



Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400, St. John's, NL
Canada A1B 4K7
t. 709.737.1400 | f. 709.737.1800
nlhydro.com

April 17, 2023

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

Attention: Cheryl Blundon
Director of Corporate Services and Board Secretary

Re: Application for July 1, 2023 Utility Rate Adjustments

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for Utility Rate Adjustments, including updates to the Rate Stabilization Plan ("RSP") Current Plan Adjustment and the Utility Conservation and Demand Management ("CDM") Cost Recovery Adjustment all to become effective July 1, 2023 ("Application").

Hydro's proposals include:

- A revised RSP Current Plan Adjustment of 0.496 cents per kWh; and
- A revised CDM Cost Recovery Adjustment of 0.015 cents per kWh.

Hydro's calculations indicate that the estimated overall customer rate impact of Hydro's updates to the RSP Current Plan Adjustment and CDM Cost Recovery Adjustment, in combination with Newfoundland Power Inc.'s anticipated updates to its Rate Stabilization Clause and Municipal Tax Adjustment Factor would be material (i.e., approximately 6.9%). As a result, Hydro does not propose any increase in the Project Cost Recovery Rider, which was implemented in July 2022, to begin recovery of the costs of the Muskrat Falls Project ("Project").

Hydro's proposal to not increase Project cost recovery at this time is consistent with correspondence from the Government of Newfoundland and Labrador ("Government"), included with the application as Schedule 2, in which the Government asked Hydro to include no additional Lower Churchill Project ("LCP") related costs in the upcoming July 1 annual RSP adjustments. Government also indicated that further LCP related rate increases will be more appropriately addressed upon implementation of the rate mitigation plan.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
PUB Official Email

Consumer Advocate

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Bernice Bailey, Browne Fitzgerald Morgan & Avis
Bernard M. Coffey, KC

Linde Canada Inc.

Sheryl E. Nisenbaum
Peter Strong

Newfoundland Power Inc.

Dominic J. Foley
Lindsay S.A. Hollett
Regulatory Email

Teck Resources Limited

Shawn Kinsella

Island Industrial Customer Group

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

Application for July 1, 2023 Utility Rate Adjustments

Effective July 1, 2023

April 17, 2023

An application to the Board of Commissioners of Public Utilities



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

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“*Hydro*”) pursuant to Subsection 70(1) and Section 71 of the *Act*, for the approval of: (i) an updated Rate Stabilization Plan (“*RSP*”) Current Plan Adjustment for Newfoundland Power Inc. (“*Newfoundland Power*”), (ii) an updated Conservation and Demand Management (“*CDM*”) Cost Recovery Adjustment for Newfoundland Power, and (iii) the Project Cost Recovery Rider for Newfoundland Power continued without change (“*Utility Rate Adjustments*”), all to be made effective July 1, 2023.

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, 2007*,¹ 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 that 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. In Order No. P.U. 33(2021),² the Board approved, among other things, Hydro’s proposal to establish the Supply Cost Variance Deferral Account to defer payments under the Muskrat Falls

¹ *Hydro Corporation Act, 2007*, SNL 2007, c H-17.

² *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 33(2021), Board of Commissioners of Public Utilities, December 8, 2021.

Project (“Project”) agreements and to begin charging Island Interconnected System supply cost variances to the Supply Cost Variance Deferral Account as of the effective date of the account.

5. The RSP Rules for Balance Disposition, approved in Order No. P.U. 4(2022),³ require Hydro to apply annually to the Board for approval of revised RSP Current Plan Adjustments to become effective for Newfoundland Power as of July 1 of each year. Additionally, the CDM Cost Deferral Account requires Hydro to update the CDM Cost Recovery Adjustment applicable to Newfoundland Power with the updated adjustment rate commencing on July 1 of each year.
 6. In Order No. P.U. 37(2022),⁴ the Board approved a Revised CDM Cost Recovery Adjustment Definition to permit an increase in the amortization period of annual CDM costs from seven to ten years, effective as of January 1, 2023, for both historical balances and annual charges.
 7. Hydro’s application to the Board to transfer the 2022 balance in the Isolated Systems Supply Cost Deferral Account, of approximately \$8.7 million, to Newfoundland Power’s RSP Current Plan balance effective March 31, 2023 was approved in Order No. P.U. 7(2023).⁵
 8. On March 30, 2023, Hydro received correspondence from the Minister of Industry, Energy and Technology providing a grant of \$190,404,321 for the purposes of rate mitigation. This grant has been credited to the Rate Mitigation Fund component of the Supply Cost Variance Deferral Account.
- B. Application:**
- RSP Current Plan Adjustment***
9. Section C(1.0) of the RSP Rules for Balance Disposition outlines the method for determining the Utility RSP Current Plan Adjustment, which computes a new recovery adjustment based upon the March 31 RSP balance.
 10. Appendix A to Schedule 1 of the application provides the Rate Stabilization Report for the period ending March 31, 2023.

³ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.

⁴ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 37(2022), Board of Commissioners of Public Utilities, December 16, 2022.

⁵ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 7(2023), Board of Commissioners of Public Utilities, April 13, 2023.

11. Appendix A to Schedule 1 of the application shows a balance of \$26.3 million in the RSP Current Plan owing from the Utility customer as of March 31, 2023. This includes the transfer of approximately \$8.7 million from the balance in the Isolated Systems Supply Cost Deferral Account to the Utility RSP Current Plan Balance, approved in Board Order No. P.U. 7(2023).
12. Hydro's application seeks approval of an updated Utility RSP Current Plan Adjustment of 0.496 cents per kWh effective July 1, 2023. Appendix B to Schedule 1 of the application provides the calculation of the proposed Utility RSP Current Plan Adjustment. This will replace the existing Utility RSP Current Plan Adjustment of (0.023) cents per kWh.

CDM Cost Recovery Adjustment

13. The CDM Cost Recovery Adjustment is updated annually to provide for the recovery of the costs charged annually to the CDM Cost Deferral Account.
14. Order No. P.U. 37(2022) approved the Revised CDM Cost Recovery Adjustment Definition to reflect an increase in the amortization period from seven to ten years to be effective as of January 1, 2023 for both historical balances and annual charges.
15. Appendix C to Schedule 1 of the application provides the calculation of the proposed CDM Cost Recovery Adjustment of 0.015 cents per kWh to become effective July 1, 2023. The proposed CDM Cost Recovery Adjustment is 0.020 cents per kWh lower than the existing CDM Cost Recovery Adjustment of 0.035 cents per kWh as a result of the change in the amortization period.
16. The annual update to the RSP Current Plan Adjustment and CDM Cost Recovery Adjustment noted above would result in an approximate 5.5% wholesale rate increase effective July 1, 2023 (an estimated 3.9% increase for end customers of Newfoundland Power). The calculation of the estimated rate impacts associated with the updates to the Utility RSP Current Plan Adjustment and CDM Cost Recovery Adjustment is provided in Appendix D to Schedule 1 of the application.

Supply Cost Variance Deferral Account – Project Cost Recovery Rider

17. In Order No. P.U. 19(2022),⁶ the Board approved Hydro's proposal to commence recovery of Project costs and implement a Project Cost Recovery Rider effective July 1, 2022.

⁶ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022.

18. The payments made by Newfoundland Power as a result of the implementation of the Project Cost Recovery Rider are credited to the 'Project Cost Recovery – Utility' component of the Supply Cost Variance Deferral Account, consistent with Order No. P.U. 19(2022).
19. Based on discussions with Newfoundland Power, the preliminary estimate of the overall average customer rate impact resulting from Hydro's proposed rate adjustments and Newfoundland Power's projected rate adjustments is approximately 6.9% effective July 1, 2023. The projected customer rate impact for Newfoundland Power's 2.4 General Service Rate would exceed 9%, excluding any increase of the Project Cost Recovery Rider.
20. On April 14, 2023, Hydro received a letter from the Minister of Industry, Energy and Technology requesting Hydro to propose no increase in the amount of Project costs to be recovered from customers in its rates, to become effective July 1, 2023. The correspondence is attached to this application as Schedule 2.
21. Given the material rate increase for July 1, and consistent with Government's request to include no additional recovery of Project costs through customer rates effective July 1, 2023, Hydro is proposing no change in this application to the existing Project Cost Recovery Rider of 0.798 cents per kWh.
22. Schedule 3 of the application provides the proposed Utility rate sheets with an effective date of July 1, 2023. The proposed rate sheets reflect: (i) the revised RSP Current Plan Adjustment of 0.496 cents per kWh; (ii) the revised CDM Cost Recovery Adjustment of 0.015 cents per kWh; and (iii) no change to the Project Cost Recovery Rider of 0.798 cents per kWh.

C. Newfoundland and Labrador Hydro's Requests

23. Hydro requests the Board approve:
 - (i) A revised RSP Current Plan Adjustment of 0.496 cents per kWh for the Utility Rate to become effective July 1, 2023;
 - (ii) A revised CDM Cost Recovery Adjustment of 0.015 cents per kWh for the Utility Rate to become effective July 1, 2023;
 - (iii) The Project Cost Recovery Rider to be continued at 0.798 cents per kWh for the Utility Rate; and
 - (iv) The Utility Rate Sheet, attached as Schedule 3 of this application.

D. Reason for Approval

24. Approval by the Board of the proposed RSP Current Plan Adjustment for the Utility Rate, the proposed CDM Cost Recovery Adjustment for the Utility Rate, and the Project Cost Recovery Rider, continued without change, for the Utility Rate all effective July 1, 2023, will provide a reasonable recovery of prudently incurred costs that will contribute to rate stability for customers. Additionally, in the case of the proposed RSP Current Plan Adjustment and CDM Cost Recovery Adjustment, Hydro's proposals are consistent with the deferral account recovery mechanisms approved by the Board.

E. Communications

25. 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 17th day of April 2023.

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Counsel for the Applicant
Newfoundland and Labrador Hydro,
500 Columbus Drive, P.O. Box 12400
St. John's, Newfoundland and Labrador, A1B 4K7
Telephone: (709) 685-4973
Email: shirleywalsh@nlh.nl.ca

Schedule 1

Evidence Supporting Proposed Utility Rate Adjustments



Contents

1.0	Background	1
2.0	RSP Adjustments – Current Plan	2
3.0	CDM Cost Recovery Adjustment.....	3
4.0	Proposed Rate Impacts	4
5.0	Conclusion.....	4

List of Appendices

Appendix A: Rate Stabilization Plan Report for the Period Ended March 31, 2023

Appendix B: Proposed Utility RSP Current Plan Adjustment

Appendix C: Proposed Utility CDM Cost Recovery Adjustment

Appendix D: Estimated Customer Billing Impacts – RSP, CDM, and Project Cost Recovery Rider

1 **1.0 Background**

2 The Rate Stabilization Plan (“RSP”) Rules for Balance Disposition require Newfoundland and Labrador
3 Hydro (“Hydro”) to file an application with the Board of Commissioners of Public Utilities (“Board”) to
4 update the Utility RSP Current Plan Adjustment effective January 1 and July 1 of each year.

5 In Order No. P.U. 19(2022),¹ the Board approved Hydro’s proposal to commence recovery of the
6 Muskrat Falls Project (“Project”) costs through the implementation of a Project Cost Recovery Rider
7 effective July 1, 2022, with payments to be credited to the Project Cost Recovery – Utility component of
8 the Supply Cost Variance Deferral Account.²

9 In Order No. P.U. 37(2022),³ the Board approved, among other things, a Revised CDM Cost Deferral
10 Account Definition to permit an increase in the amortization period from seven to ten years. This
11 increased amortization period was effective as of January 1, 2023 for both historical balances and
12 annual charges.

13 In accordance with the approved Conservation and Demand Management (“CDM”) Cost Deferral
14 Account definition, Hydro is also required to update Newfoundland Power Inc.’s (“Newfoundland
15 Power”) CDM Cost Recovery Adjustment on July 1 of each year.

16 On January 6, 2023, the Board requested an update from Hydro regarding any future interim rate
17 changes for 2023 for the Island Interconnected System, including the Project Cost Recovery Rider.
18 Hydro’s response on January 26, 2023 indicated that, with respect to 2023 retail customer rates, Hydro
19 anticipated updates to the Project Cost Recovery Rider each year until the conclusion of Hydro’s next
20 General Rate Application. However, Hydro was unable to provide projected July 1, 2023 retail customer
21 rate impacts associated with the recovery of Muskrat Falls Project costs at that time.

22 Hydro estimates that updating the RSP Current Plan Adjustment and CDM Cost Recovery Adjustment
23 would result in an average end-customer billing increase of 3.9% (5.5% wholesale), effective

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022.

² Order in Council OC2022-120, issued May 16, 2022, amended the wording of OC2013-343 such that the recovery of payments that Hydro is making under the Muskrat Falls Purchase Power Agreement (“Muskrat Falls PPA”), is now permitted, without disallowance, as required by Order in Council OC2013-343. Hydro began recovering Muskrat Falls PPA costs through the Project Recovery Rider effective July 1, 2022.

³ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 37(2022), Board of Commissioners of Public Utilities, December 16, 2022.

1 July 1, 2023. Based on recent discussions with Newfoundland Power, the preliminary estimate of the
2 overall customer rate impact (including the updates to the Newfoundland Power Rate Stabilization
3 Clause and Municipal Tax Adjustment Factor) will result in an end-customer increase of approximately
4 6.9%. However, the projected customer rate impact for Newfoundland Powers' 2.4 General Service Rate
5 is in excess of 9%. These increases are estimated without an increase to the Project Cost Recovery Rider.

6 The Government of Newfoundland and Labrador ("Government") provided correspondence dated
7 April 14, 2022 to Hydro's President, Jennifer Williams, in which the Government asked Hydro to include
8 no additional Lower Churchill Project ("LCP") related costs in the upcoming July 1 annual RSP
9 Adjustments. This correspondence is included with Hydro's application as Schedule 2. Government also
10 indicated that further LCP related rate increases will be more appropriately addressed upon
11 implementation of the rate mitigation plan. Given the material rate increase for July 1 customer rates,
12 Hydro also believes it is appropriate to propose no increase in the Project Cost Recovery Rider in this
13 application.

14 This report provides evidence supporting Hydro's proposals to: (i) update the Utility RSP Current Plan
15 Adjustment; and (ii) update the Utility CDM Cost Recovery Adjustment.⁴

16 **2.0 RSP Adjustments – Current Plan**

17 The March 31, 2023 RSP Report, included as Appendix A, is prepared in accordance with the approved
18 RSP Rules for Balance Disposition and does not contain any supply cost variance transfers subsequent to
19 October 31, 2021.

20 The RSP Current Plan reflects the amortization of the Hydraulic Variation Account Balance as of
21 October 31, 2021, excluding financing charges, over a four-year period plus financing charges. The RSP
22 Rules for Balance Disposition require that the Utility RSP Current Plan balance as at March 31 be used in
23 the computation of an updated RSP Current Plan Adjustment for Newfoundland Power to be made
24 effective July 1 of each year.

⁴ Hydro will file a separate application to update the Industrial Customer CDM Cost Recovery Adjustment to become effective July 1, 2023.

1 The Board approved the transfer of approximately \$8.7 million, associated with Hydro's 2022 balance in
2 the Isolated Systems Supply Cost Deferral Account,⁵ to the Utility RSP Current Plan Account effective
3 March 31, 2023. Appendix B provides the calculation of the proposed Utility RSP Current Plan
4 Adjustment for Newfoundland Power to become effective July 1, 2023, calculated in accordance with
5 Section C(1.0) of the RSP Rules for Balance Disposition.

6 Hydro's proposed Utility RSP Current Plan Adjustment is 0.496 cents per kWh which will provide
7 recovery of \$27.3 million for the period of July 1, 2023 to June 30, 2024. This reflects an increase of
8 0.519 cents per kWh when compared to the current RSP Current Plan Adjustment of (0.023) cents per
9 kWh. The impact of the increase in the Utility RSP Current Plan Adjustment is estimated to increase
10 annual billings to Newfoundland Power by approximately \$28.6 million relative to existing rates.

11 **3.0 CDM Cost Recovery Adjustment**

12 In Order No. P.U. 49(2016),⁶ the Board approved the exclusion of Hydro's CDM program costs as an
13 expense in the determination of revenue requirement through the deferral of these costs in the CDM
14 Cost Deferral Account and their recovery through the CDM Cost Recovery Adjustment.

15 In Order No. P.U. 37(2022), the Board approved an increase in the amortization period from seven to
16 ten years, effective January 1, 2023 for both historical balances and annual charges. Hydro is required to
17 update the CDM Cost Recovery Adjustment annually to provide recovery, over a ten-year period, of
18 costs transferred to the CDM Cost Deferral Account each year.⁷

19 Appendix C provides the calculation of the updated CDM Cost Recovery Adjustment for Newfoundland
20 Power for the 2022 annual charges and the calculation to update the historical CDM Cost Recovery
21 Adjustment to reflect a ten-year amortization period. The CDM Cost Recovery Adjustment, reflecting the
22 increased amortization period, is proposed to decrease from 0.035 cents per kWh to 0.015 cents per
23 kWh to become effective July 1, 2023. This reflects an approximate \$1.1 million annual decrease in
24 billings to Newfoundland Power associated with the recovery of CDM costs.

⁵ Approved in *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 7(2023), Board of Commissioners of Public Utilities, April 13, 2023.

⁶ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 49(2016), Board of Commissioners of Public Utilities, December 1, 2016.

⁷ The CDM Cost Recovery Adjustment is calculated to recover the sum of individual amounts representing 1/10th of the transfer to the CDM Deferral Account for the previous year and the amortizations carried forward from prior years.

1 **4.0 Proposed Rate Impacts**

2 Table 1 summarizes the forecast customer bill impacts of the proposed July 1, 2023 rate change.

Table 1: Estimated Rate Impacts of Proposed July 1, 2023 Rate Change

Particulars	Existing (¢/kWh)	Proposed (¢/kWh)	Wholesale (%)	End Customer ⁸ (%)
RSP Current Plan Adjustment	(0.023)	0.496	5.7	4.1
CDM Cost Recovery Adjustment	0.035	0.015	(0.2)	(0.2)
Project Cost Recovery Rider	0.798	0.798	-	-
Total	0.810	1.309	5.5	3.9

3 Table 1 indicates that the overall impact of implementing the proposed RSP Adjustment, CDM Cost
 4 Recovery Adjustment, and the Project Cost Recovery Rider is an estimated average end-customer bill
 5 increase of 3.9% (5.5% increase wholesale) effective July 1, 2023. Appendix D provides the calculation of
 6 the estimated customer impacts. The projected rate change for end customers is also impacted by
 7 Newfoundland Power’s updates to its rates for the balances in its Rate Stabilization Account and
 8 updates to its Municipal Tax Factors.

9 **5.0 Conclusion**

10 Hydro has computed its proposed RSP Current Plan Adjustment and CDM Cost Recovery Adjustment in
 11 accordance with the existing rules resulting in an average end-customer bill increase of 3.9%. Hydro is
 12 proposing no increase in the Project Cost Recovery rider at this time.

13 Revised Utility rate sheets reflecting Hydro’s proposals are included as Schedule 3 to Hydro’s
 14 application.

⁸ End customer impact is estimated as 71% (inclusive of the Municipal Tax Adjustment effect) of the wholesale rate impact.

Appendix A

Rate Stabilization Plan Report for the Period Ended
March 31, 2023



Newfoundland and Labrador Hydro

Rate Stabilization Plan Report

March 31, 2023

Summary of Key Facts

The Rate Stabilization Plan of Newfoundland and Labrador Hydro ("Hydro") was established for Hydro's Utility customer, Newfoundland Power Inc. ("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 at Hydro's Holyrood Thermal Generating Station;
- customer load (Utility and Island Industrial); and
- rural rates.

In Board Order No. P.U. 33(2021), the Board of Commissioners of Public Utilities ("Board") approved the Supply Cost Variance Deferral Account to deal with future supply cost variances on the Island Interconnected System beginning in the month in which Hydro was required to begin payments under the Muskrat Falls Purchase Power Agreement (i.e., November 2021). The approval of the Supply Cost Variance Deferral Account discontinued transfers to the Rate Stabilization Plan ("RSP"), effective as of the implementation of the Supply Cost Variance Deferral Account, resulting from variations in future costs associated with the Test Year Cost of Service estimates for the items listed above. However, the Board directed that the RSP balances be maintained for the transparent and timely recovery of historical balances. The rules provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board in Board Order No. P.U. 4(2022).

The Isolated System Supply Costs Deferral Account was approved for recovery from the Utility Current Plan balance as of March 31 in Board Order No. P.U. 7(2023). The recovery of the Isolated System Supply Costs is reflected in this March 31, 2023 Report but not in the Quarterly Financial Statements for the same period.

Finance charges are calculated on the balances using the test year weighted average cost of capital, which is currently 5.43% per annum.

Rate Stabilization Plan
Net Hydraulic Production Variation
March 31, 2023

	A	B1	B2	B3	B	C	D	E	F	G	H
	Cost of Service	Actual Net Hydraulic Production (kWh)	Net Pondered Energy (kWh)	Spill Exports (kWh)	Net Hydraulic Production Variance Calculation (kWh)	Monthly Net Hydraulic Production Variance (kWh)	Cost of Service No. 6 Fuel Cost (\$CDN/bbl)	Net Hydraulic Production Variation (\$)	Financing Charges (\$)	Transfers	Cumulative Variation and Financing Charges (\$)
					(B1 + B2 - B3)	(A - B)		(C / O ¹ X D)			(E + F)
Opening Balance Adjustment											(to page 5)
Adjusted Opening Balance											29,776,723
January	-	-	-	-	-	-	105.90	-	131,498	-	29,908,221
February	-	-	-	-	-	-	105.90	-	132,079	-	30,040,300
March	-	-	-	-	-	-	105.90	-	132,662	-	30,172,962
April											
May											
June											
July											
August											
September											
October											
November											
December											
Hydraulic Allocation									396,239		30,172,962
² Hydraulic Variation at Year End									396,239		30,172,962

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

² At year end 25% of the hydraulic variation balance as of October 31, 2021 excluding financing charges and 100% of the annual financing charges are allocated to customers.

Rate Stabilization Plan
Summary of Utility Customer
March 31, 2023

	A	B	C	D	E	F	G	H
	Load	Allocation	Allocation	Subtotal	Financing	Adjustment ¹	Transfers ²	Cumulative
	Variation	Fuel Variance	Rural Rate	Monthly	Charges			Net
	(\$)	(\$)	Alteration	Variations	(\$)	(\$)	(\$)	Balance
			(\$)	(\$)				(\$)
	(A + B + C)							
Opening Balance								(to page 5)
Adjustment								16,963,988
Adjusted Opening Balance								-
January	-	-	-	-	74,915	147,973	-	16,963,988
February	-	-	-	-	75,900	157,693	-	17,186,876
March	-	-	-	-	76,931	153,873	8,685,251	17,420,469
April								26,336,524
May								
June								
July								
August								
September								
October								
November								
December								
Year-to-Date	-	-	-	-	227,746	459,539	8,685,251	9,372,536
Hydraulic Allocation (from page 2)								-
Total	-	-	-	-	227,746	459,539	8,685,251	26,336,524

¹ Effective July 1, 2022, the RSP Adjustment rate is (0.023) cents per kWh as per Board Order No. P.U. 19(2022).

² Recovery of the Isolated Systems Supply Costs Deferral was approved in Board Order No. P.U. 7(2023).

**Rate Stabilization Plan
Summary of Industrial Customers
March 31, 2023**

	A	B	C	D	E	F	G
	Load	Allocation	Subtotal	Financing	Adjustment ¹	Transfers	Cumulative
	Variation	Fuel Variance	Monthly	Charges		(\$)	Net
	(\$)	(\$)	Variations	(\$)	(\$)	(\$)	Balance
			(\$)				(\$)
	(A + B)						
Opening Balance							(to page 5)
Adjustment							5,549,727
Adjusted Opening Balance							5,549,727
January	-	-	-	24,508	(474,453)	-	5,099,782
February	-	-	-	22,521	(497,882)	-	4,624,421
March	-	-	-	20,422	(502,649)	-	4,142,194
April							
May							
June							
July							
August							
September							
October							
November							
December							
Year-to-Date	-	-	-	67,451	(1,474,984)	-	(1,407,533)
Hydraulic Allocation							-
(from page 2)							
Total	-	-	-	67,451	(1,474,984)	-	4,142,194

¹ Effective January 1, 2023, the RSP Adjustment rate is 1.477 cents per kWh as per Board Order No. P.U. 3 (2023).

Rate Stabilization Plan
Overall Summary
March 31, 2023

	A	B	C	D
	Hydraulic Balance (\$)	Utility Balance (\$)	Industrial Balance (\$)	Total To Date (\$)
	(from page 2)	(from page 3)	(from page 4)	(A + B + C)
Opening Balance	29,776,723	16,963,988	5,549,727	52,290,438
Adjustments	-	-	-	-
Adjusted Opening Balance	29,776,723	16,963,988	5,549,727	52,290,438
January	29,908,221	17,186,876	5,099,782	52,194,879
February	30,040,300	17,420,469	4,624,421	52,085,190
March	30,172,962	26,336,524	4,142,194	60,651,680
April				
May				
June				
July				
August				
September				
October				
November				
December				

Appendix B

Proposed Utility RSP Current Plan Adjustment



Schedule 1: Evidence Supporting Proposed Utility Rate Adjustments
Appendix B, Page 1 of 1

Calculation of Rate Stabilization Plan Current Plan Adjustment
Utility Customer

Line No		Amount	Comments
Current Plan			
1	March Balance	\$ 26,336,524	Line 7
2	Forecast Financing Costs to June 30, 2024	\$ 1,187,142	Line 23
3	Forecast Recovery to June 30, 2023	\$ 283,854	Lines 8 to 10
4	Total	\$ 27,807,519	
5	12 Months-to-Date (April–March) Newfoundland Power Inc. Sales (kWh)	5,605,834,862	Lines 8 to 19
6	RSP¹ Current Plan Adjustment (¢ per kWh)	0.496	

Forecast Financing Charges
2023–2024

2019 Test Year Weighted Average Cost of Capital per annum 5.430%
Nominal Financing Rate 5.299%

Month	Sales (kWh)	Financing Costs (\$)	Adjustment (\$)	Total-to-Date Balance (\$)
7	March 2023			26,336,524
8	April 2023	500,768,117	116,306	26,568,007
9	May 2023	408,561,340	117,328	26,779,304
10	June 2023	324,817,766	118,261	26,972,273
11	July 2023	291,637,109	119,113	25,644,866
12	August 2023	298,204,258	113,251	24,279,025
13	September 2023	294,934,911	107,220	22,923,367
14	October 2023	341,987,054	101,233	21,328,344
15	November 2023	523,566,509	94,189	18,825,643
16	December 2023	623,365,189	83,137	15,816,889
17	January 2024	643,358,819	69,850	12,695,679
18	February 2024	685,622,163	56,066	9,351,059
19	March 2024	669,011,627	41,296	6,074,057
20	April 2024	500,768,117	26,824	3,617,071
21	May 2024	408,561,340	15,973	1,606,580
22	June 2024	324,817,766	7,095	2,579
23	Total	6,839,982,085	1,187,142	(27,521,087)

¹ Rate Stabilization Plan ("RSP").

Appendix C

Proposed Utility CDM Cost Recovery Adjustment



Conservation and Demand Management Cost Recovery Adjustment
Island Interconnected Recoverable Allocation

Line No.	2022 Energy Sales (kWh)	Percent of Total kWh ¹	Allocation of Recoverable Amount (\$000)
1	5,508,828,724	86.8%	183
2	386,269,967	6.1%	13
3	454,931,226	7.2%	15
4	6,350,029,917	100.0%	211

From Page 3, Line 19

¹ Totals may not add due to rounding.

Conservation and Demand Management Cost Recovery Adjustment
Newfoundland Power Inc.

Line No.	Newfoundland Power Inc.'s Allocation of CDM¹ Cost Deferral Account Balance		
	Calculation of Newfoundland Power Inc.'s Allocation of Rural CDM Balance		
1	2022 Rural Island Interconnected's Allocation (\$000)	15	From Page 1, Line 3
2	2022 Rural Isolated System's Recoverable Amount (\$000)	885	From Page 3, Line 20
3	Total 2022 Rural CDM (\$000)	900	Line 1 + Line 2
4	2022 Newfoundland Power Inc.'s Allocation Percentage of Rural CDM Balance ²	96.1%	
5	2022 Newfoundland Power Inc.'s Allocation of Rural CDM Balance	865	Line 3 x Line 4
6	Newfoundland Power Inc.'s Direct Allocation of Island Interconnected's CDM Balance (\$000)	183	From Page 1, Line 1
7	Total Newfoundland Power Inc. Allocation of CDM Account Balance (\$000)	1,048	Line 5 + Line 6
	Calculation of Newfoundland Power Inc.'s CDM Cost Recovery Adjustment		
8	Newfoundland Power Inc.'s Current Year Allocation (\$000)	105	Line 7 / 10 years
9	2022 Energy Sales - Newfoundland Power Inc. (kWh)	5,508,828,724	From Page 1, Line 1
10	2023–2029 CDM Cost Recovery Adjustment (¢ per kWh)	0.002	(Line 8 x 1,000) / Line 9
11	2022–2028 CDM Cost Recovery Adjustment (¢ per kWh)	0.002	
12	2021–2027 CDM Cost Recovery Adjustment (¢ per kWh) ³	0.003	
13	2019–2025 CDM Cost Recovery Adjustment (¢ per kWh)	0.002	
14	2018–2024 CDM Cost Recovery Adjustment (¢ per kWh)	0.001	
15	2017–2023 CDM Cost Recovery Adjustment (¢ per kWh)	0.005	
16	Total CDM Cost Recovery Adjustment (¢ per kWh)	0.015	Line 10 + Line 11 + Line 12 + Line 13 + Line 14 + Line 15

¹ Conservation and Demand Management ("CDM").

² Based on Rural Deficit Allocation between Newfoundland Power Inc. and Rural Labrador Interconnected customers in the 2019 Test Year Cost of Service Study.

³ OC2020-081 prevented Newfoundland and Labrador Hydro from changing rates as a result of the operation of the Rate Stabilization Plan and CDM Cost Deferral Account on July 1, 2020. As a result, 2019 activity is included with 2020 activity to be amortized over a seven-year period commencing July 1, 2021. The amortization period has been adjusted effective July 1, 2023 to reflect a ten-year amortization period as approved in Board Order No. P.U. 37(2022).

Schedule 1: Evidence Supporting Proposed Utility Rate Adjustments
Appendix C, Page 4 of 4

Conservation and Demand Management Cost Recovery Adjustment¹
Newfoundland Power Inc.

Line No	Year	As Approved - 7-Year Amortization Period ²				As of June 30, 2023			Revised - 10-Year Amortization ³		
		Energy Sales (kWh)	NP Allocation of CDM Account Balance \$000	Annual Amortization \$000	CDM Cost Recovery Adjustment ¢/kWh	Years Amortized	Amount Amortized \$000	CDM Remaining Account Balance \$000	Remaining Amortization Period	Annual Amortization \$000	CDM Cost Recovery Adjustment ¢/kWh
1	2016	5,844,734,737	7,852	1,122	0.019	6	6,730	1,122	4	280	0.005
2	2017	5,895,095,713	1,388	198	0.003	5	991	397	5	79	0.001
3	2018	5,839,135,854	1,439	206	0.004	4	822	617	6	103	0.002
4	2019 ⁴										
5	2020	5,529,011,037	1,962	280	0.005	2	561	1,401	8	175	0.003
6	2021	5,432,366,847	1,413	202	0.004	1	202	1,211	9	135	0.002
7	2022	5,508,828,724				0	-	1,048	10	105	0.002
8	Total CDM Cost Recovery Adjustment (cents/kWh)				0.035		9,306	5,795		877	0.015

¹ Totals may not add due to rounding.

² *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 22(2017), Board of Commissioners of Public Utilities, June 14, 2017 approved the 2016 Cost Recovery Adjustment.

Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 15(2018), Board of Commissioners of Public Utilities, May 28, 2018 approved the 2017 Cost Recovery Adjustment.

Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 30(2019), Board of Commissioners of Public Utilities, September 11, 2019 approved the 2018 Cost Recovery Adjustment.

Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 22(2021), Board of Commissioners of Public Utilities, June 18, 2021 approved the 2020 cost Recovery Adjustment.

Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022 approved the 2021 Cost Recovery Adjustment.

³ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 37(2022), Board of Commissioners of Public Utilities, December 16, 2022.

⁴ OC2020-081 prevented Newfoundland and Labrador Hydro from changing rates as a result of the operation of the Rate Stabilization Plan and CDM Cost Deferral Account on July 1, 2020. As a result, 2019 activity is included with 2020 activity to be amortized over a seven-year period commencing July 1, 2021. The amortization period has been adjusted effective July 1, 2023 to reflect a ten-year amortization period as approved in Board Order No. P.U. 37(2022).

Appendix D

Estimated Customer Billing Impacts – RSP, CDM, and
Project Cost Recovery Rider



Utility Estimated Customer Billing Impacts - July 1, 2023
RSP, CDM, and Project Cost Recovery Rider

	Billing Units ¹	Unit	Current Rates	Billings at Existing Rates (\$)	Proposed July 1, 2023 Rates	Revised Billings (\$)	Change (\$)	Change Utility (%)	Estimated Change End Customer ² (%)
Demand (kW)	15,012,624	\$/kW/mo	5.00	75,063,120	5.00	75,063,120			
Energy (MWh)	3,960,000	¢/kWh	2.444	96,782,400	2.444	96,782,400			
Energy (MWh)	1,548,829	¢/kWh	18.165	281,344,738	18.165	281,344,738			
Total Base Rate				453,190,258		453,190,258	-		
RSP: Current Plan Adjustment	5,508,829	¢/kWh	(0.023)	(1,267,031)	0.496	27,323,790	28,590,821	5.7	4.1
CDM Cost Recovery Adjustment	5,508,829	¢/kWh	0.035	1,928,090	0.015	826,324	(1,101,766)	(0.2)	(0.2)
Project Cost Recovery Rider	5,508,829	¢/kWh	0.798	43,960,453	0.798	43,960,453	-	0.0	0.0
Total				497,811,770		525,300,826	27,489,055	5.5	3.9

¹ Billing units are based on 2022 actuals.

² Percentages may not add due to rounding.

Schedule 2

Letter from Government of Newfoundland and Labrador





Government of Newfoundland and Labrador
Department of Industry, Energy and Technology
Office of the Minister

April 14, 2023

Ms. Jennifer Williams
President and CEO
Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Ms. Williams:

RE: Rates Rate Mitigation

I am writing with respect to the Provincial Government's and Newfoundland and Labrador Hydro's ongoing efforts to mitigate rates on the Island Interconnected System as a result of the Lower Churchill Project ("LCP"). As the Labrador Island Link ("LIL") commissioning nears a conclusion, inflationary costs and other costs continue to impact utility operating costs and consumers. It is important to help ensure these costs are predictable and manageable.

The pending conclusion of LIL commissioning will enable final LCP commissioning and the collection of all LCP costs in rates, whereas currently, only a portion of costs relating to LCP generation are included in rates in keeping with Government's request in 2022. LCP commissioning is a positive milestone for the project, however, to ensure a smooth transition in the rate-making process, I ask Newfoundland and Labrador Hydro to include no additional LCP-related costs in the upcoming July 1 annual Rate Stabilization Plan adjustments. Any such, LCP related rate increases will be more appropriately addressed upon implementation of the rate mitigation plan later this year. This request is consistent with Government's recent grant payment of more than \$190 million to Hydro to reduce the 2022 year-end balance in the supply cost variance deferral account, which demonstrated Government's commitment to rate mitigation.

I trust you will consider my request and I thank you and your Hydro team for your continued efforts to assist Government as we address the challenges of rate mitigation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew Parsons".

ANDREW PARSONS, KC
Minister of Industry, Energy and Technology

c. Hon. Dr. Andrew Furey, Premier

Schedule 3

Proposed Utility Rate Sheet – July 1, 2023



Schedule of Rates, Rules and Regulations
Utility

UTILITY

Availability

This rate is applicable to service to Newfoundland Power ("NP").

Definitions

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below.

In the months of January through March, billing demand shall be the greater of:

- a) The highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current month; and
- b) The Minimum Billing Demand.

In the months of April through December, billing demand shall be the greater of:

- a) The Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
- b) The Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	83,486
Thermal Generation Credit	34,568
Newfoundland Power Generation Credit	118,054

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, NP will be provided with an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

Schedule of Rates, Rules and Regulations
Utility

“Curtable Credit” is determined based upon NP’s forecast curtable load available for the period in accordance with the terms and conditions set forth in NP’s Curtable Service Option. NP will notify Hydro of its available curtable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtable Credit, no test will be required.

NP will be required to provide a report to Hydro no later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtable Credit will be established based upon the lesser of the load reduction achieved in the test or the forecast curtable load (as provided in the previous two paragraphs).

“Maximum Native Load” means the maximum Native Load of NP in the four-month period beginning in December of the preceding year and ending in March of the current year.

“Minimum Billing Demand” means ninety-nine percent (99%) of:

NP’s test year Native Load less the Generation Credit and the Curtable Credit.

The Curtable Credit reflected in the Minimum Billing Demand will be set to equal the curtable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

“Month” means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

Schedule of Rates, Rules and Regulations
Utility

“Native Load” is the sum of:

- a)** The amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen-minute period thereafter;
- b)** The total generation by NP averaged over the same fifteen-minute periods.

“Weather-Adjusted Native Load” means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load

plus (Weather Adjustment, rounded to 3 decimal places, x 1,000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

“Weather Adjustment True-up” means one-ninth of the difference between:

- a)** The greater of:
 - The Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
 - The Minimum Billing Demand, times three; and
- b)** The sum of the actual billed demands in the Months of January, February and March of the current year.

**Schedule of Rates, Rules and Regulations
Utility**

Monthly Rates**Billing Demand Charge**

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

Demand Charge..... \$5.00 per kW of Billing Demand

Energy Charge**November– April**

First 410,000,000 kilowatt-hours* @ 2.444¢ per kWh

All excess kilowatt-hours* @ 18.165¢ per kWh

May–October

First 250,000,000 kilowatt-hours* @ 2.444¢ per kWh

All excess kilowatt-hours* @ 18.165¢ per kWh

Firming-Up Charge

Secondary energy supplied by

Corner Brook Pulp and Paper Limited* @ 2.882¢ per kWh

RSP Adjustment - Current Plan..... @ 0.496¢ per kWh

Project Cost Recovery Rider..... @ 0.798¢ per kWh

CDM Cost Recovery Adjustment..... @ 0.015¢ per kWh

***Subject to RSP Adjustment, CDM Cost Recovery Adjustment, and Project Cost Recovery Rider**

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 to metered demand and energy.

Adjustment for Station Services and Step-Up Transformer Losses

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering shall be applied to the metered demand.

Weather Adjustment

This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

- a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.
- b) Weather adjustment shall be derived from Hydro's NP native peak demand model.
- c) By September 30th of each year, Hydro shall provide NP with an updated weather adjustment coefficient incorporating the latest year of actuals.
- d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weigh regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.
- e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition of underlying weather data.
- f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of the Weather-Adjusted Native Load by April 5th of each year.

General

This rate schedule does not include the Harmonized Sales Tax (HST) that applies to electricity bills.

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach a mutual agreement, the billing will be based on Hydro's best estimate.

Affidavit



IN THE MATTER OF the *Electrical Power Control Act, 1994*, RSNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act*, RSNL 1990, Chapter P-47 ("*Act*"), and regulations thereunder;

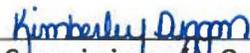
IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("*Hydro*") pursuant to Subsection 70(1) and Section 71 of the *Act*, for the approval of: (i) an updated Rate Stabilization Plan ("*RSP*") Current Plan Adjustment for Newfoundland Power Inc. ("*Newfoundland Power*"), (ii) an updated Conservation and Demand Management ("*CDM*") Cost Recovery Adjustment for Newfoundland Power, and (iii) the Project Cost Recovery Rider for Newfoundland Power ("*Utility Rate Adjustments*"), all to be made effective July 1, 2023.

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 and Stakeholder Relations, Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

SWORN at St. John's in the)
province of Newfoundland and)
Labrador this 17th day of)
April, 2023 before me:)



Commissioner for Oaths, Newfoundland and Labrador



Kevin Fagan

KIMBERLEY DUGGAN

A Commissioner for Oaths in and for
the Province of Newfoundland and Labrador.
My commission expires on December 31, 2027.