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*Newfoundland & Labrador*

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

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**ORDER NO. P.U. 17(2012)**

**IN THE MATTER OF**

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

**AND IN THE MATTER OF**

the just and reasonable return on rate base for 2012 for Newfoundland  
Power Inc. pursuant to Section 80 of the *Act*.

**BEFORE:**

**Andy Wells**  
**Chair and Chief Executive Officer**

**Darlene Whalen, P.Eng.**  
**Vice-Chair**

**Dwanda Newman, LL.B.**  
**Commissioner**

**James Oxford**  
**Commissioner**

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1 **I. APPLICATION AND PROCEEDING**

2  
3 **Application**

4 Newfoundland Power Inc. ("Newfoundland Power") filed an application (the  
5 "Application") with the Board of Commissioners of Public Utilities (the "Board") on  
6 March 30, 2012 proposing that the Board:

- 7  
8  
9 1. approve a just and reasonable return on rate base for Newfoundland Power for 2012;  
10  
11 2. discontinue the use of the automatic adjustment formula for setting the allowed  
12 return on rate base for Newfoundland Power; and  
13  
14 3. approve a schedule of customer rates, tolls and charges based upon the rate of return  
15 on average rate base for 2012 as approved by the Board.  
16

17 **Background**

18  
19 The automatic adjustment formula was established for Newfoundland Power in Order  
20 Nos. P.U. 16(1998-99) and P.U. 36(1998-99) to allow the adjustment of the established  
21 annual rate of return on rate base in the years following a general rate application. In  
22 Order Nos. P.U. 43(2009) and P.U. 46(2009), following a general rate application from  
23 Newfoundland Power, the Board set the rate of return on rate base for 2010 and ordered  
24 that the automatic adjustment formula would be used to set the rate of return on rate base  
25 for 2011 and 2012. In Order No. P.U. 32(2010) the Board approved a rate of return on  
26 rate base for Newfoundland Power for 2011 of 7.96% based on the operation of the  
27 automatic adjustment formula. In the following year, upon application by Newfoundland  
28 Power, the Board in Order No. P.U. 25(2011) suspended the operation of the automatic  
29 adjustment formula for 2012 and determined that the 2011 rate of return on rate base of  
30 7.96% would be continued for 2012 on an interim basis. The Board stated that the  
31 process and timing to be followed to determine a final just and reasonable rate of return  
32 on rate base for Newfoundland Power for 2012 and for the filing of Newfoundland  
33 Power's next general rate application would be subsequently established by the Board.  
34 On May 29, 2012 the Board directed Newfoundland Power to file a general rate  
35 application by September 14, 2012 to address the rate of return on rate base for 2013 and  
36 years thereafter. This Application seeks a final rate of return on rate base for 2012.  
37

38 **Application Process**

39  
40 Notice of the Application was published in newspapers throughout the Province  
41 beginning on April 9, 2012.  
42

43 Registered intervenors for the proceeding were the Government appointed Consumer  
44 Advocate, Mr. Thomas Johnson, Newfoundland and Labrador Hydro ("Hydro"),  
45 represented by Mr. Geoff Young, and the Island Industrial Customers (the "Industrial  
46 Customers"), represented by Mr. Paul Coxworthy. Hydro and the Industrial Customers  
47 advised in their Intervenor Submissions that their participation in the proceeding would

1 be limited. Newfoundland Power was represented by Mr. Ian Kelly, Q.C. and Mr. Gerard  
2 Hayes.

3  
4 The Board was assisted throughout the proceeding by Ms. Maureen Greene, Q.C., who  
5 acted as Board Hearing Counsel, and Ms. Jacqueline Glynn, Board Counsel.

6  
7 The parties agreed that the issue of a just and reasonable return on rate base for  
8 Newfoundland Power for 2012 would be addressed in this proceeding but that the issue  
9 of discontinuing the automatic adjustment formula would be addressed in a separate  
10 proceeding at a later date.

### 11 **Evidence**

12 Expert evidence was filed by Newfoundland Power and the Consumer Advocate, as  
13 follows:

- 14 (i) Kathleen C. McShane, Foster Associates Inc., and James H. Vander Weide,  
15 Financial Strategy Associates, March 30, 2012 (Newfoundland Power); and  
16 (ii) Laurence D. Booth, May 16, 2012 (Consumer Advocate).

17  
18 The Consumer Advocate filed 342 requests for information and Newfoundland Power  
19 filed 71 requests for information.

### 20 **Settlement**

21 After the filing of the expert evidence Newfoundland Power and the Consumer Advocate  
22 agreed to hold settlement discussions. Hydro and the Industrial Customers were advised  
23 that there would be settlement discussions but did not participate. From May 29, 2012 to  
24 June 1, 2012, settlement discussions were facilitated by Board Hearing Counsel. On June  
25 5, 2012 a settlement agreement (the "Settlement Agreement") was executed, in which the  
26 parties agreed that:

- 27 (i) the rate of return on common equity to be used in determining a just and  
28 reasonable return on rate base for 2012 will be 8.80%;  
29 (ii) the allowed rate of return on rate base for 2012 will be 8.14% within a range  
30 of 7.96% to 8.32%; and  
31 (iii) Newfoundland Power will be granted deferred recovery of the full difference  
32 between the 8.38% return on common equity currently in rates and an 8.80%  
33 return on common equity, calculated on the basis of Newfoundland Power's  
34 2010 test year costs. The recovery of the additional revenue requirement for  
35 2012 of approximately \$2.5 million will be deferred and fully recovered by  
36 Newfoundland Power.

37  
38 Hydro and the Industrial Customers were provided with a copy of the Settlement  
39 Agreement.  
40  
41  
42  
43  
44  
45

## Amended Application

On June 7, 2012 Newfoundland Power amended the Application incorporating the terms of the Settlement Agreement and seeking other relief necessary to give effect to the Settlement Agreement (the "Amended Application"). The Amended Application seeks an Order of the Board:

1. approving a just and reasonable rate of return on average rate base for Newfoundland Power for 2012 of 8.14% in a range of 7.96% to 8.32%;
2. approving the deferred recovery by Newfoundland Power of \$2,487,000 in 2012 revenue in accordance with the proposed account definition;
3. approving the proposed definition for Newfoundland Power's Excess Earnings Account; and
4. declaring Newfoundland Power's 2012 current customer rates to be final rates from January 1, 2012.

## Hearing

Notice of the hearing was published in newspapers throughout the Province beginning on June 2, 2012.

The hearing was held on June 12, 2012. At the hearing, the Settlement Agreement was entered on the record. Newfoundland Power requested that the Board grant the orders requested in the Amended Application. The Consumer Advocate stated that:

*"In the current context of setting a just and reasonable return on rate base for 2012, the Consumer Advocate regards the settlement agreement as reasonable."* (Transcript, June 12, 2012, P.12/7-11)

Board Hearing Counsel advised:

*"So, to summarize, I believe that the settlement agreement which is before the Commissioners which has been agreed to by the parties is fair and reasonable in the current circumstances and that it should be approved."* (Transcript, June 12, 2012, P.10/18-22)

Neither Hydro nor the Industrial Customers attended the hearing. Hydro filed correspondence indicating no objection to the Settlement Agreement. The Industrial Customers wrote to advise that the Settlement Agreement has been reviewed and that the Industrial Customers would not be seeking to enlarge their participation. The Board did not receive any other presentations or written comment in relation to the Application, the Settlement Agreement or the Amended Application.

1 **II. BOARD DECISION**

2  
3 The Settlement Agreement and the Amended Application relate to the rate of return for  
4 Newfoundland Power for 2012 only. The cost of capital for years thereafter will be  
5 addressed in the general rate application to be filed by Newfoundland Power by  
6 September 14, 2012.

7  
8 In Order No. P.U. 25(2011) the Board approved the continued use of the return on rate  
9 base of 7.96% for Newfoundland Power for 2012, on an interim basis, which reflects a  
10 return on equity of 8.38%. The proposal to use a return on equity of 8.80% in  
11 determining a just and reasonable return rate base for 2012 was accepted as reasonable by  
12 Newfoundland Power, the Consumer Advocate and Board Hearing Counsel and there  
13 was no objection filed by the other parties or other interested persons.

14  
15 The rate of return on equity of 8.80% is within the range of reasonable rates of return as  
16 suggested by the expert evidence. Newfoundland Power provided expert evidence that a  
17 rate of return on equity for 2012 of 10.4% or 10.5% is just and reasonable. The  
18 Consumer Advocate provided expert evidence that a return of 8.15% is reasonable.

19  
20 The Board notes that the proposed rate of return on equity of 8.80% is consistent with  
21 two recent decisions of other Canadian regulators. On December 8, 2011 the Alberta  
22 Utilities Commission established a generic rate of return of 8.75% for average risk  
23 utilities. This decision is filed in CA-NP-206. On November 25, 2011 the Régie de  
24 l'énergie established a rate of return of 8.9% for Gaz Métro, an above average risk utility.  
25 This decision is filed in CA-NP-202.

26  
27 The Board accepts that the proposed rate of return on common equity of 8.80% to be  
28 used in determining a just and reasonable return on rate base for 2012 is reasonable for  
29 Newfoundland Power.

30  
31 The accepted rate of return on common equity of 8.80% results in a calculated rate of  
32 return on rate base of 8.14%. The Board's financial consultants, Grant Thornton,  
33 reviewed the calculated return on rate base and revenue requirement and found the  
34 calculations to be accurate and complete. The Board accepts that the proposed rate of  
35 return on rate base for 2012 of 8.14% within a range of 7.96% to 8.32% is reasonable for  
36 Newfoundland Power. The Board approves the proposed changes to the definition of the  
37 Excess Earnings Account to reflect the agreed maximum allowable return on rate base of  
38 8.32%.

39  
40 The Settlement Agreement proposes that Newfoundland Power be granted deferred  
41 recovery of the full difference between the 8.38% return on common equity currently in  
42 rates and the proposed 8.80% return on common equity for 2012, calculated on the basis  
43 of Newfoundland Power's 2010 test year costs. The recovery of the additional revenue  
44 requirement for 2012 of approximately \$2.5 million is proposed to be deferred and fully  
45 recovered by the Newfoundland Power in accordance with a further Order of the Board.  
46 The Board finds that the proposed deferral of the costs associated with the increase in the

1 return on common equity is a reasonable approach which contributes to rate stability as it  
2 avoids a further rate change in 2012 after the annual July 1 adjustment. The Board  
3 accepts the definition of the 2012 Cost of Capital Cost Recovery Deferral Account  
4 proposed in the Settlement Agreement.  
5

6 Newfoundland Power also proposes that the current Newfoundland Power rates to  
7 customers, approved in Order No. P.U. 25(2011), be made final since a just and  
8 reasonable rate of return on rate base for 2012 has been determined. The Board accepts  
9 Newfoundland Power's proposal that Newfoundland Power's current customer rates be  
10 made final from January 1, 2012.  
11

### 12 13 **III. BOARD ORDER**

#### 14 15 **IT IS THEREFORE ORDERED THAT:**

- 16  
17 **1. The proposed rate of return on average rate base for 2012 of 8.14% in a range of**  
18 **7.96% to 8.32% is approved.**
- 19  
20 **2. The proposal that Newfoundland Power establish a 2012 Cost of Capital Cost**  
21 **Recovery Deferral Account to allow for the deferred recovery of the full amount**  
22 **of the difference in revenue between an 8.38% return on common equity and an**  
23 **8.80% return on common equity for 2012, calculated on the basis of**  
24 **Newfoundland Power's 2010 test year costs is approved, as set out in Schedule A.**
- 25  
26 **3. The proposed revised definition of the Excess Earnings Account is approved, as**  
27 **set out in Schedule B.**
- 28  
29 **4. Newfoundland Power's current customer rates shall be considered final rates**  
30 **from January 1, 2012, as set out in Schedule C.**
- 31  
32 **5. Newfoundland Power shall pay the expenses of the Board arising from this**  
33 **application, including the expenses of the Consumer Advocate incurred by the**  
34 **Board.**

**Dated** at St. John's, Newfoundland and Labrador this 15<sup>th</sup> day of June, 2012.



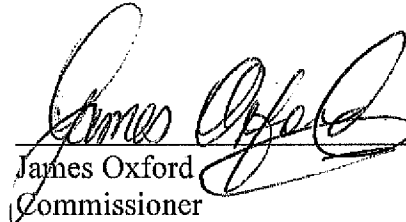
Andy Wells  
Chair and Chief Executive Officer



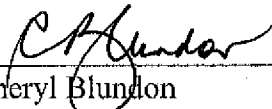
Darlene Whalen, P.Eng  
Vice-Chair



Dwanda Newman, LL.B.  
Commissioner



James Oxford  
Commissioner



Cheryl Blundon  
Board Secretary



**Newfoundland Power Inc.**

***2012 Cost of Capital Cost Recovery Deferral Account***

This account shall be charged with the full amount of the difference in revenue between an 8.38% return on common equity and an 8.80% return on common equity for 2012, calculated on the basis of the 2010 test year costs.

***Disposition of the Balance in this Account***

The disposition of this cost recovery deferral amount will be subject to a future order of the Board.

**Newfoundland Power Inc.**

**3.05 Excess Earnings Account**

**284xx**

This account shall be credited with any earnings in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 2012 and subsequent years, all earnings in excess of an 8.32% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.

NEWFOUNDLAND POWER INC.  
RATE #1.1  
DOMESTIC SERVICE

**Availability:**

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

**Rate:** (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: .....\$15.71 per month

Energy Charge:

All kilowatt-hours .....@ 10.407¢ per kWh

Minimum Monthly Charge .....\$15.71 per month

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.  
RATE #1.1S  
DOMESTIC SEASONAL – OPTIONAL

**Availability:**

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

**Rate:**

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):  
All kilowatt-hours .....@ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):  
All kilowatt-hours .....@ (1.297)¢ per kWh

**Special Conditions:**

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

NEWFOUNDLAND POWER INC.  
RATE #2.1  
GENERAL SERVICE 0-10 kW

**Availability:**

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:** (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: .....	\$18.03 per month
Energy Charge:	
All kilowatt-hours .....	@ 12.182 ¢ per kWh
Minimum Monthly Charge, Single Phase .....	\$18.03 per month
Three Phase .....	\$36.06 per month

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.  
RATE #2.2  
GENERAL SERVICE 10-100 kW (110 KVA)

**Availability:**

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovoltamperes).

**Rate:** (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: .....\$20.76 per month

**Demand Charge:**

\$8.70 per kW of billing demand in the months of December, January, February and March and \$7.20 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

**Energy Charge:**

First 150 kilowatt-hours per kW of billing demand .....@ 9.672 ¢ per kWh  
All excess kilowatt-hours .....@ 7.303 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 16.96 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

**Minimum Monthly Charge:**

Single Phase .....\$20.76 per month  
Three Phase .....\$36.06 per month

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.  
RATE #2.3  
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

**Availability:**

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

**Rate:** (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: .....\$93.47 per month

**Demand Charge:**

\$7.51 per kVA of billing demand in the months of December, January, February and March and \$6.01 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

**Energy Charge:**

First 150 kilowatt-hours per kVA of billing demand,  
up to a maximum of 30,000 kilowatt-hours .....@ 9.642 ¢ per kWh  
All excess kilowatt-hours .....@ 7.227¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 16.96 cents per kWh plus the Basic Customer Charge.

**Discount:**

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.  
RATE #2.4  
GENERAL SERVICE 1000 KVA AND OVER

**Availability:**

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

**Rate:** (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: .....\$186.93 per month

**Demand Charge:**

\$7.09 per kVA of billing demand in the months of December, January, February and March and \$5.59 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

**Energy Charge:**

First 100,000 kilowatt-hours .....@ 8.278 ¢ per kWh  
All excess kilowatt-hours .....@ 7.162 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 16.96 cents per kWh plus the Basic Customer Charge.

**Discount:**

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular, Regulation 7(n)], transformation [in particular, Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**



**NEWFOUNDLAND POWER INC.  
 RATE #4.1  
 STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

**Monthly Rate:** (Includes Municipal Tax and Rate Stabilization Adjustments)

	Sentinel/Standard	Post Top
<b>High Pressure Sodium*</b>		
100W ( 8,600 lumens)	\$16.14	\$17.30
150W (14,400 lumens)	20.77	-
250W (23,200 lumens)	28.17	-
400W (45,000 lumens)	39.22	-

\* For all new installations and replacements.

**Mercury Vapour**

175W ( 7,000 lumens)	\$16.14	\$17.30
250W ( 9,400 lumens)	20.77	-
400W (17,200 lumens)	28.17	-

**Special poles used exclusively for lighting service\*\***

Wood	\$ 6.82
30' Concrete or Metal, direct buried	9.90
45' Concrete or Metal, direct buried	15.08
25' Concrete or Metal, Post Top, direct buried	7.63

**Underground Wiring (per run)\*\***

All sizes and types of fixtures	\$12.06
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\*\* Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.**  
**CURTAILABLE SERVICE OPTION**  
**(for Rates #2.3 and #2.4 only)**

**Availability:**

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

**Credit for Curtailing:**

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

**Option 1:**

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

$$\text{Curtailment Credit} = \text{Contracted Demand Reduction} \times \$29 \text{ per kVA}$$

**Option 2:**

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

$$\text{Maximum Demand Curtailed} = (\text{Maximum Winter Demand} - \text{Firm Demand})$$

$$\text{Peak Period Load Factor} = \frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

$$\text{Curtailment Credit} = ((\text{Maximum Demand Curtailed} \times 50\%) + (\text{Maximum Demand Curtailed} \times 50\% \times \text{Peak Period Load Factor})) \times \$29 \text{ per kVA}$$

**Limitations on Requests to Curtail:**

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

**NEWFOUNDLAND POWER INC.**  
**CURTAILABLE SERVICE OPTION**  
**(for Rates #2.3 and #2.4 only)**

**Failure to Curtail:**

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

**Termination/Modification:**

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

**General:**

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account

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*Newfoundland & Labrador*

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
**120 TORBAY ROAD, ST. JOHN'S, NL**

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

E-mail: [ito@pub.nl.ca](mailto:ito@pub.nl.ca)

Telephone: 1-709-726-8600

Toll free: 1-866-782-0006

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