

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

AN ORDER OF THE BOARD

NO. P.U. 4(2024)

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 for approval of
9 Island Industrial Customer rates to (i) reflect revisions
10 with respect to the Island Industrial Customer Rate
11 Stabilization Plan Adjustments, and (ii) implement
12 a Project Cost Recovery Rider.
13
14

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

19 **WHEREAS** Hydro’s Island Industrial Customer rates are adjusted on January 1 each year to update
20 the Rate Stabilization Plan (“RSP”) Current Plan Adjustment pursuant to the RSP Rules for Balance
21 Disposition approved in Order No. P.U. 4(2022); and
22

23 **WHEREAS** on January 16, 2024 Hydro filed an application (the “Application”) for approval of:
24 i. a revised Island Industrial Customer RSP Current Plan Adjustment of 0.589 cents per
25 kWh effective January 1, 2024; and
26 ii. the implementation of a Project Cost Recovery Rider of 0.888 cents per kWh; and
27

28 **WHEREAS** the Application stated that the Island Industrial Customer RSP Current Plan balance as
29 of December 31, 2023 was a debit balance owing from customers of approximately \$1.9 million
30 which results in an RSP Current Plan Adjustment of 0.589 cents per kWh and a projected average
31 billing decrease for Island Industrial customers of approximately 10.4% in 2024; and
32

33 **WHEREAS** the Application proposed to implement a Project Cost Recovery Rider for the Island
34 Industrial customers to begin recovery of the Muskrat Falls Project cost payments consistent with
35 the rider implemented for Hydro’s Utility customer in Order No. P.U. 19(2022); and

1 **WHEREAS** a Project Cost Recovery Rider of 0.888 cents per kWh effective January 1, 2024 is
2 proposed to offset the rate decrease resulting from the RSP Current Plan Adjustment and
3 maintain rates at current levels; and

4
5 **WHEREAS** the Application noted that the Project Cost Recovery Rider payments will be credited
6 to the Supply Cost Variance Deferral Account - Industrial component; and

7
8 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
9 the Consumer Advocate, Dennis Browne, KC; a group of Island Industrial Customers: Corner Brook
10 Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale Newfoundland
11 and Labrador Limited (the “Island Industrial Customer Group”); Linde Canada Inc.; and Teck
12 Resources Limited; and

13
14 **WHEREAS** on January 16, 2024 the Island Industrial Customer Group advised the Board that they
15 are in agreement with the rates proposed in the Application; and

16
17 **WHEREAS** on January 22, 2024, Newfoundland Power advised the Board that they did not have
18 any comment on the Application; and

19
20 **WHEREAS** on January 23, 2024 Hydro filed a reply requesting the Application be approved as
21 submitted; and

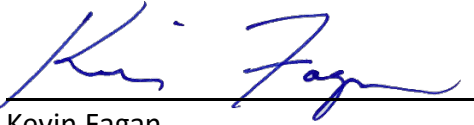
22
23 **WHEREAS** the Board is satisfied that the proposed RSP Current Plan Adjustment for 2024 of 0.589
24 cents per kWh is consistent with the RSP Rules for Balance Disposition and should be approved;
25 and

26
27 **WHEREAS** the Board is also satisfied that implementation of the proposed Project Cost Recovery
28 Rider of 0.888 cents per kWh is appropriate in the circumstances and should be approved.

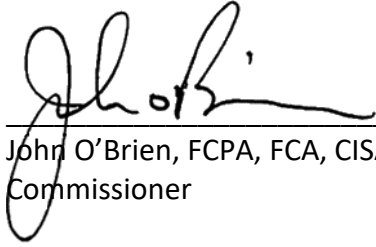
29
30
31 **IT IS THEREFORE ORDERED THAT:**

- 32
- 33 1. The Island Industrial Customer RSP Current Plan Adjustment of 0.589 cents per kWh is
34 approved.
 - 35
 - 36 2. The implementation of a Project Cost Recovery Rider of 0.888 cents per kWh is approved.
37
 - 38 3. The Island Industrial Customer Rates as set out in Schedule A to this Order, to be effective
39 on all electrical consumption on and after January 1, 2024, are approved.
40
 - 41 4. Hydro shall pay all expenses of the Board arising from the Application.

DATED at St. John's, Newfoundland and Labrador, this 30th day of January 2024.



Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Jo-Anne Galarneau
Board Secretary

INDUSTRIAL – FIRM

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 \$10.73 per kilowatt (kW) per month of billing demand.

Firm Energy Charge

| | |
|--|-------------------------|
| Base Rate..... | @ 4.428¢ per kWh |
| RSP Adjustment - Current Plan | @ 0.589¢ per kWh |
| Project Cost Recover Rider..... | @0.888¢ per kWh |
| CDM Cost Recovery Adjustment..... | @ 0.005¢ per kWh |

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.

| | Annual Amount |
|--|----------------------|
| Corner Brook Pulp and Paper Limited | \$13,311 |
| Braya Renewable Fuels (Newfoundland) GP Inc. | \$107,678 |
| Teck Resources Limited | \$51,789 |
| Vale | \$145,352 |

***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 Conservation and Demand Management ("CDM") Cost Recovery Adjustment is updated annually to provide recovery over a seven-year period of costs charged annually to the 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) that applies to electricity bills.

INDUSTRIAL – NON-FIRM

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%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

- 1) Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
- 2) Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
- 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) that applies to electricity bills.

INDUSTRIAL – WHEELING

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)* @ 0.831¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

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) that applies to electricity bills.