

# Board of Commissioners of Public Utilities

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## BACKGROUND

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### The General Rate Application of Newfoundland Power

#### The Company

Newfoundland Power Inc. (NP) is an investor owned, fully regulated electrical utility which operates an integrated generation, transmission and distribution system throughout the island portion of the Province. All the common shares of NP are owned by Fortis Inc., a diversified holding company headquartered in St. John's. NP provides electrical service to approximately 220,000 residential and general service customers, or 85% of all electrical consumers. Newfoundland and Labrador Hydro ("NLH") serve the remaining customers throughout the Province. NP's total energy sales in 2002 were 4,765 GWh. NP purchases in excess of 90% of its energy requirements from NLH and supplies the rest through its own generation.

#### The Board

The Board of Commissioners of Public Utilities is an independent, quasi-judicial body established under provincial legislation to regulate public utilities throughout Newfoundland and Labrador, which include Newfoundland Power and Newfoundland and Labrador Hydro. The Board's mandate is to ensure that consumers receive safe and reliable electricity at rates that are reasonable while allowing the utility to earn a fair return on its investment in supplying the electrical service. The Board strives to strike an equitable balance between the interests of consumers and the utility.

Board Commissioners conducting the hearing were:

Commissioner Robert Noseworthy, (Chair and CEO of the Board);  
Commissioner Darlene Whalen, P. Eng., (Vice-Chair); and  
Commissioner William Finn, Q.C.

#### The Process

The Application was filed with the Board on October 11<sup>th</sup>, 2002. The registered parties to the Application were:

Newfoundland Power Inc., represented by Ms. Gillian Butler, Q.C. and Mr. Peter Alteen;  
The Consumer Advocate, Mr. Dennis Browne, Q.C., represented by Mr. Stephen Fitzgerald; and  
Newfoundland and Labrador Hydro, represented by Mr. Geoffrey Young.

In advance of the hearing, the process provided for parties to retain expert witnesses, file evidence and request information from one another in the form of responses to questions. The hearing began on March 3<sup>rd</sup>, 2003 and was held in the Board's Hearings Room in St. John's. The hearing concluded on April 25<sup>th</sup>, 2003 following 23 days of testimony. The Board afforded the opportunity for public participation and a number of interested persons/organization made oral presentations to the Board at hearing days held for this purpose in St. John's and Corner Brook. Other persons/organizations submitted Letters of Comment. All documentation and testimony, including expert and company witnesses as well as public contributions, comprise evidence which was considered by the Board in its decision-making process.

#### Regulation of NP

NP's last general rate review occurred in 1998. Rates were set at that time for 1998 and 1999 and an Automatic Adjustment Formula was put in place to determine rates for 2000, 2001 and 2002. Rates for 2003 have remained on an interim basis at the 2002 level pending completion of the hearing and release of this Decision/Order. Subject to a re-filing by NP of a revised Schedule of Rates incorporating decisions contained in this Order, new rates will be set and become effective August 1<sup>st</sup>, 2003. In addition, NP's rates change from time to time to reflect adjustments attributable to the costs of purchasing power from NLH.