

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

**AN ORDER OF THE BOARD**

**NO. P.U. 13(2020)**

1 **IN THE MATTER OF** the *Electrical Power*  
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the  
3 “*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  
8 Newfoundland and Labrador Hydro for recovery  
9 of the 2019 balances in (i) the Isolated Systems  
10 Supply Cost Variance Deferral Account, (ii) the  
11 Revised Energy Supply Cost Variance Deferral  
12 Account, and (iii) the Holyrood Conversion Rate  
13 Deferral Account, pursuant to sections 70(1) and  
14 80 of the *Act*.  
15  
16

17 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
18 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
19 and is also subject to the provisions of the *EPCA*; and  
20

21 **WHEREAS** the definitions of the Isolated Systems Supply Cost Variance Deferral Account  
22 (“Isolated Systems Deferral Account”), the Energy Supply Cost Variance Deferral Account, and  
23 the Holyrood Conversion Rate Deferral Account were approved in Order No. P.U. 22(2017); and  
24

25 **WHEREAS** in Order No. P.U. 30(2019) the Board approved the definition of the Revised Energy  
26 Supply Cost Variance Deferral Account (“Revised Energy Supply Deferral Account”) which  
27 added variations in off-island power purchases, in price and volume, to the sources covered by the  
28 deferral account definition; and  
29

30 **WHEREAS** the deferral accounts are collectively referred to as the “Supply Deferral Accounts”;  
31 and  
32

33 **WHEREAS** the approved account definitions require Hydro to file an application for the approval  
34 of the account balances and the disposition of any balance in the Supply Deferral Accounts no  
35 later than March 31st of each year; and

1 **WHEREAS** on March 25, 2020 Hydro filed an application requesting approval of the allocation  
2 of the 2019 balances in the Supply Deferral Accounts, totaling \$19.8 million, consistent with the  
3 methodologies approved for the 2015, 2016 and 2017 Deferred Supply Costs approved in Order  
4 P.U. 16(2019), and the 2018 Deferred Supply Costs approved in Order No. P.U. 21(2019) (the  
5 “Application”); and  
6

7 **WHEREAS** the Application proposes that the 2019 Isolated Systems Deferral Account credit  
8 balance of \$346,657 be allocated between Newfoundland Power Inc. (“Newfoundland Power”)  
9 and the Hydro Rural Labrador Interconnected System customers based on the 2019 Test Year  
10 Rural Deficit allocation which would result in a credit balance of \$333,137 owing to  
11 Newfoundland Power and a \$13,250 credit to Hydro’s net income; and  
12

13 **WHEREAS** the Application proposes that the 2019 Revised Energy Supply Deferral Account  
14 debit balance of \$21,738,429 be allocated on the basis of energy consumption in the year in which  
15 the balance accumulated which would result in a balance owing of \$19,767,851 from  
16 Newfoundland Power, a balance owing of \$1,912,896 from the Island Industrial customers, and  
17 \$57,682 to be allocated to the Hydro Rural Labrador Interconnected System customers, which will  
18 be applied as a reduction to Hydro’s net income; and  
19

20 **WHEREAS** the Application proposes that the 2019 Holyrood Conversion Rate Deferral Account  
21 credit balance of \$1,588,894 also be allocated on the basis of energy consumption in the year in  
22 which the balance accumulated which would result in a credit balance of \$1,444,862 owing to  
23 Newfoundland Power, a credit balance of \$139,816 owing to the Island Industrial customers and  
24 a credit of \$4,216 to the Hydro Rural Labrador Interconnected System customers, which is applied  
25 as a credit to Hydro’s net income; and  
26

27 **WHEREAS** the Application proposes to transfer the allocated balances associated with the 2019  
28 Supply Deferral Accounts to the Rate Stabilization Plan (“RSP”) Current Plan balances as of  
29 March 31, 2020 and recover from customers through the RSP Current Plan Adjustment; and  
30

31 **WHEREAS** the Application was circulated to: Newfoundland Power; the Consumer Advocate,  
32 Dennis Browne, Q.C.; a group of Island Industrial customers: Corner Brook Pulp and Paper  
33 Limited, NARL Refining Limited Partnership, Vale Newfoundland and Labrador Limited (the  
34 “Industrial Customer Group”); Praxair Canada Inc.; and Teck Resources Limited; and  
35

36 **WHEREAS** the Board engaged Grant Thornton LLP to review the Application and provide a  
37 report to the Board by April 23, 2020; and  
38

39 **WHEREAS** Grant Thornton LLP concluded in its report that the amounts reported are in  
40 accordance with account definitions approved in Order No. P.U. 22(2017) and Order No. P.U.  
41 30(2019); and  
42

43 **WHEREAS** Newfoundland Power and the Industrial Customer Group advised on April 27, 2020  
44 that they had no comments on the Application; and

1 **WHEREAS** on April 29, 2020 Hydro noted Grant Thornton’s conclusion that Hydro’s  
2 calculations were in accordance with the approved account definitions and no Requests for  
3 Information or comments were received and requested that the Board approve the Application as  
4 submitted; and

5  
6 **WHEREAS** the Board is satisfied that Hydro’s proposals for the allocation and recovery of the  
7 2019 Supply Deferral Accounts should be approved.

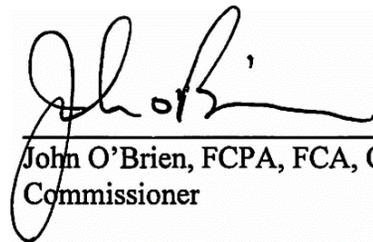
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9  
10 **IT IS THEREFORE ORDERED THAT:**

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- 12 1. The balances in the Revised Energy Supply Cost Variance Deferral Account, the Holyrood  
13 Conversion Rate Deferral Account and the Isolated Systems Supply Cost Variance Deferral  
14 Account for 2019 are approved.
  - 15
  - 16 2. Hydro’s proposals for the allocation by customer class of the balances in the Revised Energy  
17 Supply Cost Variance Deferral Account, the Holyrood Conversion Rate Deferral Account  
18 and the Isolated Systems Supply Cost Variance Deferral Account for 2019 are approved.
  - 19
  - 20 3. Hydro’s proposal to recover the amounts allocated to Newfoundland Power and the Island  
21 Industrial customers through a transfer of balances to the respective RSP Current Plans  
22 effective March 31, 2020, with recovery from Newfoundland Power and the Island Industrial  
23 customers starting July 1, 2020 and January 1, 2021, respectively is approved.
  - 24
  - 25 4. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John’s, Newfoundland and Labrador, this 1<sup>st</sup> day of May, 2020.



Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA  
Commissioner



Cheryl Blundon  
Board Secretary