

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

**AN ORDER OF THE BOARD**

**NO. P.U. 39(2012)**

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 1990,  
4 Chapter P-47 (the “*Act*”) and regulations thereunder;

5  
6 **AND**

7  
8 **IN THE MATTER OF** an application by Newfoundland  
9 and Labrador Hydro pursuant to Section 70 of the *Act*  
10 for the approval of changes in the Utility Rate Schedule  
11 for the supply of power and energy to Newfoundland Power Inc.

12  
13  
14 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
15 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
16 and is subject to the provisions of the *EPCA*; and

17  
18 **WHEREAS** in Order No. P.U. 14(2004) the Board approved, among other things, the  
19 introduction of a demand-energy rate by Hydro for Newfoundland Power Inc.’s (“Newfoundland  
20 Power”) purchased power and also required Hydro to file an application and supporting  
21 documentation to fully address, among other things, an appropriate weather normalization  
22 mechanism; and

23  
24 **WHEREAS** in Order No. P.U. 44(2004) the Board approved a demand and energy rate to be  
25 charged by Hydro to Newfoundland Power, including provisions related to a weather adjustment  
26 applied to Newfoundland Power’s peak demand for billing purposes; and

27  
28 **WHEREAS** in Order No. P.U. 29(2011) the Board approved the current Utility Rate Schedule  
29 on an interim basis; and

30  
31 **WHEREAS** on December 10, 2012 Hydro filed an application (the “Application”) seeking  
32 approval of minor amendments to the provisions related to the weather adjustment applied to  
33 Newfoundland Power’s peak demand; and

1 **WHEREAS** Hydro has consulted with Newfoundland Power and proposes the following  
2 changes to the Utility Rate Schedule:

- 3
- 4 (i) Section (b) of the Weather Adjustment section be amended to remove the words  
5 “general” and “forecasting” in reference to the native peak demand model; and  
6
- 7 (ii) Section (d) of the Weather Adjustment section be amended to change the  
8 reference to Newfoundland Power’s customer counts to Newfoundland Power’s  
9 energy sales to be used to weight regional data; and  
10
- 11 (iii) Sections (d) and (f) be amended to reflect the fact that the weather data used,  
12 although published by Environment Canada, in some instances, is no longer  
13 collected by that agency; and  
14
- 15 (iv) Section (e) of the Weather Adjustment section be amended to change to seven  
16 instead of 19, the preceding hours to be used in the calculation of the temperature  
17 weather variable, to improve the statistical properties of the weather adjustment  
18 model; and  
19

20 **WHEREAS** Hydro also proposes to use the updated peak demand weather adjustment model for  
21 the winter peak period of 2012-2013; and  
22

23 **WHEREAS** the Board requested comments from interested parties by December 20, 2012; and  
24

25 **WHEREAS** Newfoundland Power submitted that the Board should grant the approval requested  
26 in the application; and  
27

28 **WHEREAS** the Consumer Advocate and the Industrial Customers did not provide any  
29 comments; and  
30

31 **WHEREAS** the Board has reviewed the Application and is satisfied that the proposed  
32 modifications to the weather adjustment applied to Newfoundland Power’s peak demand are  
33 appropriate.  
34

35 **IT IS THEREFORE ORDERED THAT:**  
36

- 37 1. The proposed changes in the Utility Rate Schedule, including the use of the updated  
38 peak demand weather adjustment model, as set out in Schedule A to this Order, are  
39 approved.  
40
- 41 2. Hydro shall pay the expenses of the Board incurred in connection with this  
42 Application.

**DATED** at St. John's, Newfoundland and Labrador, this 21<sup>st</sup> day of December, 2012.



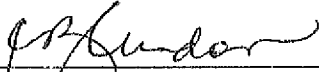
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Darlene Whalen, P.Eng.  
Vice-Chair



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Dwanda Newman, LL.B.  
Commissioner



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Cheryl Blundon  
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM)

**Availability:**

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

**Definitions:**

"Billing Demand"

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

- (a) the highest Native Load less the Generation 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, plus the Weather Adjustment True-up; and
- (b) the Minimum Billing Demand.

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

	kW
Hydraulic Generation Credit	80,104
Thermal Generation Credit	<u>37,826</u>
Total Generation Credit	117,930

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, Newfoundland Power will be provided 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.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)

“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.

“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.

“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; and
- (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 1000)

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, 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.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)

**Monthly Rates:**

**Billing Demand Charge:**

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

\$4.00 per kW of billing demand

**Energy Charge:**

First 250,000 kilowatt-hours\* ..... @ 3.246 ¢ per kWh  
All excess kilowatt-hours\* ..... @ 8.805 ¢ per kWh

**Firming-up Charge:**

Secondary energy supplied by  
Corner Brook Pulp and Paper Limited\* ..... @ 0.841 ¢ per kWh

**RSP Adjustment:**

Current Plan ..... @ (0.501) ¢ per kWh  
Fuel Rider..... @ 2.056 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 1.555 ¢ per kWh

**\*Subject to RSP Adjustment:**

RSP Adjustment 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.

**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.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)

**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 NP's actual Maximum Native Load.
- (b) Weather adjustment shall be derived from Hydro's NP native peak demand model.
- (c) By September 30<sup>th</sup> of each year, Hydro shall provide NP with 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 weight 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 on 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 15<sup>th</sup> of each year, and a final calculation of Weather-Adjusted Native Load by April 5<sup>th</sup> of each year.

**General:**

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

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