

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

**AN ORDER OF THE BOARD**

**NO. P.U. 15(2021)**

1 **IN THE MATTER OF** the Electrical Power  
2 Control Act, 1994, SNL 1994, Chapter E-5.1  
3 (the “*EPCA*”) and the Public Utilities Act, RSNL  
4 1990, Chapter P-47 (the “*Act*”), as amended, and  
5 regulations thereunder; and  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro for recovery  
9 of the 2020 balances in (i) the Isolated Systems  
10 Supply Cost Variance Deferral Account, (ii) the  
11 Revised Energy Supply Cost Variance Deferral  
12 Account, and (iii) the Holyrood Conversion Rate  
13 Deferral Account, pursuant to sections 70(1) and  
14 80 of the *Act*.  
15  
16

17 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
18 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,  
19 and is also subject to the provisions of the *EPCA*; and  
20

21 **WHEREAS** the definitions of the Isolated Systems Supply Cost Variance Deferral Account  
22 (“Isolated Systems Deferral Account”), the Energy Supply Cost Variance Deferral Account, and  
23 the Holyrood Conversion Rate Deferral Account were approved in Order No. P.U. 22(2017); and  
24

25 **WHEREAS** in Order No. P.U. 30(2019) the Board approved the definition of the Revised Energy  
26 Supply Cost Variance Deferral Account (“Revised Energy Supply Deferral Account”) which  
27 added variations in off-island power purchases, in price and volume, to the sources covered by the  
28 deferral account definition; and  
29

30 **WHEREAS** the deferral accounts are collectively referred to as the “Supply Deferral Accounts”;  
31 and  
32

33 **WHEREAS** the approved account definitions require Hydro to file an application for the approval  
34 of the account balances and the disposition of any balance in the Supply Deferral Accounts no  
35 later than March 31<sup>st</sup> of each year; and

1 **WHEREAS** on March 31, 2021 Hydro filed an application requesting approval of the allocation  
2 of the 2020 balances in the Supply Deferral Accounts, totaling approximately \$55.0 million,  
3 consistent with the methodologies approved for the 2015, 2016 and 2017 Deferred Supply Costs  
4 approved in Order P.U. 16(2019), and the 2018 Deferred Supply Costs and 2019 Deferred Supply  
5 Costs approved in Order Nos. P.U. 21(2019) and P.U. 13(2020) (the “Application”); and  
6

7 **WHEREAS** the Application proposes that the 2020 Isolated Systems Deferral Account credit  
8 balance of \$3,997,976 be allocated between Newfoundland Power Inc. (“Newfoundland Power”)  
9 and the Hydro Rural Labrador Interconnected System customers based on the 2019 Test Year  
10 Rural Deficit allocation which would result in a credit balance of \$3,842,055 owing to  
11 Newfoundland Power and a \$155,921 credit to Hydro’s net income; and  
12

13 **WHEREAS** the Application proposes that the 2020 Revised Energy Supply Deferral Account  
14 debit balance of \$59,382,250 be allocated on the basis of energy consumption in the year in which  
15 the balance accumulated which would result in a balance owing of \$55,047,346 from  
16 Newfoundland Power, a balance owing of \$4,174,572 from the Island Industrial customers, and  
17 \$160,332 to be allocated to the Hydro Rural Labrador Interconnected System customers to be  
18 applied as a reduction to Hydro’s net income; and  
19

20 **WHEREAS** the Application proposes that the 2020 Holyrood Conversion Rate Deferral Account  
21 credit balance of \$407,412 also be allocated on the basis of energy consumption in the year in  
22 which the balance accumulated which would result in a credit balance of \$377,671 owing to  
23 Newfoundland Power, a credit balance of \$28,641 owing to the Island Industrial customers and a  
24 credit of \$1,100 to the Hydro Rural Labrador Interconnected System customers to be applied as a  
25 credit to Hydro’s net income; and  
26

27 **WHEREAS** the Application proposes to transfer the allocated balances associated with the 2020  
28 Supply Deferral Accounts to the Rate Stabilization Plan (“RSP”) Current Plan balances as of  
29 March 31, 2021 to be recovered from customers through the RSP Current Plan Adjustment; and  
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31 **WHEREAS** the Application was circulated to: Newfoundland Power; the Consumer Advocate,  
32 Dennis Browne, Q.C. (the “Consumer Advocate”); a group of Island Industrial customers: Corner  
33 Brook Pulp and Paper Limited, NARL Refining Limited Partnership, Vale Newfoundland and  
34 Labrador Limited (the “Industrial Customer Group”); Praxair Canada Inc.; and Teck Resources  
35 Limited; and  
36

37 **WHEREAS** Newfoundland Power advised on April 26, 2021 that it had no comments on the  
38 Application; and  
39

40 **WHEREAS** the Board engaged Grant Thornton LLP to review the Application and its report was  
41 submitted to the Board on April 27, 2021; and  
42

43 **WHEREAS** Grant Thornton LLP concluded in its report that the amounts reported are in  
44 accordance with account definitions approved in Order Nos. P.U. 22(2017) and P.U. 30(2019);  
45 and

1 **WHEREAS** the Consumer Advocate, the Industrial Customer Group and Praxair Canada Inc.  
2 advised on April 28, 2021 that they had no comments on the Application, and no other comments  
3 were received; and  
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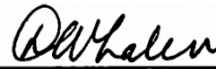
5 **WHEREAS** on May 4, 2021 Hydro noted that Grant Thornton LLP did not identify any issues  
6 and that there were no comments received from the parties and submitted that the balances in the  
7 2020 Supply Deferral Accounts were prudently incurred by Hydro in its provision of lease-cost,  
8 reliable service, that the Board approve the Application as filed; and  
9

10 **WHEREAS** the Board is satisfied that Hydro's proposals for the allocation and recovery of the  
11 2020 Supply Deferral Accounts should be approved.  
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13

14 **IT IS THEREFORE ORDERED THAT:**  
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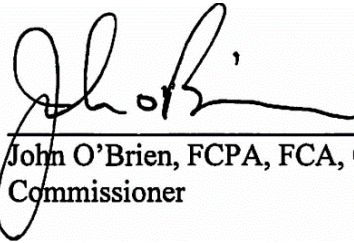
- 16 1. The balances in the Revised Energy Supply Cost Variance Deferral Account, the Holyrood  
17 Conversion Rate Deferral Account and the Isolated Systems Supply Cost Variance Deferral  
18 Account for 2020 are approved.  
19
- 20 2. Hydro's proposals for the allocation by customer class of the balances in the Revised Energy  
21 Supply Cost Variance Deferral Account, the Holyrood Conversion Rate Deferral Account and  
22 the Isolated Systems Supply Cost Variance Deferral Account for 2020 are approved.  
23
- 24 3. Hydro's proposal to recover the amounts allocated to Newfoundland Power and the Island  
25 Industrial customers through a transfer of balances to the respective RSP Current Plans  
26 effective March 31, 2021, with recovery from Newfoundland Power and the Island Industrial  
27 customers starting July 1, 2021 and January 1, 2022, respectively, is approved.  
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- 29 4. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 12<sup>th</sup> day of May, 2021.



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Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Cheryl Blundon  
Board Secretary