

**Newfoundland and Labrador  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD**

**NO. P.U. 23(2013)**

**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** a general rate application by Newfoundland Power Inc. for approval of, *inter alia*, rates to be charged its customers; and

**IN THE MATTER OF** an application for approval of:

- (i) customer rates, tolls and charges reflecting the determinations set out in Order No. P.U. 13(2013); and
- (ii) a revised rate stabilization adjustment and municipal tax adjustment to apply to the rates of Newfoundland Power Inc. for the period of July 1, 2013 to June 30, 2014.

1 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly  
2 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public  
3 utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*; and  
4

5 **WHEREAS** on May 16, 2013 Newfoundland Power filed an application with the Board to: i)  
6 comply with the Board’s directions in Order No. P.U. 13(2013) in relation to Newfoundland  
7 Power’s general rate application; and ii) request approval of the 2013 rate stabilization and  
8 municipal tax adjustments which are applied to customer rates on July 1<sup>st</sup> each year to reflect  
9 variations in certain Newfoundland Power costs, including purchased power costs from  
10 Newfoundland and Labrador Hydro (the “Application”); and

1 **WHEREAS** in compliance with Order No. P.U. 13(2013), the Application:

- 2  
3 (i) proposes a revised forecast average rate base and return on rate base for 2013 and  
4 for 2014;  
5  
6 (ii) provides revised forecast revenue requirements for the 2013 and 2014 test years;  
7  
8 (iii) proposes a revised Schedule of Rates, Tolls and Charges, effective for all electrical  
9 consumption on and after July 1, 2013;  
10  
11 (iv) proposes amendments to the Rate Stabilization Clause of Newfoundland Power's  
12 Rules and Regulations; and  
13  
14 (v) proposes a revised definition of the Excess Earnings Account; and  
15

16 **WHEREAS** the Application also proposes that the January 1, 2013 effective date for  
17 amendments to the Maximum Monthly Charge in Rates 2.2, 2.3 and 2.4 approved in Order No.  
18 P.U. 13(2013) be changed to the effective date of any changes to Newfoundland and Labrador  
19 Hydro ("Hydro") base rates approved as a result of Hydro's next general rate application; and  
20

21 **WHEREAS** the Application also seeks approval of the rate stabilization and municipal tax  
22 adjustments for the period July 1, 2013 to June 30, 2014 as follows:

- 23  
24 (i) the Rate Stabilization Adjustment of 1.770 cents/kWh approved in Order No. P.U.  
25 20(2012) is proposed to be decreased to 0.839 cents/kWh, primarily as a result of  
26 the changes to the rates charged to Newfoundland Power by Newfoundland and  
27 Labrador Hydro approved in Order No. P.U. 17(2013); and  
28  
29 (ii) the Municipal Tax Adjustment Factor, which is adjusted each year on July 1<sup>st</sup> to  
30 reflect Newfoundland Power's municipal tax costs for the year, is proposed to be  
31 1.02377; and  
32

33 **WHEREAS** the average impact on existing customer rates associated with compliance with  
34 Order No. P.U. 13(2013) in relation to Newfoundland Power's general rate application is an  
35 increase of 4.8% and the average impact on existing customer rates resulting from this year's rate  
36 stabilization and municipal tax adjustments is a decrease of 7.9%, for an average overall decrease  
37 of 3.1% in customer rates effective July 1, 2013; and  
38

39 **WHEREAS** the Application was circulated to the Consumer Advocate and Newfoundland and  
40 Labrador Hydro, and both advised they had no comments; and  
41

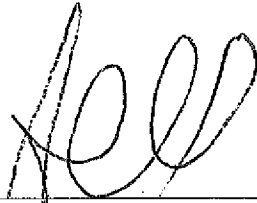
42 **WHEREAS** on May 31, 2013 the Board's financial consultants, Grant Thornton LLP, filed a  
43 report with the Board stating that the Application is consistent with Order P.U. 13(2013) and that  
44 the calculation of the Rate Stabilization Adjustment and the Municipal Tax Adjustment Factor  
45 are appropriate and in accordance with previous Board Orders; and

1 **WHEREAS** the Board has reviewed the Application and is satisfied that it reflects the  
2 determinations of the Board in Order No. P.U. 13(2013) as well as previous Board Orders and  
3 should be approved.  
4

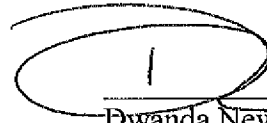
5  
6 **IT IS THEREFORE ORDERED THAT:**  
7

- 8 1. The forecast average rate base for 2013 of \$918,716,000 and the forecast average rate  
9 base for 2014 of \$955,416,000 are approved.  
10
- 11 2. The rate of return on average rate base for 2013 of 7.92% in a range of 7.74% to 8.10%  
12 and the rate of return on average rate base for 2014 of 7.88% in a range of 7.70% to  
13 8.06% are approved.  
14
- 15 3. The Rate Stabilization Adjustment of 0.839 cents/kWh and the Municipal Tax  
16 Adjustment Factor of 1.02377 for the period of July 1, 2013 to June 30, 2014 are  
17 approved.  
18
- 19 4. The Schedule of Rates, Tolls and Charges of Newfoundland Power as set out in Schedule  
20 A, to be effective for all electrical consumption on and after July 1, 2013, is approved.  
21
- 22 5. Newfoundland Power shall make an application to implement the amendments to the  
23 Maximum Monthly Charge in Rates 2.2, 2.3 and 2.4 approved in Order No. P.U.  
24 13(2013) after Newfoundland and Labrador Hydro has applied for a change in its base  
25 rate to Newfoundland Power.  
26
- 27 6. Amendments to the Rate Stabilization Clause to clarify the language in relation to: i) the  
28 Weather Normalization Reserve balance in the Rate Stabilization Account; and ii) the  
29 energy charge in the "Maximum Monthly Charge", are approved as set out in Schedule  
30 B.  
31
- 32 7. Newfoundland Power shall file revised Rules and Regulations to be effective July 1,  
33 2013.  
34
- 35 8. The revised definition of the Excess Earnings Account as set out in Schedule C is  
36 approved.  
37
- 38 9. Newfoundland Power shall pay the expenses of the Board arising from this Application.

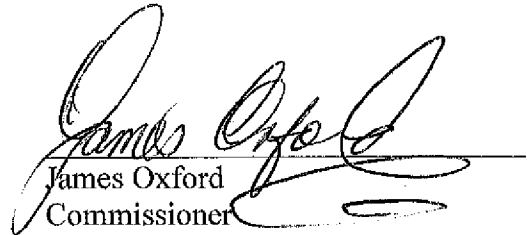
**DATED** at St. John's, Newfoundland and Labrador this 14<sup>th</sup> day of June 2013.



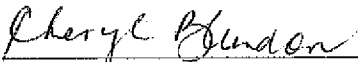
Andy Wells  
Chair & Chief Executive Officer



Dwanda Newman, LL.B.  
Commissioner



James Oxford  
Commissioner



Cheryl Blundon  
Board Secretary

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:

Not Exceeding 200 Amp Service .....	\$15.68 per month
Exceeding 200 Amp Service .....	\$20.68 per month

Energy Charge:

All kilowatt-hours .....	@10.945¢ per kWh
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Minimum Monthly Charge:

Not Exceeding 200 Amp Service .....	\$15.68 per month
Exceeding 200 Amp Service .....	\$20.68 per month

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 0-100 kW (110 kVA)

**Availability:**

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

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

Basic Customer Charge: ..... \$21.91 per month

**Demand Charge:**

\$8.68 per kW of billing demand in the months of December, January, February and March and \$6.18 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month in excess of 10 kW.

**Energy Charge:**

First 3,500 kilowatt-hours ..... @ 10.927¢ per kWh  
All excess kilowatt-hours ..... @ 8.336¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 17.739 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

**Minimum Monthly Charge:**

Single Phase ..... \$21.91 per month  
Three Phase ..... \$36.00 per month

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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: ..... \$50.02 per month

**Demand Charge:**

\$7.54 per kVA of billing demand in the months of December, January, February and March and \$5.04 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 50,000 kilowatt-hours ..... @ 9.649¢ per kWh  
All excess kilowatt-hours ..... @ 7.878¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 17.739 cents per kWh plus the Basic Customer Charge.

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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: ..... \$85.03 per month

**Demand Charge:**

\$7.12 per kVA of billing demand in the months of December, January, February and March and \$4.62 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 75,000 kilowatt-hours ..... @ 9.126¢ per kWh  
All excess kilowatt-hours ..... @ 7.644¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 17.739 cents per kWh plus the Basic Customer Charge.

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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)

	<b>Sentinel/Standard</b>	<b>Post Top</b>
<b>High Pressure Sodium</b>		
100W ( 8,600 lumens)	\$16.83	\$18.23
150W (14,400 lumens)	21.31	-
250W (23,200 lumens)	30.34	-
400W (45,000 lumens)	41.98	-

**Mercury Vapour**

175W ( 7,000 lumens)	\$16.83	\$18.23
250W ( 9,400 lumens)	21.31	-
400W (17,200 lumens)	30.34	-

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

Wood	\$7.23
30' Concrete or Metal, direct buried	10.45
45' Concrete or Metal, direct buried	14.72
25' Concrete or Metal, Post Top, direct buried	7.99

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

All sizes and types of fixtures	\$12.79
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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:

Curtailment Credit = Contracted Demand Reduction x \$29 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:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

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

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x \$29 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.

NEWFOUNDLAND POWER INC.  
TIME OF DAY RATE STUDY  
DOMESTIC SERVICE

**Availability:**

Available to Customers served under Rate #1.1 Domestic Service who participate in the Time of Day Rate Study.

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

Basic Customer Charge:

Not Exceeding 200 Amp Service ..... \$15.68 per month  
Exceeding 200 Amp Service ..... \$20.68 per month

**Energy Charges:**

Winter On-Peak kWh..... 16.183¢ per kWh  
Winter Off-Peak kWh..... 10.793¢ per kWh  
Non-Winter kWh ..... 9.610¢ per kWh  
  
Minimum Monthly Charge ..... \$15.68 per month

**Winter On-Peak:**

The Winter On-Peak period is defined as the hours starting at 8:00 a.m. to 12:00 p.m. and 4:00 p.m. to 8:00 p.m. Monday through Friday for the billing months of December through March (Winter Months).

**Winter Off-Peak:**

The Winter Off-Peak period is defined as all hours not included above in the On-Peak period including all weekends for the Winter Months.

**Non-Winter:**

The Non-Winter period is defined as the billing months of April through November.

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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.  
TIME OF DAY RATE STUDY  
GENERAL SERVICE 1000 KVA AND OVER

**Availability:**

Available to Customers served under Rate #2.4 General Service 1000 kVA and Over who participate in the Time of Day Rate Study.

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

Basic Customer Charge ..... \$85.03 per month

**Demand Charge:**

\$1.95 per kVA of billing demand. The billing demand shall be the maximum demand registered on the meter in the current month.

**Energy Charges:**

Winter On-Peak kWh..... 13.874¢ per kWh  
Winter Off-Peak kWh..... 8.791¢ per kWh  
Non-Winter kWh ..... 7.838¢ per kWh

Minimum Monthly Charge ..... \$85.03 per month

**Winter On-Peak:**

The Winter On-Peak period is defined as the hours starting at 8:00 a.m. to 12:00 p.m. and 4:00 p.m. to 8:00 p.m. Monday through Friday for the billing months of December through March (Winter Months).

**Winter Off-Peak:**

The Winter Off-Peak period is defined as all hours not included above in the On-Peak period including all weekends for the Winter Months.

**Non-Winter:**

The Non-Winter period is defined as the billing months of April through November.

**Discount:**

A discount of 1.5% of the amount of the current month's bill 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 STABILIZATION CLAUSE**

**II. RATE STABILIZATION ACCOUNT ("RSA")**

8. On March 31<sup>st</sup> of each year, beginning in 2013, the Rate Stabilization Account shall be increased (reduced), on a before tax basis, by the balance in the Weather Normalization Reserve as of the end of the previous year accrued in the previous year.

**III. RATE CHANGES**

The energy charges in each rate classification (other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge) shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment.

The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.

**Newfoundland Power Inc.**

**Excess Earnings Account**

**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. The established range of return on rate base is 36 basis points. For any year, all earnings in excess of 18 basis points above the approved rate of return on rate base for that year shall, unless otherwise ordered by the Board, be credited to this account. Disposition of any balance in this account shall be as determined by the Board.