

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

AN ORDER OF THE BOARD

NO. P.U. 23(2025)

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**”), as amended, and regulations thereunder; and

IN THE MATTER OF Newfoundland Power’s 2025/2026 general rate application for approval of inter alia, rates to be charged its customers and Order No. P.U. 3(2025) relating to the application; and

IN THE MATTER OF an application filed by Newfoundland Power Inc. in compliance with Order No. P.U. 3(2025), for approval of inter alia, its 2025 and 2026 forecast average rate base and rate of return on rate base, as well as revised rates, tolls and charges and rules and regulations, effective July 1, 2025.

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

WHEREAS on April 17, 2025 Newfoundland Power filed an application with the Board to reflect, among other things, the determinations of the Board flowing from Newfoundland Power’s recent general rate application and to reflect the annual July 1 rate stabilization and municipal tax adjustments (the “Compliance Application”). The Compliance Application requests an order of the Board approving:

- i) A 2025 forecast average rate base of \$1,412,495,000 and a 2026 forecast average rate base of \$1,458,577,000;
- ii) A 2025 forecast rate of return on average rate base of 6.65%, in a range of 6.47% to 6.83%, and a 2026 forecast rate of return on average rate base of 6.63%, in a range of 6.45% to 6.81%;

- iii) A 2025 forecast revenue requirement of \$769,532,000 and a 2026 forecast revenue requirement of \$806,675,000;
- iv) The Rate Stabilization Adjustment of 1.910 cents per kWh and the Municipal Tax Adjustment Factor of 1.02458, to be applied to all bills based on electrical consumption on and after July 1, 2025;
- v) An unrecovered Rate Stabilization Account balance of \$70,000,000 to be maintained in the Rate Stabilization Account until it is fully recovered by June 30, 2028;
- vi) Rates, tolls and charges, effective July 1, 2025, as set out in Appendix F to Schedule 2 of the Application; and
- vii) The Rules and Regulations, effective July 1, 2025, as set out in Appendix H to Schedule 2 of the Application; and

WHEREAS the Compliance Application was copied to Newfoundland and Labrador Hydro ("Hydro") and the Consumer Advocate, Mr. Dennis Browne, KC; and

WHEREAS Newfoundland Power filed its 2025/2026 general rate application on December 12, 2023 and on January 16, 2025 the Board issued Order No. P.U. 3(2025) directing Newfoundland Power to file the Compliance Application to reflect the settlement agreements and the determinations of the Board, including, among other things, that i) the proposed rate of return on common equity for rate setting purposes should be reduced from 9.85% to 8.6%, ii) the proposed operating costs should be reduced to reflect a productivity allowance of \$2 million for 2025 and for 2026, and iii) that the costs associated with short-term incentive payments to the executive and directors should be excluded from the 2025 and 2026 revenue requirements; and

WHEREAS Order No. P.U. 3(2025) also directed that the Compliance Application should incorporate the annual July 1 Rate Stabilization Account adjustment and the Municipal Tax Adjustment Factor and should incorporate rate smoothing to address issues related to rate shock, rate stability and the timely recovery of prudent costs in the context of the rate increases expected over the period 2025 to 2027; and

WHEREAS the Compliance Application set out that without rate smoothing the revised customer rates would increase by approximately 15.3% to reflect:

- i) an increase of approximately 8.5% associated with Newfoundland Power's general rate application;
- ii) an increase of approximately 2.3% to reflect the impact of Hydro's application filed on April 15, 2025 to increase the Utility Rate charged to Newfoundland Power; and
- iii) an increase of approximately 4.5% to reflect the July 1, 2025 Rate Stabilization Account adjustment and Municipal Tax Adjustment Factor; and

WHEREAS to provide for rate smoothing as directed by the Board the Compliance Application proposed that the Rate Stabilization Account balance to be included in the Rate Stabilization Adjustment be reduced by \$70,000,000 to reduce the overall average customer rate increase on July 1, 2025 from approximately 15.3% to 7.0%; and

WHEREAS Newfoundland Power stated that the rate smoothing proposals appropriately balance the regulatory principles of rate stability and predictability, cost of service and a fair and

1 reasonable end result, is consistent with the Board's direction in Order No. P.U. 16 (2024)¹, and
2 mitigate against degradation of the Company's creditworthiness associated with unrecovered
3 Rate Stabilization Account balances; and

4
5 **WHEREAS** the Consumer Advocate issued Requests for Information, which were answered by
6 Newfoundland Power on May 14, 2025; and

7
8 **WHEREAS** on May 23, 2025 the Board's financial consultants, Doane Grant Thornton LLP, filed a
9 report with the Board stating that the Compliance Application is in compliance with Board orders
10 and that there were no discrepancies in the calculations or methodology used, and commented
11 that Newfoundland Power's proposal to reduce the recovery of the Rate Stabilization Account
12 balance by \$70,000,000 presents a balance between rate stability and cost recovery; and

13
14 **WHEREAS** the Consumer Advocate and Hydro did not file comments on the Compliance
15 Application; and

16
17 **WHEREAS** on June 2, 2025 Newfoundland Power filed a reply and noted no comments were
18 provided by the parties and no issues were raised by Doane Grant Thornton LLP and requested
19 that the Compliance Application be approved as filed; and

20
21 **WHEREAS** in Order No. P.U. 22(2025) the Board approved the revised Utility Rate for the supply
22 of electrical service from Hydro to Newfoundland Power, effective July 1, 2025, as proposed by
23 Hydro in its April 15, 2025 application; and

24
25 **WHEREAS** the Board is satisfied that the Compliance Application proposals are consistent with
26 Board orders and the proposed rate smoothing through the reduced recovery of the Rate
27 Stabilization Account balance reasonably addresses issues related to rate shock, rate stability and
28 the timely recovery of prudent costs, and finds that the Compliance Application should be
29 approved.

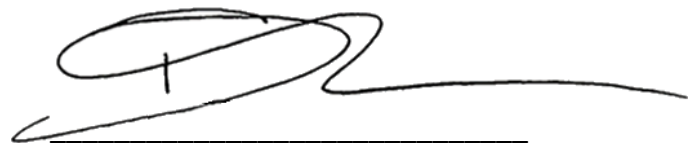
¹ In Order No. P.U.16(2024), the Board ordered Newfoundland Power to file a revised Rate Stabilization Adjustment to reflect recovery of a portion of the Rate Stabilization Account balance at March 31, 2024 to provide for an overall average customer rate increase effective August 1, 2024 of approximately 7.0%, a decrease from the 9.3% increase proposed by Newfoundland Power.

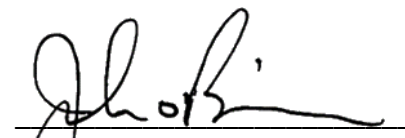
IT IS THEREFORE ORDERED THAT:

1. The forecast average rate base for 2025 of \$1,412,495,000 and the forecast average rate base for 2026 of \$1,458,577,000, are approved.
2. The rate of return on average rate base for 2025 of 6.65% in a range of 6.47% to 6.83% and the rate of return on average rate base for 2026 of 6.63% in a range of 6.45% to 6.81%, are approved.
3. The unrecovered Rate Stabilization Account balance of \$70,000,000 shall be maintained in the Rate Stabilization Account to be recovered over the period 2026 to 2028 pursuant to further order of the Board.
4. The Schedule of Rates, Tolls and Charges as set out in Schedule A to this Order, to be effective on all electrical consumption on and after July 1, 2025, is approved.
5. The Rules and Regulations as set out in Schedule B to this Order, to be effective July 1, 2025, are approved.
6. Newfoundland Power shall pay the costs and expenses of the Board arising from this Compliance Application, including the expenses of the Consumer Advocate incurred by the Board.

DATED at St. John's, Newfoundland and Labrador, this 16th day of June 2025.


Kevin Fagan
Chair and Chief Executive Officer


Dwanda Newman, LL.B.
Vice-Chair


John O'Brien, FCPA, FCA, CISA
Commissioner


Jo-Anne Galarneau
Executive Director and 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 | \$17.38 per month |
| Exceeding 200 Amp Service | \$22.38 per month |

Energy Charge:

| | |
|--------------------------|------------------|
| All kilowatt-hours | @15.213¢ per kWh |
|--------------------------|------------------|

Minimum Monthly Charge:

| | |
|-------------------------------------|-------------------|
| Not Exceeding 200 Amp Service | \$17.38 per month |
| Exceeding 200 Amp Service | \$22.38 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:

| | |
|--------------------|-------------------|
| Unmetered | \$14.09 per month |
| Single Phase | \$22.09 per month |
| Three phase | \$34.09 per month |

Demand Charge:

\$10.52 per kW of billing demand in the months of December, January, February and March and \$8.02 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 | @ 15.059¢ per kWh |
| All excess kilowatt-hours | @ 11.808¢ per kWh |

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 24.689 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

Minimum Monthly Charge:

| | |
|--------------------|-------------------|
| Unmetered | \$14.09 per month |
| Single Phase | \$22.09 per month |
| Three Phase | \$34.09 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: \$53.71 per month

Demand Charge:

\$8.80 per kVA of billing demand in the months of December, January, February and March and \$6.30 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 @ 13.109¢ per kWh
All excess kilowatt-hours @ 10.957¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 24.689 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

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: \$93.60 per month

Demand Charge:

\$8.41 per kVA of billing demand in the months of December, January, February and March and \$5.91 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 @ 12.712¢ per kWh
All excess kilowatt-hours @ 10.869¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 24.689 cents per kWh plus the Basic Customer Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

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)

| | Sentinel/Standard | Post Top |
|---|-------------------|----------|
| High Pressure Sodium | | |
| 100W (8,600 lumens) | \$20.49 | \$21.79 |
| 150W (14,400 lumens) | 25.78 | - |
| 250W (23,200 lumens) | 37.07 | - |
| 400W (45,000 lumens) | 52.32 | - |
| Light Emitting Diode | | |
| LED 100 | \$17.69 | - |
| LED 150 | 21.17 | - |
| LED 250 | 26.10 | - |
| LED 400 | 31.22 | - |
| Special poles used exclusively for lighting service* | | |
| Wood | \$6.74 | |
| 30' Concrete or Metal, direct buried | 9.21 | |
| 45' Concrete or Metal, direct buried | 15.23 | |
| 25' Concrete or Metal, Post Top, direct buried | 6.41 | |

Underground Wiring (per run)*

| | |
|---------------------------------|---------|
| All sizes and types of fixtures | \$15.37 |
|---------------------------------|---------|

* 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.

Customers that reduce their demand in aggregate will be treated as a single Customer under this rate option. The aggregated Customer must provide a single point of contact for a request to Curtail.

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 =
$$\frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1,573 \text{ hours})}$$

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 for failure to Curtail in a winter period as follows:

1. For the first 5 curtailment requests the Curtailment Credit will be reduced 25% for each failure to Curtail.
2. After the 5th curtailment 50% of the remaining Curtailment Credit, if any, will become vested ("Vested Curtailment Credit").
3. For all remaining curtailment requests the Curtailment Credit will be reduced by 12.5% for each additional failure to Curtail.

If a Customer fails to Curtail four times during a winter period, then:

1. The Customer shall only be entitled to the Vested Curtailable Credit, if any.
2. 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.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)**

Availability:

For Customers who use generation on their Serviced Premises to offset part or all of the electrical energy requirements of the Serviced Premises. Energy generated in excess of the requirements of the Serviced Premises is permitted to be credited against the Customer's energy purchases from the Company in accordance with this rate option.

Net Metering Service is available for any Serviced Premises that is supplied from the Company's distribution system, is billed under one of the Company's metered service rates, and which has generation electrically connected to it that meets the requirements of these provisions. Net Metering Service is not available for unmetered service accounts.

In order to avail of the Net Metering Service Option, Customers must submit a completed Net Metering Service Application to the Company demonstrating the Customer's eligibility for Net Metering Service.

Availability of the Net Metering Service Option will be closed once the provincial aggregate generating capacity for Net Metering Service of 5.0 MW has been met.

Customers that avail of the Net Metering Service Option must maintain compliance with all requirements of this Option. The Company shall have the right to verify compliance through inspection or testing.

Metering:

Net Metering Service will ordinarily be metered using a Company-supplied single meter capable of registering the flow of electrical energy in two directions. The meter will separately capture both the energy supplied to the Customer by the Company and the energy supplied to the Company by the Customer.

At the Company's option, the output of the Customer's generation may be metered separately. In that case, the Customer shall provide the Company with the access necessary to install and maintain the required metering equipment.

The Customer shall pay all costs to upgrade the metering equipment for Net Metering Service if the existing electrical meter at the Serviced Premises is not capable of safely and reliably measuring both the energy supplied to the Customer by the Company and the energy supplied to the Company by the Customer.

**NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)**

Billing:

Each account availing of Net Metering Service will be billed on the rate normally applicable to the Customer's class of Service.

The Customer's net monthly bill will be determined by deducting the Customer Generation Credit from the total of all charges for Service. The Customer Generation Credit equals the Generation Energy Credit, in kilowatt-hours ("kWh") multiplied by the rate applicable to the Customer's class of Service during the billing month.

The "Generation Energy Credit" is the sum of the kWh energy supplied by the Customer to the Company during the billing month plus Banked Energy Credits. The Generation Energy Credit for a billing month shall not exceed the energy supplied by the Company to the Customer during that month.

"Banked Energy Credits" are the amount of kWh energy supplied by the Customer to the Company that exceeds the kWh energy supplied by the Company to the Customer. Banked Energy Credits in excess of those used to calculate the Generation Energy Credit for a billing month will be carried forward to the following month.

The balance of the Customer's Banked Energy Credits carried forward will be settled annually by means of a credit on the Customer's bill for the Annual Review Billing Month. The Annual Review Billing Month will be determined by the Customer, in consultation with the Company, during the process of implementing Net Metering Service. The Annual Review Billing Month may be revised by the Customer, in consultation with the Company, upon a revision to the Utility Rate charged by Newfoundland and Labrador Hydro to the Company. Settlement of Banked Energy Credits will be computed based upon the then-current 2nd block energy charge in Newfoundland and Labrador Hydro's Utility Rate applicable to service provided to the Company.

Whenever a Customer's participation in the Net Metering Service Option is discontinued, any unused Banked Energy Credits will be settled with a credit on the Customer's next bill.

All customers must pay Harmonized Sales Tax (HST) on the energy supplied by the Company to the Customer during the billing month. If a Customer availing of Net Metering Service is required by law to collect HST on the energy they supply to the Company, the Company will pay HST to the Customer based on the amount of the Customer Generation Credit. It is the Customer's responsibility to notify the Company in writing if they are required to collect HST on the energy they supply to the Company.

**NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1, #2.3, and #2.4 only)**

Special Conditions:

Special conditions in this clause do not supersede, modify or nullify the conditions accompanying the metered rate schedules applicable to the Customer's class of Service.

To avail of Net Metering Service, a single Customer must own and maintain responsibility for the Serviced Premises, the generation and the electrical facilities connecting it to the Company's distribution system.

To qualify for Net Metering Service, the Customer's generation must meet the following requirements:

- i) be designed not to exceed the annual energy requirements of the buildings and facilities metered together on the Serviced Premises;
- ii) have a manufacturer's nameplate capacity rating totaling not more than 100 kW, except where a lower rating is stipulated by the Company for technical reasons;
- iii) be electrically connected through Customer-owned electrical facilities to the Serviced Premises to which Net Metering Service is being provided;
- iv) produce electrical energy from a renewable energy source, including wind, solar, photovoltaic, geothermal, tidal, wave, biomass energy or other renewable energy sources that may be approved by the Company on a case-by-case basis; and
- v) meet all applicable safety and performance standards established by the Canadian Electrical Code, the Public Safety Act and the Company's Interconnection Requirements.

All Customer-owned wiring, equipment and devices associated with generation utilized for Net Metering Service shall conform to the Company's interconnection requirements.

The Customer will retain the rights to any renewable energy credits or greenhouse gas-related credits arising from the use of renewable energy sources to generate electricity in accordance with this Option.

A Customer availing of Net Metering Service is responsible for all costs associated with their own facilities. The Customer shall also be required to pay all costs incurred by the Company to modify the utility supply for the provision of Net Metering Service, and for necessary engineering or technical studies required in connection with the provision of Net Metering Service to the Customer.

The approval of an application for Net Metering Service will be subject to the applicant entering into a Net Metering Interconnection Agreement with the Company.

If an applicant approved for Net Metering Service does not proceed with operation of its generation in accordance with its approval within two years from the date of the Company's approval of the application, the approval will be rescinded.

**NEWFOUNDLAND POWER INC.
NET METERING SERVICE OPTION
(for Rates #1.1, #1.1S, #2.1,#2.3, and #2.4 only)**

Approval of Net Metering Service may be revoked if a Customer is found to be in violation of provisions of the Company's Rules and Regulations.

If participation in the Net Metering Service Option is discontinued, the Customer must re-apply to the Company to avail of the Net Metering Service Option.

**NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS**

1. INTERPRETATION:

- (a) In these Rates, Rules and Regulations the following definitions shall apply:
- (i) "Act" means The Public Utilities Act RSN 1970 c. 322 as amended from time to time.
 - (ii) "Applicant" means any person who applies for Service.
 - (iii) "Board" means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
 - (iv) "Company" means Newfoundland Power Inc.
 - (v) "Customer" means any person who accepts or agrees to accept Service.
 - (vi) "Disconnected" or "Disconnect" in reference to a Service means the physical interruption of the supply of electricity thereto.
 - (vii) "Discontinued" or "Discontinue" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.
 - (viii) "Domestic Unit" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.
 - (ix) "Service" means any service(s) provided by the Company pursuant to these Regulations.
 - (x) "Serviced Premises" means the premises at which Service is delivered to the Customer.
- (b) Unless the context requires otherwise these Rates, Rules and Regulations shall be interpreted such that words imparting the singular include the plural and vice versa.

2. CLASSES OF SERVICE:

- (a) The Company shall provide the following classes of Service:
- (i) Domestic Service
 - (ii) General Service, 0-100 kW (110 kVA)
 - (iii) General Service, 110 kVA (100 kW) - 1000 kVA
 - (iv) General Service, 1000 kVA and Over
 - (v) Street and Area Lighting Service
- (b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.
- (c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and, in the opinion of the Company, can be readily determined without metering.
- (d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part, except that the Customer may include the cost of Service in charges for the lease of space, or as part of the cost of other services provided by the Customer.

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

3. APPLICATION FOR SERVICE:

- (a) An Applicant, when required by the Company, shall complete a written Electrical Service Contract.
- (b) An application for Service, when accepted by the Company, constitutes a binding contract between the Applicant and the Company which cannot be assigned.
- (c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another person denoted as the Applicant on the application for Service.
- (d) The Company may in its discretion refuse to provide Service to an Applicant where:
 - (i) the Applicant fails or refuses to complete an application for Service.
 - (ii) the Applicant provides false or misleading information on the application for Service.
 - (iii) the Applicant or the owner or an occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.
 - (iv) the Applicant fails to provide the security or guarantee required under Regulation 4.
 - (v) the Applicant is not the owner or an occupant of the Serviced Premises.
 - (vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having their Service Discontinued.
 - (vii) the Applicant does not pay a charge described in Regulation 9 (b), (c), or (d).
 - (viii) the Applicant otherwise fails to comply with these Regulations.
- (e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by the Company in writing.

**NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS**

4. SECURITY FOR PAYMENT:

- (a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by the Company pursuant to its Customer Deposit Policy as approved by the Board, from time to time.
- (b) The Company may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

5. SERVICE STANDARDS - METERED SERVICES:

- (a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three-phase supply:

Single-phase, 3 wire, 120/240 volts
Three-phase, 4 wire, 120/208 volts wye
Three-phase, 4 wire, 347/600 volts wye

Service at any other supply voltage may be provided in special cases at the discretion of the Company.

- (b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volts or as part of a multiunit building, at single phase 120/208 volts. The Company may, if requested by the customer, provide three phase service if a contribution in aid of construction is paid to the Company in accordance with Regulation 9(c).
- (c) The Company shall not be required to provide services at 50 hertz except to those Served Premises receiving 50 hertz power continuously since May 13, 1977.
- (d) The Company shall determine the point at which power and energy is delivered from the Company's facilities to the Customer's electrical system.
- (e) Service entrances shall be in a location satisfactory to the Company and, except as otherwise approved by the Company, shall be wired for outdoor meters.
- (f) Where the Company has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by the Company provide and install, at their expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

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- (g) (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas served by underground wiring or where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank or pad transformer, shall, on request of the Company, provide at its expense a suitable vault or enclosure on the Serviced Premises for exclusive use by the Company for its equipment necessary to supply and maintain service to the Customer.
- (ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to the Company's system which cannot be accommodated in the Company's existing vaults or structures, the Customer shall, on request of the Company, provide at the Customer's expense such additional space in its vault or enclosure as the Company shall require to accommodate the additional equipment.
- (h) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower, except where specifically approved by the Company.
- (i) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. The Company, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by the Company provide, at their expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.
- (j) The Company shall provide transformation for Service up to 500 kVA where the required service voltage is one of the Company's standard service voltages and installation is in accordance with the Company's standards. In other circumstances, the Company, on such conditions as it deems acceptable, may provide the transformation.
- (k) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1, and, where applicable, in accordance with the Company's specifications. However, the provision of Service shall not in any way be construed as acceptance by the Company of the Customer's electrical system.
- (l) The Customer shall provide such protective devices as may be necessary to protect their property and equipment from any disturbance beyond the reasonable control of the Company.

NEWFOUNDLAND POWER INC.
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6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

- (a) For Street and Area Lighting Service the Company shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. The Company shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.
- (b) The Company shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead or underground conductors, control equipment and other devices.
- (c) The Company shall not be required to provide Street And Area Lighting Service where, in the opinion of the Company, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.
- (d) The Company shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.
- (e) The location of fixtures for Street and Area Lighting Service shall be determined by the Company in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.
- (f) The Company does not guarantee that fixtures used for Street And Area Lighting Service will illuminate any specific area.
- (g) The Company shall not be required to provide additional Street And Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, their bill for such Service has been in arrears for more than 30 days.

7. METERING:

- (a) Service to each building shall be metered separately except as provided in Regulation 7(b).
- (b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the Customer supplies and maintains all distribution facilities beyond the point of supply.
- (c) Except as provided in Regulation 7(d), Service to each new Domestic Unit shall be metered separately.
- (d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of the Company, be metered together.

NEWFOUNDLAND POWER INC.
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- (e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.
- (f) Where the Service to a Domestic Unit has a connected load for commercial or non-domestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.
- (g) The Company shall not be required to provide more than one meter per Service, however submetering by the Customer for any purpose not inconsistent with these Regulations, is permitted.
- (h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.
- (i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of the Company, may be based on:
 - (i) 80% of the connected load, where the demand does not exceed 100 kW, or
 - (ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or
 - (iii) the kilowatt-hour consumption divided by an appropriate number of hours use where demand is less than 10 kW.
- (j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable rate is in kVA and in kW if the applicable rate is in kW.

If the demand is recorded on a kVA meter but the applicable rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.
- (k) The Customer shall ensure that meters and related equipment are visible and readily accessible to the Company's personnel and are suitably protected. Unless otherwise approved by the Company, meters shall be located outdoors and shall not subsequently be enclosed.

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- (l) If a meter is located indoors and Company employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by the Company, provide for the installation of an outdoor meter at the Customer's expense.
- (m) In the event that a dispute arises regarding the accuracy of a meter, and the Company is unable to resolve the matter with the Customer then either the Customer or the Company shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by the Company. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. The Company may require a Customer to deposit with the Company in advance of testing, an amount sufficient to cover the costs involved.
- (n) Metering shall normally be at secondary distribution voltage level but may at the option of the Company be at the primary distribution level. When metering is at the primary distribution voltage (4 - 25 kV) the monthly demand and energy consumption shall be reduced by 1.5%.

8. METER READING:

- (a) Where reasonably possible the Company shall read meters monthly provided that the Company may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and the Company will estimate the readings for all other months.
- (b) If the Company is unable to obtain a meter reading due to circumstances beyond its reasonable control, the Company may estimate the reading.
- (c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

9. CHARGES:

- (a) Every Customer shall pay the Company the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.

NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS

- (b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay the Company a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material. The payment may be required in advance or, subject to credit approval, billed to the Customer.
- (c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay the Company the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the Customer.
- (d) The Customer shall pay the Company in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.
- (e) The Customer shall pay the Company the amount set forth in the rate for all poles required for Street and Area Lighting Service which are in addition to those installed by the Company for the distribution of electricity. This charge shall not apply to Company poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.
- (f) Where a Service is Disconnected pursuant to Regulation 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee.

Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee.

The reconnection fee shall be \$20.00 where the reconnection is done during normal office hours or \$40.00 if it is done at other times.

- (g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.

**NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS**

- (h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11 (a), (b) or (c), or 9 (i), or when a Customer requests removal of existing fixtures, poles, and/or underground wiring, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles and/or underground wiring to be Discontinued or removed.
- (ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.
- (iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole and underground wiring.
- (i) Where Street and Area Lighting fixtures or lamps are wantonly, wilfully, or negligently damaged or destroyed (other than through the negligence of the Company), the Company, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the Customer contacts the Company within thirty days of the date on the letter and agrees to pay the repair costs in advance and all future repair costs, the Company will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, the Company, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to the Company in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.
- (j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of the Company.
- (k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides their own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:
- | | |
|------------------------------------|----------------|
| (i) for supply at 4 kV to 25 kV | \$0.40 per kVA |
| (ii) for supply at 33 kV to 138 kV | \$0.90 per kVA |

NEWFOUNDLAND POWER INC.
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- (l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to the Company, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.
- (m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.
- (n) An application fee of \$8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Service Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

10. BILLING:

- (a) The Company shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised the Company may issue an additional bill.
- (b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.
- (c) Bills are due and payable when issued. Payment shall be made at such place(s) as the Company may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is \$50.00 or more, the Company may charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.
- (d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of \$16.00 may be applied to the Customer's bill.
- (e) Where a Customer is billed on the basis of an estimated charge an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.
- (f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service, or a Service is Discontinued, the Company may base the billing on an estimate of the reading as of the date of change.
- (g) Where a Customer has been underbilled due to an error on the part of the Company or due to an act or omission by a third party, the Customer may, at the discretion of the Company, be relieved of the responsibility for all or any part of the amount of the underbilling.

**NEWFOUNDLAND POWER INC.
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11. DISCONTINUANCE OF SERVICE:

- (a) A Service may be Discontinued by the Customer at any time upon prior notice to the Company provided that the Company may require 10 days prior notice in writing.
- (b) A Service may be Discontinued by the Company upon 10 days prior notice in writing to the Customer if the Customer:
 - (i) provided false or misleading information on the application for the Service.
 - (ii) fails to provide security or guarantee for the Service required under Regulation 4.
- (c) A Service may be Discontinued by the Company without notice if the Service was Disconnected pursuant to Regulation 12, and has remained Disconnected for over 30 consecutive days.
- (d) When the Company accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that service is signed by a landlord under Regulation 11(f).
- (e) Where a Service has been Discontinued, the Service may, at the option of the Company and subject to Regulation 12(a), remain connected.
- (f) A landlord may sign an agreement with the Company to accept charges for Service provided to a rental premise for all periods when the Company does not have a contract for Service with a tenant for that premise.

12. DISCONNECTION OF SERVICE:

- (a) The Company shall Disconnect a Service within 10 days of receipt of a written request from the Customer.
- (b) The Company may Disconnect a Service without notice to the Customer:
 - (i) where the Service has been Discontinued,
 - (ii) on account of or to prevent fraud or abuse,
 - (iii) where in the opinion of the Company the Customer's electrical system is defective and represents a danger to life or property,
 - (iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations,
 - (v) where the Customer has a building or structure under the Company's wires which is within the minimum clearances recommended by the Canadian Standards Association, or
 - (vi) when ordered to do so by any authority having the legal right to issue such order.

NEWFOUNDLAND POWER INC.
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- (c) The Company may, in accordance with its Collection Policies filed with the Board, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 days or more after issuance.
- (d) The Company may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.
- (e) The Company may refuse to reconnect a Service if the Customer is in violation of any provisions of these Regulations or if the Customer has a bill for any Service which is unpaid.
- (f) The Company may Disconnect a Service to make repairs or alterations. Where reasonable and practical the Company shall give prior notice to the Customer.
- (g) The Company may Disconnect the Service to a rental premises where the landlord has an agreement with the Company authorizing the Company to Disconnect the Service for periods when the Company does not have a contract for Service with a tenant of that premises.

13. PROPERTY RIGHTS:

- (a) The Customer shall provide the Company with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.
- (b) The Company shall have the right to install, remove or replace such of its property as it deems necessary.
- (c) The Customer shall provide the Company with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.
- (d) All equipment and facilities provided by the Company shall remain the property of the Company unless otherwise agreed in writing.
- (e) The Customer shall not unreasonably interfere with the Company's access to its property.
- (f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to the Company's poles or other property except by prior written permission of the Company.
- (g) The Customer shall allow the Company to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.
- (h) The Customer shall not erect any buildings or obstructions on any of the Company's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of the Company.

**NEWFOUNDLAND POWER INC.
RULES AND REGULATIONS**

14. COMPANY LIABILITY:

The Company shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond the reasonable control of the Company.

15. GENERAL:

- (a) No employee, representative or agent of the Company has the authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on the Company.
- (b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by the Company to the Customer's last known address, whichever is sooner.

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan ("RSP"), CDM Cost Recovery Adjustment and Project Cost Recovery Rider (collectively, "Hydro's Rate Adjustments").

I. RATE STABILIZATION ADJUSTMENT ("A")

The Rate Stabilization Adjustment ("A") shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA. The adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B1 + B2 + B3 + C}{D}$$

Where:

- B1 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.
- B2 = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's CDM Cost Recovery Adjustment.
- B3 = the Muskrat Falls Project Cost Recovery Rider.
- C = the balance in the Company's RSA as of March 31st of the current year.
- D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA")

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:
 - (i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of Hydro's Rate Adjustments.
 - (ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

P = the 2nd block base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

- (iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = the price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = the kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

- (iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

- (v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.
2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.
3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly street lighting rates are as follows:

| | Fixture Size (watts) | | | |
|----------------------|----------------------|----------------|----------------|----------------|
| | <u>100</u> | <u>150</u> | <u>250</u> | <u>400</u> |
| High Pressure Sodium | 454 | 714 | 1,260 | 1,953 |
| | Fixture Type | | | |
| | <u>LED 100</u> | <u>LED 150</u> | <u>LED 250</u> | <u>LED 400</u> |
| Light Emitting Diode | 218 | 336 | 475 | 664 |

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

4. On December 31, 2019, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the change in base rates attributable to the flow through of Hydro's wholesale rate change, effective October 1, 2019, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged by Hydro effective October 1, 2019.

The methodology to calculate the RSA adjustment at December 31, 2019 is as follows:

Calculation of increase in Revenue:

| | |
|---------------------------------------|-------------|
| 2019 Revenue with Flow-through (Q) | \$ - |
| 2019 Revenue without Flow-through (R) | <u>\$ -</u> |
| Increase in Revenue ($S = Q - R$) | \$ - |

Calculation of increase in Purchased Power Expense:

| | |
|---|-------------|
| 2019 Purchased Power Expense with Hydro Increase (T) | \$ - |
| 2019 Purchased Power Expense without Hydro Increase (U) | <u>\$ -</u> |
| Increase in Purchased Power Expense ($V = T - U$) | \$ - |

| | |
|--|------|
| Adjustment to Rate Stabilization Account ($W = S - V$) | \$ - |
|--|------|

Where:

- Q = Normalized revenue from base rates effective October 1, 2019.
R = Normalized revenue from base rates determined based on rates effective March 1, 2019.
T = Normalized purchased power expense from Hydro's wholesale rate effective October 1, 2019 (not including Hydro's Rate Adjustments).
U = Normalized purchased power expense determined based on Hydro's wholesale rate effective July 1, 2018 (not including Hydro's Rate Adjustments).

NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

5. On December 31st of each year from 2008 until further order of the Board, the Rate Stabilization Account (RSA) shall be increased (reduced) by the annual Energy Supply Cost Variance.

This Energy Supply Cost Variance identifies the change in purchased power cost that is related to the difference between purchasing energy at the 2nd block energy charge in the wholesale rate and the test year energy supply cost reflected in customer rates.

The Energy Supply Cost Variance expressed in dollars shall be calculated on a monthly basis as follows:

$$\frac{(A - B) \times (C - D)}{100}$$

Where:

- A = the wholesale rate 2nd block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized purchases in kWh.
- D = the test year purchases in kWh.

6. The RSA shall be adjusted by any other amount as ordered by the Board.
7. On March 31st of each year, the Rate Stabilization Account shall be increased on a before tax basis by the CDM Cost Recovery Transfer.

The CDM Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account ("CDM Cost Deferral"), commencing in the year following the year in which the CDM Cost Deferral is charged to the CDM Cost Deferral Account. Beginning January 1, 2021, all historical balances and annual charges to the CDM Cost Deferral will be recovered over 10 years.

The CDM Cost Deferral Account will identify the year in which each CDM Cost Deferral was incurred.

The CDM Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/10th of each CDM Cost Deferral, beginning January 1, 2021, which individual amounts shall be included in the CDM Cost Recovery Transfer for 10 years following the year in which the CDM Cost Deferral was recorded.

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

8. On March 31st 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 accrued in the previous year.
9. On March 31st of each year, beginning in 2025, the Rate Stabilization Account shall be increased on a before tax basis, by the Electrification Cost Recovery Transfer.

The Electrification Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Electrification Cost Deferral Account over a 10-year period, commencing in the year following the year in which the Electrification Cost Deferral is charged to the Electrification Cost Deferral Account.

The Electrification Cost Deferral Account will identify the year in which each Electrification Cost Deferral was incurred.

The Electrification Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/10th of each Electrification Cost Deferral, which individual amounts shall be included in the Electrification Cost Recovery Transfer for 10 years following the year in which the Electrification Cost Deferral was recorded.

III. RATE CHANGES

The energy charges in each rate classification 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.
MUNICIPAL TAX CLAUSE**

I. MUNICIPAL TAX ADJUSTMENT ("MTA")

The Company shall include a MTA in its rates to reflect taxes charged to the Company by municipalities.

A MTA factor shall be calculated annually, effective the first day of July in each year, to collect over the following twelve (12) month period, an amount to cover municipal taxes. The MTA factor rounded to the nearest fifth decimal shall be calculated as follows:

$$\frac{X}{Y} + 1.00000$$

Where:

- X = the amount of all municipal taxes paid by the Company in the previous calendar year.
- Y = the amount of revenue earned by the Company in the previous calendar year less the amount collected by the Company under the Municipal Tax Clause in that year.

The MTA factor shall apply to all charges in all rate descriptions. These charges shall be adjusted annually effective the first day of July in each year to reflect changes in the MTA factor. The new charges rounded to the nearest significant number expressed in the rate descriptions shall be determined by multiplying each charge by the MTA factor. The new charges shall apply to all bills based on consumption on and after the first day of July.

The MTA factor shall be applied after application of the Rate Stabilization Adjustment.