board of Commissioners of Public Utilities ("Board") on May 15, 2020, Hydro advised that it would file an application in accordance with OC2020-081 as soon as possible. OC2020-081 requires that customer rates do not change on July 1, 2020 as a result of the Utility Rate Stabilization Plan ("RSP") and Conservation and Demand Management ("CDM") Cost Recovery Adjustments. It also requires Hydro to provide a one-time bill credit to Newfoundland Power for the difference in billings that would have occurred during that period as a result of the RSP Adjustments.

In order to be compliant with the requirements of OC2020-081, this application proposes the continuation of the RSP Fuel Rider, RSP Current Plan Adjustment, and CDM Cost Recovery Adjustments applicable to Newfoundland Power for the July 1, 2020 to June 30, 2021 period. It also requests approval for a one-time credit of approximately \$50.6 million to be applicable to Newfoundland Power's July 2020 wholesale bill.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/sk.kd

Encl.

ecc: **Board of Commissioners of Public Utilities**

Ms. Jacqui Glynn
PUB Official Email

Newfoundland Power

Mr. Gerard M. Hayes
Regulatory Email

Consumer Advocate

Mr. Dennis M. Browne, Q.C, Browne Fitzgerald Morgan & Avis
Mr. Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Ms. Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Ms. Bernice Bailey, Browne Fitzgerald Morgan & Avis

Industrial Customer Group

Mr. Paul L. Coxworthy, Stewart McKelvey
Mr. Denis J. Fleming, Cox & Palmer
Mr. Dean A. Porter, Poole Althouse

Praxair Canada Inc.

Ms. Sheryl E. Nisenbaum

Teck Resources Limited

Mr. Shawn Kinsella

IN THE MATTER OF the *Electrical Power Control Act*, 1994, SNL 1994, c. E-5.1 (“*EPCA*”) and the *Public Utilities Act*, RSNL 1990, c P-47 (“*Act*”), and regulations thereunder, and

IN THE MATTER OF Application by Newfoundland and Labrador Hydro (“*Hydro*”) for the approval, pursuant to Sections 70(1) of the *Act*, of a one-time Rate Stabilization Plan (“*RSP*”) credit to Newfoundland Power in accordance with OC2020-081.

To: The Board of Commissioners of Public Utilities (“Board”)

THE APPLICATION OF HYDRO STATES THAT:

A. Background

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act*, is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit, for the approval of the Board, the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. Section 70(1) of the *Act* provides that a public utility shall not charge, demand, collect, or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls, and charges for the services provided by the public utility.
4. On September 11, 2019, in Board Order No. P.U. 30(2019), the Board approved Hydro’s proposal of a Utility RSP Fuel Rider of 0.000 cents per kWh, to apply to Newfoundland Power Inc. (“*Newfoundland Power*”), based on the No. 6 fuel forecast of \$105.90 per barrel (CAN\$) reflected in base rates.
5. By Order No. P.U. 30(2019), the Board also approved a Utility RSP Current Plan Adjustment of (0.188) cents per kWh and a Conservation and Demand Management (“*CDM*”) Cost Recovery Adjustment of 0.026 cents per kWh both to become effective October 1, 2019.

6. Section C.2 of the RSP Rules requires Hydro to file with the Board by the tenth working day of April each year an updated forecast price of No. 6 fuel based on the March month-end average monthly forecast for No. 6 fuel prices for the following July – June. This fuel forecast is used to compute the RSP Fuel Rider to become effective July 1 each year.
7. Section D.1 of the RSP Rules require an update to the Newfoundland Power RSP Current Plan Adjustment to become effective July 1 of each year to recover the balance in the Newfoundland Power RSP Current Plan at March 31 and the forecast financing charges to the end of the following June.
8. The CDM Cost Deferral Account requires Hydro to adjust the CDM Cost Recovery Adjustment applicable to Newfoundland Power each year on July 1.

B. No. 6 Fuel Price Update

9. On April 15, 2020, Hydro filed correspondence with the Board indicating that it had received the March 2020 No. 6 fuel price forecast. However, due to recent economic events having created material uncertainty with respect to the fuel purchase price that would be incurred to serve customers over the following July to June, Hydro requested to delay filing the fuel price projection until it had the opportunity to review the April 2020 fuel price forecast and further evaluate the reasonability of the fuel price projection to be proposed for implementation on July 1, 2020.
10. On April 15, 2020, Hydro received correspondence from the Board approving Hydro's request to delay filing the No. 6 fuel price projection until May 15, 2020.
11. On May 14, 2020 Hydro received a copy of Order in Council OC2020-081 ("OC2020-081"), issued by the Government of Newfoundland and Labrador on May 12, 2020, directing that customer rates for the period July 1, 2020 to June 30, 2021 shall not change as a result of Hydro's Utility RSP or CDM adjustments or Newfoundland Power's Rate Stabilization Clause and Municipal Tax Clause.
12. OC2020-081 requires Hydro to apply to the Board for approval to provide a one-time wholesale bill credit to Newfoundland Power for the disposition of the dollar value of the change in the total annual amount for disposition through the RSP Adjustment for the period July 1, 2020 to June 30, 2021.

13. OC2020-081 also requires: (i) Newfoundland Power to provide a one-time bill credit to its customers for the dollar value of the change in the annual amount for disposition through the Rate Stabilization Account and the Municipal Tax Clause, with the methodology for the bill credit to be determined by the Board; and (ii) for Hydro to apply the same bill credit approach to its Rural Customers who are subject to automatic rate changes based on the rates approved for customers of Newfoundland Power.
14. On May 15, 2020, Hydro filed the updated No. 6 fuel price projection with the Board. In this correspondence, Hydro advised that it was satisfied that the March 2020 No. 6 fuel price forecast was reasonable for use in the determination of the RSP Fuel Price Projection in accordance with the RSP Rules. Hydro also indicated it would file an application as soon as reasonably possible, in accordance with OC2020-081, for approval of a one-time wholesale bill credit to Newfoundland Power for disposition of the dollar value of the change in the total annual amount of the RSP Adjustment.

B. Application

15. Schedule 1 to this application provides evidence supporting the approval of a one-time bill credit of \$50,575,999 to Newfoundland Power facilitated through a transfer from Newfoundland Power's RSP Current Plan effective July 31, 2020 in accordance with OC2020-081.
16. The \$50,575,999 is comprised of a credit of \$68,773,381 based upon projected fuel savings that would normally be used to calculate the RSP Fuel Rider, offset by an \$18,197,382 increase in the amount to be recovered from the RSP Current Plan relative to the amount being recovered through the existing RSP Current Plan Adjustment. Table 1 of Schedule 1 provides the calculation of the \$50,575,999 credit.
17. OC2020-081 prohibits Hydro from changing rates on July 1, 2020 as a result of the operation of the Utility RSP and CDM Cost Deferral Account. As such, this application also proposes the Board approve the continuation of the existing RSP Current Plan Adjustment, RSP Fuel Rider, and CDM Cost Recovery Adjustment applicable to Newfoundland Power for the period July 1, 2020 to June 30, 2021.

C. Newfoundland and Labrador Hydro's Requests

18. Hydro requests the Board approve:
- a. The Utility Rate RSP Current Plan Rider of (0.188) cents per kWh, RSP Fuel Rider of 0.000 cents per kWh, and CDM Cost Recovery Adjustment of 0.026 cents per kWh be continued from July 1, 2020 to June 30, 2021;
 - b. A one-time transfer on July 31, 2020 of \$50,575,999 from the RSP Current Plan balance applicable to Newfoundland Power and a one-time July 2020 bill credit to Newfoundland Power of \$50,575,999.

D. Reason for Approval

19. Hydro's application should be approved as the proposals are in accordance with OC2020-081.

E. Communications

20. Communications with respect to this Application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

DATED at St. John's in the Province of Newfoundland and Labrador this 25th day of May, 2020.

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Counsel for the Applicant
Newfoundland and Labrador Hydro,
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Evidence Supporting Application

May 25, 2020



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1.0 Background

The Rate Stabilization Plan (“RSP”) Rules¹ require Newfoundland and Labrador Hydro (“Hydro”) to apply annually to the Board of Commissioners of Public Utilities (“Board”) for approval of revised RSP Fuel Rider and RSP Current Plan Adjustments (together, “RSP Adjustments”) for inclusion in the Utility rate to become effective July 1. In accordance with the approved Conservation and Demand Management (“CDM”) Cost Deferral Account definition,² Hydro is required to update the CDM Cost Recovery Adjustment to be included in the Utility rate effective July 1.

On May 12, 2020, the Government of Newfoundland and Labrador (“Government”) issued Order in Council OC2020-081 (provided in Appendix A), which directs the Board to adopt a policy that:

- Prohibits a change in customer rates for the period July 1, 2020 to June 30, 2021 as a result of Hydro’s Utility RSP and CDM Cost Recovery Adjustments and Newfoundland Power’s Rate Stabilization and Municipal Tax Clauses;
- Requires Hydro to apply to provide Newfoundland Power with a one-time bill credit equal to the projected change in the dollar value of the amount that would normally be disposed through the RSP Adjustments from July 1, 2020 to June 30, 2021;
- Requires Newfoundland Power to dispense these funds to customers through a one-time bill credit rather than through a rate change through the Rate Stabilization Account and Municipal Tax Adjustments with Board approval of the methodology for deriving the bill credit; and
- Requires Hydro to apply to the Board to provide a one-time credit to its customers who would typically receive an automatic rate change based on the rates approved for Newfoundland Power’s customers. The financial impact of the adjustment would be included in the RSP Rural Rate Alteration.

This evidence provides support for Hydro’s application in compliance with OC2020-081.

¹ Approved in Board Order No. P.U. 30(2019).

² Approved in Board Order No. P.U. 22(2017).

2.0 Summary of Changes in RSP Cost Recovery

2.1 Projected No. 6 Fuel Costs

Section C2 of the RSP Rules requires Hydro to annually update the RSP Fuel Rider to be included in the Utility Rate effective July 1.

Based on the March fuel price projection, forecast No. 6 fuel prices are expected to be \$64.80/bbl., which is \$41.10/bbl. lower than the 2019 Test Year price of \$105.90/bbl. As there is currently no fuel rider in effect for the Utility Rate, the decrease in the forecast fuel price results in an approximate \$68.8 million³ forecast reduction in No. 6 fuel costs to Newfoundland Power for the period July 1, 2020 to June 30, 2021.

Appendix B provides the calculation of the forecast fuel cost savings resulting from the fuel price update.

2.2 Changes in RSP Current Plan Balance

Section D1 of the RSP Rules requires Hydro to annually update the RSP Current Plan Adjustment to be included in the Utility Rate effective July 1.

The RSP Current Plan Balance (including forecast financing costs) for recovery from Newfoundland Power for the period of July 1, 2020 to June 30, 2020 is approximately \$7.0 million.⁴ The existing RSP Current Plan Adjustment, which will remain in effect from July 1, 2020 to June 30, 2021, was calculated to provide a refund of approximately \$11.2 million⁵ to Newfoundland Power. The normal operation of the RSP would result in an approximate \$18.2 million increase in recovery compared to existing rates. Appendix C provides the calculation of the RSP Current Plan balance for recovery as of June 30, 2020. Appendix D provides the March 31, 2020 RSP Report.

2.3 Summary of Annual Changes RSP Cost Recovery

Table 1 summarizes the computation of the dollar value of the annual change in the total amount for disposition through the RSP based on the existing Utility Rate and the amounts that would be normally reflected in the Utility Rate effective July 1, 2020.

³ Appendix B, page 1, line 7.

⁴ Appendix C, line 4.

⁵ 2017 GRA Compliance Application dated July 11, 2019, Exhibit 6: Proposed Utility RSP and CDM Adjustments, Appendix A, Page A-1, line 4.

Table 1: Summary of Annual Changes in RSP Cost Recovery (\$)

Particulars	Existing RSP Adjustments	Proposed Disposition	Difference
	A	B	C = B - A
No. 6 Forecast Fuel Cost	0	(68,773,381)	(68,773,381)
RSP Current Plan Balance ⁶	(11,184,605) ⁷	7,012,777	18,197,382
Total Disposition	(11,184,605)	(61,760,604)	(50,575,999)

1 Table 1 shows that the normal operation of the RSP would result in an annual savings of approximately
2 \$50.6 million being reflected in the Utility Rate effective July 1, 2020.

3 **3.0 Compliance with OC2020-081**

4 **3.1 Continuation of Existing Utility Rate**

5 OC2020-081 prohibits Hydro from changing rates as a result of the operation of the RSP and CDM Cost
6 Deferral Account on July 1, 2020. As such, Hydro proposes the continuation of the existing RSP Current
7 Plan Adjustment of (0.188) cents/kWh, RSP Fuel Rider of 0.000 cents/kWh, and CDM Cost Recovery
8 Adjustment of 0.026 cents/kWh for the period July 1, 2020 to June 30, 2021.

9 **3.2 One-Time Bill Credit to Newfoundland Power**

10 OC2020-081 requires Hydro to provide Newfoundland Power with a one-time bill credit equal to the
11 estimated dollar value that would have been disbursed to Newfoundland Power between July 1, 2020
12 and June 30, 2021 as a result of the change in RSP Adjustments. As shown in Table 1, Hydro has
13 computed that amount to be approximately \$50.6 million. Therefore, Hydro proposes to reflect the
14 \$50.6 million in projected RSP savings as a one-time credit to Newfoundland Power.

15 The forecast wholesale bill from Hydro to Newfoundland Power in July 2020 is materially lower than the
16 \$50.6 million bill credit. As a result, it would take multiple months before Newfoundland Power would
17 receive the cash associated with a bill credit through avoided power purchase payments to Hydro.

18 OC2020-081 requires Newfoundland Power to pass the credit to customers as early as practicable;
19 therefore, Hydro proposes to provide Newfoundland Power with a one-time cash advance on
20 July 31, 2020 and record a transfer of the same amount to Newfoundland Power's Current Plan balance

⁶ Including forecast financing costs.

⁷ 2017 GRA Compliance Application dated July 11, 2019, Exhibit 6: Proposed Utility RSP and CDM Adjustments, Appendix A, Page A-1, Line 4.

1 also effective July 31, 2020. The July 31, 2020 transfer date was selected as it approximates the
2 timeframe for which retail customers will receive their one-time credit from Newfoundland Power. In
3 compliance with OC2020-081, Hydro would show the credit on its July 2020 bill to Newfoundland
4 Power, as well as the balance owing to Hydro related to the cash advance, which would result in no net
5 bill impact to Newfoundland Power.

6 The recovery of the \$50.6 million charge to the Newfoundland Power's RSP Current Plan balance
7 effective July 31, 2020 is projected to occur through fuel savings as a result of the projected fuel price of
8 \$64.80 per barrel being lower than the No. 6 fuel price of \$105.90 reflected in the Utility Rate that will
9 be in effect for the period July 1, 2020 to June 30, 2021.⁸

10 **3.3 CDM Costs Allocated to Newfoundland Power**

11 The CDM Cost Deferral Account definition requires Hydro to recover the amounts transferred into the
12 CDM Cost Deferral Account in 2019 over seven years, beginning July 1, 2020. However, OC2020-081
13 requires that customer rates not change as a result of the CDM Cost Recovery Adjustment; therefore,
14 Hydro is proposing that the Utility Rate's existing CDM Cost Recovery Adjustment remain in effect from
15 July 1, 2020 to June 30, 2021. As such, the portion of the CDM costs deferred in 2019 that are allocated
16 to Newfoundland Power will remain in the CDM Cost Deferral Account. Disposition of the 2019 portion
17 of the balance will be addressed in Hydro's 2020 application to update the CDM Cost Recovery
18 Adjustment applicable to Newfoundland Power.

19 **4.0 Conclusion**

20 In the absence of OC2020-081, Hydro would have implemented revised RSP Adjustments and CDM Cost
21 Recovery Adjustments for Newfoundland Power effective July 1, 2020. However, as a result of OC2020-
22 081, Hydro is proposing to maintain the existing RSP Adjustments and CDM Cost Recovery Adjustments
23 through June 30, 2020, resulting in no July 1, 2020 billing impact to Newfoundland Power.

24 In accordance with OC2020-081, Hydro proposes to provide a one-time bill credit of \$50.6 million to
25 Newfoundland Power on its July 2020 bill.

⁸ Any variances from the projected fuel cost savings will be captured into the RSP Current Plan balance to be used in the calculation of the July 1, 2021 RSP Current Plan Adjustment.

Appendix A

Order in Council OC2020-081

Under the authority of subsection 5.1(1) of the Electrical Power Control Act, 1994, the Lieutenant-Governor in Council is pleased to direct the Board of Commissioners of Public Utilities (Board) to adopt a policy that:

- 1) Customer rates for the period July 1, 2020 to June 30, 2021 shall not change on July 1, 2020 as a result of the application of adjustments arising from the operation of the Newfoundland and Labrador Hydro (Hydro) Rate Stabilization Plan, as set out in Schedule "C" of Order No. P.U.30(2019), and Conservation and Demand Management Cost Recovery Adjustment, as set out in Schedule "C" of Order No. P.U.22(2017), or Newfoundland Power Inc.'s (Newfoundland Power) Rate Stabilization Clause and Municipal Tax Clause, both as set out in Schedule "A" of Order No. P.U.31(2019);
 - 2) Upon application by Hydro, the dollar value of the change in the total annual amount for disposition through the Rate Stabilization Plan adjustment for the period July 1, 2020 to June 30, 2021, be provided to Newfoundland Power through a one-time wholesale bill credit as early as practicable;
 - 3) Upon application by Newfoundland Power, the dollar value of the change in the annual amount for disposition to customers through the Rate Stabilization Account, as described in Schedule "A" of Order No. P.U.31(2019), and the operation of the Municipal Tax Clause referenced above, for the period July 1, 2020 to June 30, 2021, be provided to customers through a one-time bill credit as early as practicable, with the methodology for determination of the bill credit to be determined by the Board; and
-
- 4) Upon application by Hydro, the same bill credit approach as provided for in Item 3 also be provided to Hydro Rural Customers who are subject to automatic rate changes based on the rates approved for customers of Newfoundland Power, and the financial impact of this adjustment be included in the RSP Rural Rate Alteration.

Appendix B

Change in No. 6 Fuel Cost Resulting from Updated Fuel Price Forecast

Newfoundland and Labrador Hydro
Change in No. 6 Fuel Cost Resulting from Updated Fuel Price Forecast
Utility Customer

Line No	Customer Allocation	Amount	Comments	Percent of Total	Allocation of Rural	Total
1	March 2020 Fuel Price Projection	\$ 64.80	From Page 2			91.19%
2	2019 Test Year Fuel Forecast Cost	\$ 105.90				8.55%
3	Forecast Fuel Price Variance	\$ (41.10)	Line 1 - Line 2			0.00%
4	2019 Test Year Barrels of Consumption	1,834,980				0.00%
5	Forecast Fuel Variance	\$ (75,417,678)	Line 3 x Line 4			0.00%
6	Utility Customer Allocation Ratio	91.19%	From Line 8			0.00%
7	Utility Customer Allocation	\$ (68,773,381)	Line 5 x Line 6			0.00%
Calculation of Customer Allocation						
8	12 Months-to-Date Utility Sales	5,887,105,667		84.68%	6.51%	91.19%
9	12 Months-to-Date Industrial Customer Sales	594,574,585		8.55%	0.00%	8.55%
10	12 Months-to-Date Bulk Rural Energy Sales	470,898,866		6.77%	-6.77%	0.00%
11	Total	6,952,579,118				

Newfoundland and Labrador Hydro
Rate Stabilization Plan Forecast Fuel Price

Hydro Forecast US\$/bbl ⁽¹⁾	Forecast US\$/bbl (a)	Premium/(Discount) ⁽²⁾ US\$/bbl (b)	Landed Forecast Price US\$/bbl (c) = (a) + (b)
July 2020	\$ 32.93	\$ 4.13	\$ 37.06
August 2020	\$ 40.94	\$ 4.13	\$ 45.07
September 2020	\$ 43.33	\$ 4.13	\$ 47.46
October 2020	\$ 43.86	\$ 4.13	\$ 47.99
November 2020	\$ 44.15	\$ 4.13	\$ 48.28
December 2020	\$ 43.39	\$ 4.13	\$ 47.52
January 2021	\$ 44.33	\$ 4.13	\$ 48.46
February 2021	\$ 40.11	\$ 4.13	\$ 44.24
March 2021	\$ 41.86	\$ 4.13	\$ 45.99
April 2021	\$ 43.36	\$ 4.13	\$ 47.49
May 2021	\$ 44.12	\$ 4.13	\$ 48.25
June 2021	\$ 45.22	\$ 4.13	\$ 49.35
Average Holyrood Forecast Landed Price (US\$/bbl)	\$ 42.30	\$ 4.13	\$ 46.43
CAN/US Exchange Rate ⁽³⁾			\$ 1.3953
Fuel Price Projection (CAN\$/bbl) ⁽⁴⁾			\$ 64.80

⁽¹⁾ US pricing: New York Harbour price forecast, March 2020.

⁽²⁾ Deliveries post October 17, 2017 will be charged \$4.13 US\$/bbl as opposed to the \$5.03 US\$/bbl per the original contract.

⁽³⁾ Average of the Bank of Canada CAN/US Exchange Rate for the month of March 2020, rounded to 4 decimal places.

⁽⁴⁾ Price per barrel is rounded to the nearest \$0.05.

Appendix C

Rate Stabilization Current Plan Balance

Application for Approval of a One-Time Bill Credit to Newfoundland Power in Accordance with OC2020-081
Appendix C: Rate Stabilization Current Plan Balance
Page 1 of 1

Newfoundland and Labrador Hydro
Rate Stabilization Plan Current Plan Balance
Utility Customer

Line No		Amount	Comments
	Current Plan		
1	March Balance	\$ 3,818,144	March RSP 2020
2	Forecast Financing Costs to June 30, 2021	\$ 662,979	Line 25
3	Forecast Recovery to June 30, 2020	\$ 2,531,654	Lines 8 to 10
4	Total	<u><u>\$ 7,012,777</u></u>	
5	12 months to date (Apr-Mar) Newfoundland Power Sales (kWh)	<u>5,887,105,667</u>	
6	RSP Recovery Adjustment rate (¢ per kWh)	<u>(0.188)</u> ¹	

Newfoundland Power Forecast Financing Charges
2020-2021

2019 Test Year Weighted Average Cost of Capital per annum 5.430%

Month	Sales (kWh)	Financing Costs (\$)	Adjustment (\$)	Total-to-Date Balance (\$)
7 Mar-20				3,818,144
8 Apr-20	533,946,061	16,861	1,003,819	4,838,824
9 May-20	470,845,808	21,369	885,190	5,745,383
10 Jun-20	341,832,375	25,372	642,645	6,413,400
13 Jul-20	312,183,489	28,322	586,905	7,028,628
14 Aug-20	295,791,120	31,039	556,087	7,615,755
15 Sep-20	322,592,106	33,632	606,473	8,255,860
16 Oct-20	426,982,337	36,459	802,727	9,095,046
17 Nov-20	513,282,325	40,165	964,971	10,100,182
18 Dec-20	641,578,748	44,604	1,206,168	11,350,954
19 Jan-21	709,139,088	50,127	1,333,181	12,734,263
20 Feb-21	660,907,602	56,236	1,242,506	14,033,005
21 Mar-21	658,024,608	61,972	1,237,086	15,332,063
22 Apr-21	533,946,061	67,709	1,003,819	16,403,590
23 May-21	470,845,808	72,441	885,190	17,361,221
24 Jun-21	341,832,375	76,670	642,645	18,080,536
25 Total		<u><u>662,979</u></u>	<u><u>13,599,412</u></u>	

¹ RSP Current Plan Adjustment is not projected to change July 1, 2020.

Appendix D

Rate Stabilization Plan Report March 31, 2020

Newfoundland and Labrador Hydro
Rate Stabilization Plan Report
March 31, 2020

Summary of Key Facts

Recovery of the Supply Deferral Accounts were approved for recovery from the current plan balances of Newfoundland Power and Industrial Customers on May 1, 2020 in Board Order No. P.U. 13(2020). The recovery of the Supply Deferral Accounts is reflected in this March 31, 2020 Report but not in the Quarterly Financial Statements for the same period.

The Rate Stabilization Plan of Newfoundland and Labrador Hydro ("Hydro"), as amended by Board Order Nos. P.U. 40(2003), P.U. 8(2007), P.U. 49(2016), P.U. 16(2019), and P.U. 30(2019), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood Thermal Generating Station ("Holyrood TGS");
- Customer load (Utility and Island Industrial); and
- Rural rates.

Finance charges are calculated on the balances using the test year weighted average cost of capital, which is currently 5.43% per annum. Holyrood TGS operating efficiency is set, for RSP purposes, at 583 kWh per barrel ("bbl.").

2019 Test Year Cost of Service

	Net Hydraulic Production (kWh)	No. 6 Fuel Cost (CAN\$/bbl.)	Utility Load (kWh)	Industrial Load (kWh)
January	447,370,330	105.90	715,400,000	63,000,000
February	431,341,711	105.90	648,500,000	58,100,000
March	472,284,631	105.90	646,000,000	63,300,000
April	428,198,027	105.90	527,700,000	61,500,000
May	402,533,640	105.90	421,700,000	63,000,000
June	349,192,000	105.90	345,200,000	60,900,000
July	328,931,400	105.90	307,900,000	62,400,000
August	316,072,760	105.90	300,500,000	62,600,000
September	294,787,800	105.90	314,500,000	61,000,000
October	346,217,340	105.90	413,700,000	63,000,000
November	306,340,177	105.90	495,500,000	60,700,000
December	477,180,961	105.90	664,100,000	63,800,000
Total	<u>4,600,450,777</u>		<u>5,800,700,000</u>	<u>743,300,000</u>

**Rate Stabilization Plan
Plan Highlights
March 31, 2020**

	Actual	Cost of Service	Variance	Year-to-Date Due (To) From Customers	Reference
Hydraulic Production Year-to-Date	1,404.0 GWh	1,351. GWh	53.0 GWh	\$ (9,089,240)	Page 3
No. 6 Fuel Cost - Current Month	\$ 91.18	\$ 105.90	\$ (14.72)	\$ (8,628,612)	Page 4
Year-to-Date Customer Load - Utility	2,028.1 GWh	2,009.9 GWh	18.2 GWh	\$ (329,863)	Page 9
Year-to-Date Customer Load - Industrial	143. GWh	184.4 GWh	-41.4 GWh	\$ (5,691,432)	Page 10
				<u><u>\$ (23,739,147)</u></u>	
<hr/>					
Rural Rates					
Rural Rate Alteration ("RRA")	\$ (1,174,311)				
Less : RRA to Utility Customer	\$ (1,128,513)				Page 7
RRA to Labrador interconnected	\$ (45,798)				
Fuel Variance to Labrador Interconnected	\$ (22,792)				Page 5
Net Labrador Interconnected	<u><u>\$ (68,590)</u></u>				
<hr/>					
Current Plan Summary					
One-Year Recovery					
Due (to) from Utility Customer	\$ 3,818,144				Page 7
Due (to) from Industrial Customers	\$ 3,109,588				Page 8
Subtotal	<u><u>\$ 6,927,732</u></u>				
Four-Year Recovery					
Hydraulic Balance	\$ 7,930,563				Page 3
Total Plan Balance	<u><u>\$ 14,858,295</u></u>				Page 13

Rate Stabilization Plan
 Net Hydraulic Production Variation
 March 31, 2020

	A	B1	B2	B3	B	C	D	E	F	G	H
	Cost of Service	Actual Production	Net Pondered Energy	Spill Exports	Net Hydraulic Production for Calculation	Monthly Net Hydraulic Production Variance	Cost of Service No. 6 Fuel Cost	Net Hydraulic Production Variation	Financing Charges	Transfers	Cumulative Variation and Financing Charges
	(kWh)	(kWh)	(kWh)	(kWh)	(kWh) (B1 + B2 - B3)	(kWh) (A - B)	(CAN\$/bbl.)	(\$) (C / O ⁽¹⁾ x D)	(\$)		(\$) (E + F) (to page 14)
Opening Balance											
Adjustment											
Adjusted Opening Balance											16,929,184
January	447,370,330	529,676,754	(3,130,000)	-	526,546,754	(79,176,424)	105.90	(14,382,133)	74,762	-	2,621,813
February	431,341,711	440,504,434	-	-	440,504,434	(9,162,723)	105.90	(1,664,378)	11,578	-	969,013
March	472,284,631	433,772,506	211,000	-	433,983,506	38,301,125	105.90	6,957,271	4,279	-	7,930,563
April											0
May											
June											
July											
August											
September											
October											
November											
December											
Hydraulic Allocation											
Hydraulic Variation at Year End											
	1,350,996,672	1,403,953,694	(2,919,000)	-	1,401,034,694	(50,038,022)		(9,089,240)	90,619	-	7,930,563
								(9,089,240)	90,619	-	7,930,563

(1) O is the Holyrood Operating Efficiency of 583 kWh/bbl. Ref. Board Order No. P.U. 16(2019) at p.19.

**Rate Stabilization Plan
No. 6 Fuel Variation
March 31, 2020**

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel (bbl.)	Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.)	Net Quantity No. 6 Fuel (bbl.) (A - B)	Cost of Service No. 6 Fuel Cost (CAN\$/bbl.)	Actual Average No. 6 Fuel Cost (CAN\$/bbl.)	Cost Variance (CAN\$/bbl.) (E - D)	No.6 Fuel Variation (\$) (C x F) (to page 5)
January	321,386	-	321,386	105.90	98.23	(7.67)	(2,465,031)
February	315,032	-	315,032	105.90	100.59	(5.31)	(1,672,818)
March	305,079	-	305,079	105.90	91.18	(14.72)	(4,490,763)
April							
May							
June							
July							
August							
September							
October							
November							
December							
	<u>941,497</u>	<u>-</u>	<u>941,497</u>				<u>(8,628,612)</u>

Rate Stabilization Plan
 Allocation of Fuel Variance - Year-to-Date
 March 31, 2020

	Twelve Months-to-Date			Year-to-Date Fuel Variance			Reallocate Rural Island Customers ⁽¹⁾			
	A	B	C	D	E	F	G	H	I	J
	Utility (kWh)	Industrial Customers (kWh)	Rural Island Customers (kWh)	Total (kWh) (A+B+C)	Utility (\$)	Industrial Customers (\$)	Rural Island Interconnected (\$)	Total (\$)	Utility (\$)	Interconnected (\$)
January	5,942,489,192	602,000,909	474,802,453	7,019,292,554	(A/D X H) (to page 6) (2,086,880)	(B/D X H) (to page 6) (211,410)	(C/D X H) (166,741)	(from page 4) (2,465,031)	(G X 96.1%) (to page 6) (160,238)	(G X 3.9%) (6,503)
February	5,901,674,896	601,168,489	472,548,509	6,975,391,894	(3,500,913)	(356,617)	(280,319)	(4,137,849)	(269,387)	(10,932)
March	5,887,105,667	594,574,585	470,898,866	6,952,579,118	(7,306,289)	(737,907)	(584,416)	(8,628,612)	(561,624)	(22,792)
April										
May										
June										
July										
August										
September										
October										
November										
December										

⁽¹⁾ The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2019 Cost of Service Study, which is 96.1% and 3.9% respectively. The Labrador interconnected amount is then removed from the plan and written off to net income (loss). Reference: Board Order No. P. U.30(2019).

**Rate Stabilization Plan
 Allocation of Fuel Variance - Monthly
 March 31, 2020**

A	B	C			D	E	F		G
		Utility					Industrial		
Year-to-Date Activity (\$)	Fuel Variance		Rural Allocation		Total Fuel Variance Activity for the Month (\$)	Fuel Variance		Current Month Activity ⁽¹⁾ (\$)	
	Year-to-Date Activity ⁽¹⁾ (\$)	Current Month Activity ⁽¹⁾ (\$)	Year-to-Date Activity (\$)	Current Month Activity ⁽¹⁾ (\$)		Year-to-Date Activity (\$)	Current Month Activity ⁽¹⁾ (\$)		
(from page 5)			(from page 5)		(B + D)	(from page 5)	(to page 8)		
January (2,086,880)	(2,086,880)		(160,238)	(160,238)	(2,247,118)	(211,410)	(211,410)		
February (3,500,913)	(1,414,033)		(269,387)	(109,149)	(1,523,182)	(356,617)	(145,207)		
March (7,306,289)	(3,805,376)		(561,624)	(292,237)	(4,097,613)	(737,907)	(381,290)		
April									
May									
June									
July									
August									
September									
October									
November									
December									
	<u>(7,306,289)</u>		<u>(561,624)</u>	<u>(7,867,913)</u>		<u>(737,907)</u>	<u>(737,907)</u>		

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

Rate Stabilization Plan
 Summary of Utility Customer
 March 31, 2020

	A	B	C	D	E	F	G	H
	Load	Allocation	Allocation	Subtotal	Financing	Adjustment	Transfers	Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges	(²)	(³)	Net
	(\$)	(\$)	Alteration ⁽¹⁾	Variations	(\$)	(\$)	(\$)	Balance
	(from page 12)	(from page 6)	(\$)	(A + B + C)				(\$)
Opening Balance								(to page 14)
Adjustment ⁽⁴⁾								(3,487,368)
Adjusted Opening Balance								79,499
January	(2,875,380)	(2,247,118)	(400,847)	(5,523,345)	(15,050)	1,333,181		(3,407,869)
February	(1,007,445)	(1,523,182)	(362,638)	(2,893,265)	(33,620)	1,242,506		(7,613,083)
March	(1,607,632)	(4,097,613)	(365,028)	(6,070,273)	(41,059)	1,237,086	17,989,852	(9,297,462)
April								3,818,144
May								
June								
July								
August								
September								
October								
November								
December								
Year-to-Date	(5,490,457)	(7,867,913)	(1,128,513)	(14,486,883)	(89,729)	3,812,773	17,989,852	7,226,013
Hydraulic Allocation (from page 3)								
Total	(5,490,457)	(7,867,913)	(1,128,513)	(14,486,883)	(89,729)	3,812,773	17,989,852	3,818,144

⁽¹⁾ The Rural Rate Alteration is allocated between Utility and Labrador Interconnected Customers in the same proportion which the Rural Deficit was allocated in the approved 2019 Cost of Service Study, which is 96.1% and 3.9% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

⁽²⁾ Effective October 1, 2019 the RSP adjustment rate is (0.188); approved in Board Order No. P.U. 30(2019).

⁽³⁾ Recovery of the 2019 Supply Deferral Accounts from current plan balances was approved in Board Order No. P.U. 13(2020).

⁽⁴⁾ The load variation on Secondary Energy from October 1, 2019 to December 31, 2019 was calculated using a rate of 0.03694 instead of .02882 approved in Board Order No. P.U. 30(2019).

**Rate Stabilization Plan
 Summary of Industrial Customers
 March 31, 2020**

	A	B	C	D	E	F	G
	Load Variation (\$)	Allocation Fuel Variance (\$)	Subtotal Monthly Variances (\$) (A + B)	Financing Charges (\$)	Adjustment ⁽¹⁾ (\$)	Transfers ⁽²⁾	Cumulative Net Balance (\$)
Opening Balance		(from page 6)					(to page 14)
Adjusted Opening Balance							2,720,624
January	(270,518)	(211,410)	(481,928)	12,049			7,693
February	(96,742)	(145,207)	(241,949)	9,974	(84,523)		2,258,438
March	(147,673)	(381,290)	(528,963)	8,576	(85,045)	1,773,080	1,941,940
April							3,109,588
May							
June							
July							
August							
September							
October							
November							
December							
Year-to-Date	(514,933)	(737,907)	(1,252,840)	30,599	(169,568)	1,773,080	381,271
Hydraulic Allocation (from page 3)							-
Total	(514,933)	(737,907)	(1,252,840)	30,599	(169,568)	1,773,080	3,109,588

⁽¹⁾ The RSP adjustment rate effective October 1, 2019 was 0.000 cents per kWh per Board Order No. P.U. 30(2019). Effective February 1, 2020, the RSP adjustment rate is 0.167 cents per kWh per Board Order P.U. 8(2020).

⁽²⁾ Recovery of the 2019 Supply Deferral Accounts from current plan balances was approved in Board Order No. P.U. 13(2020).

⁽³⁾ The load variation on Secondary Energy from October 1, 2019 to December 31, 2019 was calculated using a rate of 0.03694 instead of .02882 approved in Board Order No. P.U. 30(2019).

Rate Stabilization Plan
 Load Variation - Utility
 March 31, 2020

	A	B	C	D	E	F	G	H	I	J	K	
	Firm Energy						Secondary Energy					
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate ⁽¹⁾	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation	
	(kWh)	(kWh)	(kWh)	(CAN\$/bbl.)	(\$/kWh)	(\$)	(kWh)	(kWh)	(\$/kWh)	(\$)	(\$)	
			(B - A)			C x {(D/O ³) - E}				(G - H) x I	(F + J)	
January	715,400,000	702,501,671	(12,898,329)	105.90	0.18165	43	-	6,637,417	0.02882	(191,290)	(191,247)	
February	648,500,000	658,182,129	9,682,129	105.90	0.18165	(32)	-	2,725,473	0.02882	(78,548)	(78,580)	
March	646,000,000	655,942,616	9,942,616	105.90	0.18165	(33)	-	2,081,992	0.02882	(60,003)	(60,036)	
April												
May												
June												
July												
August												
September												
October												
November												
December												
	2,009,900,000	2,016,626,416	6,726,416			(22)	-	11,444,882		(329,841)	(329,863)	

⁽¹⁾ O is the Holyrood Operating Efficiency of 583 kWh/barrel (ref. Board Order No. P.U.16(2019) p.19).

**Rate Stabilization Plan
Load Variation - Industrial
March 31, 2020**

	A	B	C	D	E	F
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh)	Cost of Service No. 6 Fuel Cost (\$)	Firm Energy Rate (\$/kWh)	Load Variation (\$)
			(B - A)			C x {(D/O ¹) - E} (to page 11)
January	63,000,000	41,430,195	(21,569,805)	105.90	0.04428	(2,962,972)
February	58,100,000	50,612,412	(7,487,588)	105.90	0.04428	(1,028,545)
March	63,300,000	50,924,982	(12,375,018)	105.90	0.04428	(1,699,915)
April						
May						
June						
July						
August						
September						
October						
November						
December						
	184,400,000	142,967,589	(41,432,411)			(5,691,432)

¹¹⁷ O is the Holyrood Operating Efficiency of 583 kWh/barrel (ref. Board Order No. P. U.16(2019) p.19).

Rate Stabilization Plan
 Allocation of Load Variance - Year-to-Date
 March 31, 2020

	Twelve Months-to-Date			Year-to-Date Load Variance				Reallocate Rural Island Customers ⁽¹⁾		
	A	B	C	D	E	F	G	H	I	J
	Utility (kWh)	Industrial Customers (kWh)	Rural Island Customers (kWh)	Total (kWh) (A+B+C)	Utility (\$) (A/D X H)	Industrial Customers (\$) (B/D X H)	Rural Island Interconnected (\$) (C/D X H)	Total ⁽²⁾ (\$)	Utility (\$)	Interconnected (\$)
January	5,942,489,192	602,000,909	474,802,453	7,019,292,554	(2,670,342)	(270,518)	(213,359)	(3,154,219)	(205,038)	(8,321)
February	5,901,674,896	601,168,489	472,548,509	6,975,391,894	(3,605,398)	(367,260)	(288,686)	(4,261,344)	(277,427)	(11,259)
March	5,887,105,667	594,574,585	470,898,866	6,952,579,118	(5,098,540)	(514,933)	(407,822)	(6,021,295)	(391,917)	(15,905)
April								(from pages 9 & 10)		
May										
June										
July										
August										
September										
October										
November										
December										

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2019 Cost of Service Study, which is 96.1% and 3.9% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) Total load re-allocated based on energy ratios. The total is the sum of the Load Variation - Utility (page 9) and Load Variation - Industrial (page 10).

**Rate Stabilization Plan
Allocation of Load Variance - Year-to-Date
March 31, 2020**

A	B	C			D		E		F		G
		Utility			Rural Allocation		Total Load		Industrial		
Load Variance		Year-to-Date		Current Month		Activity for the Month		Year-to-Date		Current Month	
Year-to-Date Activity	Current Month Activity ⁽¹⁾	Year-to-Date Activity	Current Month Activity ⁽¹⁾	Year-to-Date Activity	Current Month Activity ⁽¹⁾	Total Load Activity for the Month	Year-to-Date Activity	Current Month Activity ⁽¹⁾	Year-to-Date Activity	Current Month Activity ⁽¹⁾	Year-to-Date Activity ⁽¹⁾
(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
January	(2,670,342)	(2,670,342)	(205,038)	(205,038)	(205,038)	(2,875,380)	(270,518)	(270,518)	(270,518)	(270,518)	(270,518)
February	(3,605,398)	(935,056)	(277,427)	(72,389)	(72,389)	(1,007,445)	(367,260)	(367,260)	(367,260)	(96,742)	(96,742)
March	(5,098,540)	(1,493,142)	(391,917)	(114,490)	(114,490)	(1,607,632)	(514,933)	(514,933)	(514,933)	(147,673)	(147,673)
April						(B + D)					(to page 8)
May						(to page 7)					
June											
July											
August											
September											
October											
November											
December											
		<u>(5,098,540)</u>	<u>(391,917)</u>	<u>(5,490,457)</u>	<u>(391,917)</u>	<u>(5,490,457)</u>	<u>(514,933)</u>	<u>(514,933)</u>	<u>(514,933)</u>	<u>(514,933)</u>	<u>(514,933)</u>

⁽¹⁾ The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan
Overall Summary
March 31, 2020**

	A	B	C	E
	Hydraulic Balance (\$)	Utility Balance (\$)	Industrial Balance (\$)	Total To Date (\$)
	(from page 3)	(from page 7)	(from page 8)	(A + B + C)
Opening Balance	16,929,184	(3,487,368)	2,720,624	16,162,440
Adjustments ⁽¹⁾	0	79,499	7,693	87,192
Adjusted Opening Balance	16,929,184	(3,407,869)	2,728,317	16,249,632
January	2,621,813	(7,613,083)	2,258,438	(2,732,832)
February	969,013	(9,297,462)	1,941,940	(6,386,510)
March	7,930,563	3,818,144	3,109,588	14,858,295
April				
May				
June				
July				
August				
September				
October				
November				
December				

⁽¹⁾ The load variation on Secondary Energy from October 1, 2019 to December 31, 2019 was calculated using a rate of 0.03694 instead of .02882 approved in Board Order No. P. U. 30(2019).



Affidavit

IN THE MATTER OF the *Electrical Power Control Act*, 1994, SNL 1994, c. E-5.1 (“EPCA”) and the *Public Utilities Act*, RSNL 1990, c P-47 (“Act”), and regulations thereunder, and

IN THE MATTER OF Application by Newfoundland and Labrador Hydro (“Hydro”) for the approval, pursuant to Sections 70(1) of the *Act*, of a one-time Rate Stabilization Plan (“RSP”) credit to Newfoundland Power in accordance with OC2020-081.

AFFIDAVIT

I, Kevin Fagan, of St. John’s in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice-President, Regulatory Affairs and Customer Service of Newfoundland and Labrador Hydro, the Applicant named in the attached Application.
2. I have read and understand the foregoing Application.
3. I have personal knowledge of the facts contained therein, except where otherwise indicated, and they are true to the best of my knowledge, information and belief.

SWORN at St. John’s in the)
Province of Newfoundland and)
Labrador)
this 25 day of May 2020,)
before me:)



Barrister – Newfoundland and Labrador



Kevin Fagan