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January 16, 2024

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau  
Executive Director and Board Secretary

**Re: Application for Approval of the Island Industrial Customer Rate Adjustments Effective January 1, 2024**

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of the 2024 Island Industrial Customer Rate Adjustments including an updated Rate Stabilization Plan ("RSP"), Current Plan Adjustment and the addition of a Project Cost Recovery Rider to become effective January 1, 2024 ("Application").

The adjustment has been calculated in accordance with the RSP Rules for Balance Disposition. The forecast impact on Island Industrial Customers as a result of the RSP Current Plan Adjustment coupled with the commencement of the proposed Project Cost Recovery Rider results in maintaining rates at current levels.

On July 1, 2022, Hydro implemented a Project Cost Recovery Rider for its Utility customer to begin partial recovery of Muskrat Falls Project cost payments being made by Hydro under the Muskrat Falls Power Purchase Agreement. Hydro did not propose the implementation of a Project Cost Recovery Rider for the Island Industrial Customers at this time given the high forecast average billing impact of 15.4% in 2023. The balance for recovery in the RSP has declined in 2023, allowing for the implementation of the Project Cost Recovery Rider at this time.

Hydro believes the proposed approach will contribute to rate stability while beginning partial recovery of Muskrat Falls Project costs from Island Industrial Customers.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

A handwritten signature in blue ink, appearing to read "Shirley A. Walsh", is written over a horizontal line.

Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/nk

Encl.

Ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
Cheryl Blundon  
PUB Official Email

**Consumer Advocate**

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Linde Canada Inc.**

Sheryl E. Nisenbaum  
Peter Strong

**Newfoundland Power Inc.**

Dominic J. Foley  
Lindsay S.A. Hollett  
Regulatory Email

**Teck Resources Limited**

Shawn Kinsella

**Island Industrial Customer Group**

Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Dean A. Porter, Poole Althouse

# Island Industrial Customer Rate Adjustments

Effective January 1, 2024

January 16, 2024

An application to the Board of Commissioners of Public Utilities



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

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“*Hydro*”) pursuant to Sections 70(1) and 76 of the *Act*, for the approval of: (i) the 2024 Island Industrial Customer Rate Stabilization Plan (“*RSP*”) Adjustments, and (ii) the implementation of a Project Cost Recovery Rider (“*Application*”).

**To:     The Board of Commissioners of Public Utilities (“*Board*”)**

**THE APPLICATION OF HYDRO STATES THAT:**

**A.     Background**

1.     Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2007*,<sup>1</sup> is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.
2.     Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations that relate to that service.
3.     Section 70(1) of the *Act* provides that a public utility shall not charge, demand, collect, or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls, and charges for the services provided by the public utility.
4.     On February 21, 2022, the Board issued Board Order No. P.U. 4(2022)<sup>2</sup> approving the Supply Cost Variance Deferral Account to become effective November 1, 2021. The Board also approved the RSP Rules for Balance Disposition, which addressed (i) the cessation of supply cost variance activity in the RSP after October 31, 2021; (ii) the allocation of the October 31, 2021 balance in the RSP

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<sup>1</sup> *Hydro Corporation Act, 2007*, SNL 2007 c H-17.

<sup>2</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.



Hydraulic Production Variation component, excluding finance charges, to be recovered over four years plus financing charges accumulated to December 31 for each year based on 12 months-to-date kWh as of October 31, 2021; and (iii) the elimination of the RSP Fuel Rider.

5. On July 1, 2022, Hydro implemented a Project Cost Recovery Rider for its Utility customer to begin recovery of the Muskrat Falls Project cost payments being made by Hydro under the Muskrat Falls Power Purchase Agreement.<sup>3</sup>
6. On January 26, 2023, in Board Order No. P.U. 3(2023),<sup>4</sup> the Board approved an Island Industrial Customer RSP Current Plan Adjustment of 1.477 cents per kWh and the conclusion of the Island Industrial Customer RSP Current Plan Mitigation Adjustment of (0.675) cents per kWh, both effective as of January 1, 2023. The purpose of the RSP Current Plan Mitigation Adjustment was to recover the year-end 2021 Current Plan Balance over two years (2022 and 2023) with the objective of obtaining equal rate impacts each year.
7. As Hydro noted in its application for the 2023 Island Industrial Customer RSP Adjustments, Hydro did not propose the implementation of a Project Cost Recovery Rider for Island Industrial Customers in 2023 as implementation at that time would have caused industrial billings to be too high. Instead, Hydro planned to implement the Project Cost Recovery Rider in 2024, after the RSP balance owing had declined.
8. Section C.2 of the RSP Rules for Balance Disposition requires an update of the Island Industrial Customer RSP Current Plan Adjustment, effective January 1 of each year, to recover the balance in the Island Industrial Customer RSP at December 31 of the previous year and the forecast financing charges to the end of the following calendar year.

## **B. Application**

9. Section C.2 of the RSP Rules outlines the method for determining the Island Industrial Customer RSP Current Plan Adjustment, which computes a new recovery adjustment based upon the December 31 RSP balance of the previous year.<sup>5</sup>

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<sup>3</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022.

<sup>4</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 3(2023), Board of Commissioners of Public Utilities, January 26, 2023.

<sup>5</sup> Details of this calculation are contained in Appendix A of Schedule 1 of this Application.

10. The Island Industrial Customer RSP Current Plan as at December 31, 2023, provided as Schedule 2 to this Application, contains a debit balance of approximately \$1.9 million to be recovered from customers. Hydro's Application seeks approval of an updated Island Industrial Customer RSP Current Plan Adjustment of 0.589 cents per kWh effective January 1, 2024. This RSP Current Plan Adjustment would decrease customer billings by approximately 10.4%.
11. Hydro's Application further seeks to implement the Project Cost Recovery Rider, effective January 1, 2024. This proposal, discussed further in Schedule 1 of this Application, would effectively increase customer billings by 10.4%, thereby offsetting the rate decrease resulting from the RSP Current Plan Adjustment and maintaining rates at current levels. The rate impacts of both the RSP Current Plan Adjustment and the addition of the Project Cost Recovery Rider are illustrated in Appendix B to Schedule 1 of this Application.
12. Schedule 3 to this Application provides the proposed Island Industrial Customer rate sheets with an effective date of January 1, 2024. The proposed rate sheets reflect (i) the revised Island Industrial Customer RSP Current Plan Adjustment of 0.589 cents per kWh, and (ii) the commencement of the Project Cost Recovery Rider of 0.888 cents per kWh.

**C. Newfoundland and Labrador Hydro's Request**

13. Hydro requests the Board approve the following:
  - a) A revised Island Industrial Customer RSP Current Plan Adjustment of 0.589 cents per kWh to become effective January 1, 2024; and
  - b) The commencement of the Project Cost Recovery Rider of 0.888 cents per kWh.

**D. Reasons for Approval**

14. Approval by the Board of the proposed Island Industrial Customer RSP Adjustments and Project Cost Recovery Rider will permit rate stability provided for, and intended by, the *Act*, the *EPCA*, and the Orders of the Board as set out in the Application, and will provide for reasonable recovery of prudently incurred costs. The proposals contained herein will only impact the Island Industrial Customers and have no impact on Newfoundland Power Inc. or its discrete RSP balances.

**E. Communications**

15. Communications with respect to this Application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory for Hydro.

**DATED** at St. John's in the province of Newfoundland and Labrador on this 16th day of January 2024.

**NEWFOUNDLAND AND LABRADOR HYDRO**



Shirley A. Walsh  
Counsel for the Applicant  
Newfoundland and Labrador Hydro,  
500 Columbus Drive, P.O. Box 12400  
St. John's, NL A1B 4K7  
Telephone: (709) 685-4973

# Schedule 1

## Proposed Island Industrial Customer Rate Adjustments

Supporting Evidence



# Proposed Island Industrial Customer Rate Adjustments

Supporting Evidence



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## **1.0 Background**

On February 21, 2022, the Board of Commissioners of Public Utilities (“Board”) issued Board Order No. P.U. 4(2022),<sup>1</sup> approving the Supply Cost Variance Deferral Account (“SCVDA”) and the discontinuance of the existing Rate Stabilization Plan (“RSP”) Rules effective as of November 1, 2021. In the same Order, the Board also approved the RSP Rules for the Balance Disposition account.<sup>2</sup>

The Island Industrial Customer RSP Current Plan balance as at December 31, 2021 was a debit balance owing from customers of approximately \$4.3 million. This balance reflected one-quarter of the balance in the RSP Hydraulic Production Variation component, plus financing costs. Due to a large balance in the Island Industrial Customer RSP Current Plan coupled with the discontinuance of the RSP Fuel Rider, the updated RSP Adjustments for the Island Industrial Customers in 2022 would have resulted in an increase to customer bills of approximately 23.6%. Providing a rate increase of that magnitude would have been considered “rate shock” for customers.

On February 4, 2022, Hydro filed an application with the Board proposing a modification of the Island Industrial Customers RSP Adjustment calculation.<sup>3</sup> In Board Order No. P.U. 5(2022),<sup>4</sup> the Board approved Hydro’s proposal to implement a RSP Current Plan Mitigation Adjustment to recover the year-end 2021 Current Plan Balance over two years (2022 and 2023) with the objective of obtaining equal rate impacts each year resulting in an average bill impact of 12.7% in 2022, and a projected average bill impact of 12.6% in 2023.

In Board Order No. P.U. 3(2023),<sup>5</sup> the Board approved the Island Industrial Customer RSP Current Plan Adjustment of 1.477 cents per kWh and the conclusion of Island Industrial Customer RSP Current Plan Mitigation Adjustment of (0.675) cents per kWh to become effective January 1, 2023. The approval of the RSP

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<sup>1</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.

<sup>2</sup> Newfoundland and Labrador Hydro (“Hydro”) has proposed to file a future application with the Board, subsequent to the next General Rate Application (“GRA”) Order, to deal with the allocation and recovery of the balance in the SCVDA that accumulates prior to the conclusion of the next GRA. “Supply Cost Accounting Application,” Newfoundland and Labrador Hydro, July 29, 2021.

<sup>3</sup> “Application for Approval of the Island Industrial Customer Rate Stabilization Plan Adjustments,” Newfoundland and Labrador Hydro, February 4, 2022.

<sup>4</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 5(2022), Board of Commissioners of Public Utilities, February 24, 2022.

<sup>5</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 3(2023), Board of Commissioners of Public Utilities, January 26, 2023.

Current Plan Adjustment and discontinuance of the RSP Current Plan Mitigation Adjustment resulted in an average 2023 billing impact of 15.4%.

Although Hydro had implemented a Project Cost Recovery Rider for its Utility customer effective July 1, 2022<sup>6</sup> to begin recovery of Muskrat Falls Project cost payments being made by Hydro under the Muskrat Falls Power Purchase Agreement, Hydro did not feel it was feasible to implement a Project Cost Recovery Rider for the Island Industrial Customers in 2023. As the forecast balance for recovery in the RSP declined in 2023,<sup>7</sup> Hydro planned for the implementation of a Project Cost Recovery Rider in 2024, avoiding a higher rate increase for Island Industrial Customers in 2023 and providing rate stability for 2024.

The RSP Rules for Balance Disposition require that the Island Industrial Customer RSP Current Plan balance as at December 31 be used in the computation of an updated RSP Current Plan Adjustment for the Island Industrial Customers to be made effective January 1 of each year. This evidence provides information supporting Hydro's application, including the calculations supporting Hydro's proposed Island Industrial Customer RSP Adjustments and Project Cost Recovery Rider to become effective as of January 1, 2024.

## **2.0 RSP Adjustments – Current Plan**

The December 31, 2023 RSP report, included as Schedule 2 to this application, is prepared in accordance with the approved RSP Rules for Balance Disposition and includes the allocation of the RSP Hydraulic Production Variation component to Island Industrial Customers.

The Island Industrial Customer RSP Current Plan balance as at December 31, 2023 is a debit balance owing from customers of approximately \$1.9 million. Based on the RSP Current Plan balance as at December 31, 2023 and in accordance with Section C.2 of the RSP Rules for Balance Disposition, Hydro has computed the 2024 Island Industrial Customer RSP Current Plan Adjustment to be 0.589 cents per kWh<sup>8</sup> to become effective January 1, 2024.

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<sup>6</sup> Approved in *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022.

<sup>7</sup> "Application for Approval of the Island Industrial Customer Rate Stabilization Plan Adjustments," Newfoundland and Labrador Hydro, February 4, 2022, sch. 1, p. 3/16–18.

<sup>8</sup> The details of this calculation are provided in Appendix A.



When compared to the existing approved rate of 1.477 cents per kWh, this decrease of 0.888 cents per kWh in the RSP Current Plan Adjustment would result in an average billing decrease of 10.4%<sup>9</sup> for the Island Industrial Customer class.

### **3.0 Supply Cost Variance Deferral Account – Project Cost Recovery Rider**

The purpose of the Project Cost Recovery Rider is to begin recovery of payments that Hydro is making under the Muskrat Falls Power Purchase Agreement, consistent with Order in Council OC2022-120.<sup>10</sup> Hydro implemented the Project Cost Recovery Rider for its Utility customer effective July 1, 2022; however, as noted above, Hydro did not propose implementation of the Project Cost Recovery Rider for Island Industrial Customers prior to this application to lessen customer rate shock. As anticipated, the balance for recovery in the RSP has declined in 2023,<sup>11</sup> making the implementation of a Project Cost Recovery Rider more feasible. The Island Industrial Customers had rate increases over the past two years resulting in average bill impacts of 12.7% in 2022 and 15.4% in 2023; based on the RSP adjustments only, the Island Industrial Customers would be due to receive a reduction in customer billings of approximately 10.4%. Hydro is proposing to implement a Project Cost Recovery Rider to begin recovery of Muskrat Falls Project costs while maintaining rates equal to current levels, and providing rate stability for customers. As shown in Appendix B, Hydro's proposed Project Cost Recovery Rider of 0.888 cents per kWh was calculated to offset the 10.4% rate decrease as a result of the RSP Current Plan Adjustment, resulting in no rate change for customers.

The amounts collected through the Project Cost Recovery Rider will be credited to the SCVDA – Industrial component. As the rules for the allocation and recovery of balances in the SCVDA will be proposed in a future application to the Board,<sup>12</sup> Hydro has estimated the balances owing by Island Industrial Customers by considering the contributions made by the Utility customer since July 1, 2022 and applying an energy allocator.<sup>13</sup> The objective of the energy allocator is to maintain fairness in rate proposals between customer groups until final disposition of the balances in the account. Using this method, Hydro estimates Island

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<sup>9</sup> The forecasted increase for 2024, when rates were set for 2023, was 5.9%. The decrease is due to a lower RSP balance and lower customer load in 2023.

<sup>10</sup> OIC 2022/120, (2022). <<https://www.exec-oic.gov.nl.ca/public/oic/details?order-id=20009>>.

<sup>11</sup> The RSP balance was lower in 2023 because of the discontinuance of transfers into the RSP account and the recovery of the 2021 balance.

<sup>12</sup> Application proposed to be filed subsequent to the next GRA Order. In the next GRA, Hydro will provide additional evidence on the proposed recovery and allocation approach over the long-term giving consideration to rate mitigation reflected in customer rates.

<sup>13</sup> Allocating deferral account balances to customer classes based on energy has been accepted for previous deferral account balances including the RSP, Revised Energy SCVDA, and the Holyrood Conversion Rate Deferral Account.

Industrial Customers owe approximately \$1.3 million relating to 2022 and \$2.5 million relating to 2023. Appendix C provides the calculation of the estimated amounts owing from Island Industrial Customers.

Using 2023 actual sales, Hydro estimates that the proposed Project Cost Recovery Rider will recover approximately \$3.0 million in 2024 over a 12-month period. Hydro also estimates that over a similar 12-month period, using 2023 actual sales the amount owing by Island Industrial Customers for 2023 related to the SCVDA would be approximately \$2.5 million. Therefore, the proposed Project Cost Recovery Rider is anticipated to recover the current portion owing with the additional \$0.5 million contributing to the recovery of estimated balances owing relating to 2022 and 2023.

Table 1 summarizes the Island Industrial Customer RSP Adjustments, as computed in accordance with the RSP Rules for Balance Disposition and the proposed Project Cost Recovery Rider.<sup>14</sup>

**Table 1: Summary of Island Industrial Customers Proposed January 1, 2024 Rate Change**

Particulars	Existing (¢/kWh)	Proposed (¢/kWh)	Forecast Average Bill Impact 2024 (%)
RSP Current Plan Adjustment	1.477	0.589	-10.4
Project Cost Recovery Rider	-	0.888	10.4
<b>Total</b>	<b>1.477</b>	<b>1.477</b>	<b>-</b>

## **4.0 Conclusion**

Under the existing RSP Rules for Balance Disposition, the Island Industrial Customer RSP Current Plan Adjustment for 2024 would result in an average decrease of 10.4%. Hydro is proposing to implement a Project Cost Recovery Rider, as planned, to begin recovery of a portion of the Muskrat Falls Project costs. Hydro's proposal will result in rates remaining stable at current levels. Hydro has communicated the substance of these proposals to the Island Industrial Customers.

Revised Island Industrial Customer rate sheets providing the updated RSP Adjustments reflecting Hydro's proposals are included as Schedule 3 to this application.

<sup>14</sup> The forecast values for 2024 were calculated based on 2023 Actual kWh sales.

# Schedule 1, Appendix A

Island Industrial Customer

RSP Current Plan Adjustment Calculation



**Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix A**

**Newfoundland and Labrador Hydro**  
**Rate Stabilization Plan Current Plan Adjustment**  
**Island Industrial Customers**

Line No	Calculation of Industrial Customer RSP Current Plan Adjustment	Amount (\$)	Comments
	<b>Current Plan</b>		
1	December Balance	1,913,223	December 2023 RSP
2	Forecast Financing Costs to December 31, 2024	55,670	Line 21
3	<b>Total</b>	<b>1,968,893</b>	Line 1 + Line 2
4	12 Months-to-Date (Jan to Dec) Industrial Customer Sales (kWh)	334,067,650	
5	<b>RSP Current Plan Adjustment (¢ per kWh)</b>	<b>0.589</b>	Line 3/Line 4*100

**Industrial Customer Forecast Financing Charges**  
**2024**

6	2019 Test Year Weighted Average Cost of Capital per Annum	5.430%
7	Nominal Financing Rate	5.299%

	2023 Sales (kWh)	Financing <sup>1</sup> Costs (\$)	Adjustment (\$)	Balance <sup>1</sup> (\$)
8	Balance Forward			1,913,223
9	January	32,122,756	8,449	(189,203)
10	February	33,708,988	7,651	(198,546)
11	March	34,031,770	6,808	(200,447)
12	April	32,963,409	5,953	(194,154)
13	May	16,709,915	5,122	(98,421)
14	June	7,404,174	4,710	(43,611)
15	July	18,417,419	4,538	(108,479)
16	August	30,654,094	4,079	(180,553)
17	September	32,272,722	3,299	(190,086)
18	October	28,925,125	2,474	(170,369)
19	November	34,039,812	1,733	(200,494)
20	December	32,817,466	855	(193,295)
21	<b>Total</b>	<b>334,067,650</b>	<b>55,670</b>	<b>(1,967,658)</b>

<sup>1</sup> Numbers may not add due to rounding.

## Schedule 1, Appendix B

### Island Industrial Customer Billing Impacts



Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix B

Newfoundland and Labrador Hydro  
Island Industrial Customers Estimated Billing Impacts  
January 1, 2024

	Billing Units <sup>1</sup>	Unit	Current Rates	Billings at		Proposed Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)					
Demand (kW/s)	795,900	\$/kW/mo	10.73	8,540,007		10.73	8,540,007		
Energy - Firm (MWhs)	334,068	c/kWh	4.428	14,792,516		4.428	14,792,516		
Specifically Assigned		\$	318,130	318,130		318,130	318,130		
<b>Total Base Rate</b>				<b>23,650,653</b>			<b>23,650,653</b>	-	0.0%
RSP Current Plan Adjustment	334,068	c/kWh	1.477	4,934,179		0.589	1,967,658	(2,966,521)	-10.4%
Project Cost Recovery Rider	334,068	c/kWh	-	-		0.888	2,966,521	2,966,521	10.4%
CDM Recovery Adjustment	334,068	c/kWh	0.005	16,703		0.005	16,703	-	0.0%
<b>Total</b>				<b>28,601,535</b>			<b>28,601,535</b>	-	<b>0.0%</b>

<sup>1</sup> Billing units are based on January to December 2023 actuals.

Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix B

Newfoundland and Labrador Hydro  
Island Industrial Customers Estimated Billing Impacts  
Linde Canada Inc.  
January 1, 2024

	Billing Units <sup>1</sup>	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)					
Demand (kW/s)	72,000.0	\$/kW/mo	10.73	772,560		10.73	772,560		
Energy - Firm (MWhs)	38,249	¢/kWh	4.428	1,693,663		4.428	1,693,663		
Specifically Assigned		\$	-	-		-	-		
<b>Total Base Rate</b>				<b>2,466,223</b>			<b>2,466,223</b>	-	0.0%
RSP Current Plan Adjustment	38,249	¢/kWh	1.477	564,937		0.589	225,286	(339,651)	-11.2%
Project Cost Recovery Rider	38,249	¢/kWh	-	-		0.888	339,651	339,651	11.2%
CDM Recovery Adjustment	38,249	¢/kWh	0.005	1,912		0.005	1,912	-	0.0%
<b>Total</b>				<b>3,033,072</b>			<b>3,033,072</b>	-	<b>0.0%</b>

<sup>1</sup> Billing units are based on January to December 2023 actuals.

Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix B

Newfoundland and Labrador Hydro  
Island Industrial Customers Estimated Billing Impacts  
Vale Newfoundland and Labrador Ltd.  
January 1, 2024

	Billing Units <sup>1</sup>	Unit	Current Rates	Billings at Existing Rates		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
					(\$)				
Demand (kW/s)	576,000	\$/kW/mo	10.73		6,180,480	10.73	6,180,480		
Energy - Firm (MWhs)	263,597	c/kWh	4.428		11,672,095	4.428	11,672,095		
Specifically Assigned		\$	145,352		145,352	145,352	145,352		
<b>Total Base Rate</b>					<b>17,997,927</b>		<b>17,997,927</b>	-	0.0%
RSP Current Plan Adjustment	263,597	c/kWh	1.477		3,893,334	0.589	1,552,589	(2,340,745)	-10.7%
Project Cost Recovery Rider	263,597	c/kWh	-		-	0.888	2,340,745	2,340,745	10.7%
CDM Recovery Adjustment	263,597	c/kWh	0.005		13,180	0.005	13,180	-	0.0%
<b>Total</b>					<b>21,904,441</b>		<b>21,904,441</b>	-	<b>0.0%</b>

<sup>1</sup> Billing units are based on January to December 2022 actuals.



Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix B

Newfoundland and Labrador Hydro  
Island Industrial Customers Estimated Billing Impacts  
Corner Brook Pulp and Paper Ltd.  
January 1, 2024

	Billing Units <sup>1</sup>	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)					
Demand (kW/s)	6,000	\$/kW/mo	10.73	64,380		10.73	64,380		
Energy - Firm (MWhs)	131	¢/kWh	4.428	5,820		4.428	5,820		
Specifically Assigned		\$	13,311	13,311		13,311	13,311		
<b>Total Base Rate</b>				<b>83,511</b>			<b>83,511</b>	-	0.0%
RSP Current Plan Adjustment	131	¢/kWh	1.477	1,941		0.589	774	(1,167)	-1.4%
Project Cost Recovery Rider	131	¢/kWh	-	-		0.888	1,167	1,167	1.4%
CDM Recovery Adjustment	131	¢/kWh	0.005	7		0.005	7	-	0.0%
<b>Total</b>				<b>85,459</b>			<b>85,459</b>	-	<b>0.0%</b>

<sup>1</sup> Billing units are based on January to December 2023 actuals.

Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix B

Newfoundland and Labrador Hydro  
Island Industrial Customers Estimated Billing Impacts  
Braya Renewable Fuels (Newfoundland) GP Inc.  
January 1, 2024

	Billing Units <sup>1</sup>	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)					
Demand (kW/s)	138,000	\$/kW/mo	10.73	1,480,740		10.73	1,480,740		
Energy - Firm (MWhs)	31,066	¢/kWh	4.428	1,375,618		4.428	1,375,618		
Specifically Assigned		\$	107,678	107,678		107,678	107,678		
<b>Total Base Rate</b>				<b>2,964,036</b>			<b>2,964,036</b>	-	0.0%
RSP Current Plan Adjustment	31,066	¢/kWh	1.477	458,850		0.589	182,981	(275,869)	-8.1%
Project Cost Recovery Rider	31,066	¢/kWh	-	-		0.888	275,869	275,869	8.1%
CDM Recovery Adjustment	31,066	¢/kWh	0.005	1,553		0.005	1,553	-	0.0%
<b>Total</b>				<b>3,424,439</b>			<b>3,424,439</b>	-	<b>0.0%</b>

<sup>1</sup> Billing units are based on January to December 2023 actuals.

Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix B

Newfoundland and Labrador Hydro  
Island Industrial Customers Estimated Billing Impacts  
Teck Resources Ltd.  
January 1, 2024

	Billing Units <sup>1</sup>	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)					
Demand (kW/s)	3,900	\$/kW/mo	10.73	41,847		10.73	41,847		
Energy - Firm (MWhs)	1,023	¢/kWh	4.428	45,320		4.428	45,320		
Specifically Assigned		\$	51,789	51,789		51,789	51,789		
<b>Total Base Rate</b>				<b>138,956</b>			<b>138,956</b>	-	0.0%
RSP Current Plan Adjustment	1,023	¢/kWh	1.477	15,117		0.589	6,028	(9,089)	-5.9%
Project Cost Recovery Rider	1,023	¢/kWh	-	-		0.888	9,089	9,089	5.9%
CDM Recovery Adjustment	1,023	¢/kWh	0.005	51		0.005	51	-	0.0%
<b>Total</b>				<b>154,124</b>			<b>154,124</b>	-	<b>0.0%</b>

<sup>1</sup> Billing units are based on January to December 2023 actuals.

## Schedule 1, Appendix C

### Island Industrial Customer Project Cost Recovery Rider – Estimated Balances Owing



**Proposed Island Industrial Customer Rate Adjustments - Supporting Evidence, Appendix C**

**Island Industrial Customer Project Cost Recovery Rider - Estimated Balances Owning**  
**Based on Energy Allocations by Customer Class**  
**For July 1 to December 31, 2022 and January 1 to December 31, 2023**

<b>Customer Class</b>	<b>2022 Energy<sup>1</sup></b>	<b>2022 Energy</b>	<b>2022 Allocation<sup>2</sup></b>	<b>2022 Project Cost Recovery Rider</b>	
	<b>(kWh)</b>	<b>(%)</b>	<b>(%)</b>	<b>Actual<sup>3</sup></b>	<b>Estimate<sup>4</sup></b>
	<b>(kWh)</b>	<b>(%)</b>	<b>(%)</b>	<b>(\$)</b>	<b>(\$)</b>
Utility Customer	2,373,695,030	86.17	93.26	18,942,087	
Island Industrial Customer	177,744,089	6.45	6.45		1,310,063
Island Interconnected Rural	203,371,901	7.38	0.29		58,902
	2,754,811,020	100.00	100.00		

<b>Customer Class</b>	<b>2023 Energy</b>	<b>2023 Energy</b>	<b>2023 Allocation<sup>2</sup></b>	<b>2023 Project Cost Recovery Rider</b>	
	<b>(kWh)</b>	<b>(%)</b>	<b>(%)</b>	<b>Actual</b>	<b>Estimate</b>
	<b>(kWh)</b>	<b>(%)</b>	<b>(%)</b>	<b>(\$)</b>	<b>(\$)</b>
Utility Customer	5,858,252,958	88.25	94.71	46,748,860	
Island Industrial Customer	334,067,650	5.03	5.03		2,482,808
Island Interconnected Rural	445,935,437	6.72	0.26		128,336
	6,638,256,045	100.00	100.00		

<sup>1</sup> 2022 Energy is for the period of July 1 to December 31 which is the period the Project Cost Recovery Rider was in effect for Utility Customer.

<sup>2</sup> Island Interconnected Rural energy is reallocated based on the 2019 Test Year Rural Deficit (96.1% for Utility Customer and 3.9% for customers on the Hydro Rural Labrador Interconnected System).

<sup>3</sup> Recoveries from July 1 to December 31, 2022.

<sup>4</sup> Industrial Customer Estimate = (Utility Customer Actual/Utility Customer Allocation) x Industrial Customer Allocation.

# Schedule 2

## Rate Stabilization Plan Report

December 31, 2023

(Unaudited)



**Newfoundland and Labrador Hydro  
Rate Stabilization Plan Report  
December 31, 2023**

**Summary of Key Facts**

The Rate Stabilization Plan ("RSP") of Newfoundland and Labrador Hydro ("Hydro") was established for Hydro's Utility customer, Newfoundland Power Inc. ("Newfoundland Power") and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 Fuel cost at Hydro's Holyrood Thermal Generating Station;
- Customer Load (Utility and Island Industrial); and
- Rural rates.

In Board Order No. P.U. 33(2021), the Board of Commissioners of Public Utilities ("Board") approved the Supply Cost Variance Deferral Account ("SCVDA") to deal with future supply cost variances on the Island Interconnected System beginning in the month in which Hydro was required to begin payments under the Muskrat Falls Purchase Power Agreement (i.e., November 2021). The approval of the SCVDA discontinued transfers to the RSP, effective as of the implementation of the SCVDA, resulting from variations in future costs associated with the Test Year Cost of Service estimates for the items listed above. However, the Board directed that the RSP balances be maintained for the transparent and timely recovery of historical balances. The rules provide for the disposition of historical balances in accordance with the RSP Rules previously approved by the Board in Board Order No. P.U. 4(2022).

Finance charges are calculated on the balances using the test year weighted average cost of capital, which is currently 5.43% per annum.

The RSP has not been audited. Final balances associated with the RSP will be provided in Hydro's Quarterly Regulatory Report for Quarter Ended December 31, 2023 upon the release of Hydro's final financial information.

Rate Stabilization Plan  
Net Hydraulic Production Variation  
December 31, 2023

	A	B1	B2	B3	B	C	D	E	F	G	H
	Cost of Service	Actual	Net	Spill	Net Hydraulic	Monthly	Cost of	Net Hydraulic	Financing		Cumulative
	Net Hydraulic Production (kWh)	Net Hydraulic Production (kWh)	Ponded Energy (kWh)	Exports (kWh)	Production Variance Calculation (kWh)	Net Hydraulic Production Variance (kWh)	No. 6 Fuel Service Cost (\$CDN/bbl)	Production Variation (\$)	Charges (\$)	Transfers	Variation and Financing Charges (\$)
					(B1 + B2 - B3)	(A - B)		(C / O <sup>1</sup> X D)			(E + F)
Opening Balance											(to page 5)
Adjustment											29,776,723
Adjusted Opening Balance											29,776,723
January	-	-	-	-	-	-	105.90	-	131,498	-	29,908,221
February	-	-	-	-	-	-	105.90	-	132,079	-	30,040,300
March	-	-	-	-	-	-	105.90	-	132,662	-	30,172,962
April	-	-	-	-	-	-	105.90	-	133,248	-	30,306,210
May	-	-	-	-	-	-	105.90	-	133,837	-	30,440,047
June	-	-	-	-	-	-	105.90	-	134,428	-	30,574,475
July	-	-	-	-	-	-	105.90	-	135,021	-	30,709,496
August	-	-	-	-	-	-	105.90	-	135,618	-	30,845,114
September	-	-	-	-	-	-	105.90	-	136,216	-	30,981,330
October							105.90		136,818		31,118,148
November							105.90		137,422		31,255,570
December							105.90		138,029		31,393,599
Year-to-Date	-	-	-	-	-	-		-	1,616,876	-	31,393,599
Hydraulic Allocation											
Hydraulic Variation at Year End <sup>2</sup>								(14,888,362)	(1,616,876)		(16,505,238)
								(14,888,362)	-		14,888,361

<sup>1</sup> O is the Holyrood Operating Efficiency of 583 kWh/barrel, as per Board Order No. P.U. 16(2019).

<sup>2</sup> At year end 25% of the hydraulic variation balance as of October 31, 2021 excluding financing charges and 100% of the annual financing charges are allocated to customers as follows:

(to pages 3 & 4)			
Approved kWh	% of kWh to total	Reallocate Rural	Net
Utility	86.2%	(1,118,913)	(15,342,591)
Industrial	6.8%	-	(1,117,238)
Rural	7.0%	1,164,322	-
Total	100.0%	45,409	(16,459,829)
Labrador Interconnected (write-off to income)		(45,409)	(45,409)
		-	(16,505,238)



**Rate Stabilization Plan**  
**Summary of Utility Customer**  
**December 31, 2023**

A	B	C	D	E	F	G	H
Load Variation (\$)	Allocation Fuel Variance (\$)	Allocation Rural Rate Alteration (\$)	Subtotal Monthly Variances (\$) (A + B + C)	Financing Charges (\$)	Adjustment <sup>1</sup> (\$)	Transfers <sup>2</sup> (\$)	Cumulative Net Balance (\$)
Opening Balance							(to page 5) 16,963,988
Adjustment							-
<b>Adjusted Opening Balance</b>							<b>16,963,988</b>
January	-	-	-	74,915	147,973	-	17,186,876
February	-	-	-	75,900	157,693	-	17,420,469
March	-	-	-	76,931	153,873	8,685,251	26,336,524
April	-	-	-	116,306	124,968	-	26,577,798
May	-	-	-	117,371	103,505	-	26,798,674
June	-	-	-	118,347	85,010	-	27,002,031
July	-	-	-	119,245	(1,522,761)	-	25,598,515
August	-	-	-	113,047	(1,492,099)	-	24,219,463
September	-	-	-	106,957	(1,533,460)	-	22,792,960
October	-	-	-	100,657	(1,922,532)	-	20,971,085
November	-	-	-	92,611	(2,749,777)	-	18,313,919
December	-	-	-	80,877	(3,165,935)	-	15,228,861
<b>Year-to-Date</b>	-	-	-	1,193,164	(11,613,542)	8,685,251	(1,735,127)
<b>Hydraulic Allocation (from page 2)</b>							
<b>Total</b>	-	-	-	<b>1,193,164</b>	<b>(11,613,542)</b>	<b>8,685,251</b>	<b>30,571,452</b>

<sup>1</sup> Effective July 1, 2023, the RSP Adjustment rate is 0.496 cents per kWh as per Board Order No. P.U. 15(2023).

<sup>2</sup> Recovery of the 2022 Isolated Systems Supply Costs Deferral was approved in Board Order No. P.U. 7(2023).

Rate Stabilization Plan  
Summary of Industrial Customers  
December 31, 2023

A	B	C	D	E	F	G
Load Variation (\$)	Allocation Fuel Variance (\$)	Subtotal Monthly Variances (\$)	Financing Charges (\$)	Adjustment <sup>1</sup> (\$)	Transfers (\$)	Cumulative Net Balance (\$)
		(A + B)				
Opening Balance						(to page 5) 5,549,727
Adjustment						-
<b>Adjusted Opening Balance</b>						
January	-	-	24,508	(474,453)	-	5,099,782
February	-	-	22,521	(497,882)	-	4,624,421
March	-	-	20,422	(502,649)	-	4,142,194
April	-	-	18,293	(486,870)	-	3,673,617
May	-	-	16,223	(246,805)	-	3,443,035
June	-	-	15,205	(109,360)	-	3,348,880
July	-	-	14,789	(272,025)	-	3,091,644
August	-	-	13,653	(452,761)	-	2,652,536
September	-	-	11,714	(476,668)	-	2,187,582
October		-	9,661	(427,224)		1,770,019
November		-	7,817	(502,768)		1,275,068
December		-	5,631	(484,714)		795,985
<b>Year-to-Date</b>	-	-	180,437	(4,934,179)	-	(4,753,742)
Hydraulic Allocation (from page 2)						
						1,117,238
<b>Total</b>	-	-	<b>180,437</b>	<b>(4,934,179)</b>	-	<b>1,913,223</b>

<sup>1</sup> Effective January 1, 2023, the RSP Adjustment rate is 1.4770 cents per kWh as per Board Order No. P.U. 3(2023).

Rate Stabilization Plan  
Overall Summary  
December 31, 2023

	A	B	C	D
	Hydraulic Balance (\$)	Utility Balance (\$)	Industrial Balance (\$)	Total To Date (\$)
	(from page 2)	(from page 3)	(from page 4)	(A + B + C)
Opening Balance	29,776,723	16,963,988	5,549,727	52,290,438
Adjustments	-	-	-	-
Adjusted Opening Balance	29,776,723	16,963,988	5,549,727	52,290,438
January	29,908,221	17,186,876	5,099,782	52,194,879
February	30,040,300	17,420,469	4,624,421	52,085,190
March	30,172,962	26,336,524	4,142,194	60,651,680
April	30,306,210	26,577,798	3,673,617	60,557,625
May	30,440,047	26,798,674	3,443,035	60,681,756
June	30,574,475	27,002,031	3,348,880	60,925,386
July	30,709,496	25,598,515	3,091,644	59,399,655
August	30,845,114	24,219,463	2,652,536	57,717,113
September	30,981,330	22,792,960	2,187,582	55,961,872
October	31,118,148	20,971,085	1,770,019	53,859,252
November	31,255,570	18,313,919	1,275,068	50,844,557
December	14,888,361	30,571,452	1,913,223	47,373,036

# Schedule 3

## Island Industrial Customer Rate Sheets

January 1, 2024



**INDUSTRIAL – FIRM****Availability**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Base Rate\*****Demand Charge**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.73 per kilowatt (kW) per month of billing demand.

**Firm Energy Charge**

Base Rate..... @ 4.428¢ per kWh

RSP Adjustment - Current Plan ..... @ 0.589¢ per kWh

Project Cost Recover Rider.....@0.888¢ per kWh

CDM Cost Recovery Adjustment.....@ 0.005¢ per kWh

**Schedule of Rates, Rules and Regulations  
Industrial – Firm**

### Specifically Assigned Charges

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	<b>Annual Amount</b>
Corner Brook Pulp and Paper Limited	\$13,311
Braya Renewable Fuels (Newfoundland) GP Inc.	\$107,678
Teck Resources Limited	\$51,789
Vale	\$145,352

### \*Subject to RSP Adjustments and CDM Cost Recovery Adjustment

RSP Adjustments refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

The Conservation and Demand Management ("CDM") Cost Recovery Adjustment is updated annually to provide recovery over a seven-year period of costs charged annually to the CDM Cost Deferral Account.

### Adjustment for Losses

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

### General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

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

**INDUSTRIAL – NON-FIRM****Availability**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Rate****Non-Firm Energy Charge** (¢ per kWh)

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

- 1) Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
- 2) Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
- 3) Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl

**Adjustment for Losses**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

**General**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

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

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## INDUSTRIAL – WHEELING

### Availability

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

### Rate

#### Energy Charge

All kWh (net of losses)\* ..... @ 0.831¢ per kWh

\*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

### General

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.

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



# Affidavit



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act, RSNL 1990*, Chapter P-47 ("*Act*"), and regulations thereunder; and

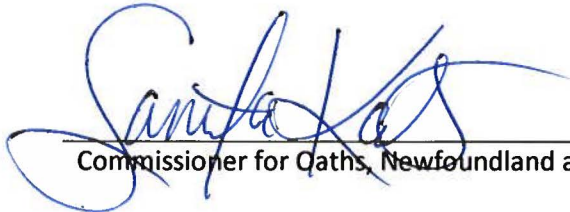
**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro ("*Hydro*") pursuant to Sections 70(1) and 76 of the *Act*, for the approval of: (i) the 2024 Island Industrial Customer Rate Stabilization Plan ("*RSP*") Adjustments, and (ii) the implementation of a Project Cost Recovery Rider ("*Application*").

**AFFIDAVIT**

I, Dana Pope, of St. John's in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice President, Regulatory Affairs and Stakeholder Relations (Acting) for Newfoundland and Labrador Hydro, the applicant named in the attached Application.
- 2) I have read and understand the foregoing Application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this Application are true.

**SWORN** at St. John's in the )  
province of Newfoundland and )  
Labrador this 16th day of )  
January 2024, before me: )

  
Commissioner for Oaths, Newfoundland and Labrador  
Dana Pope, CPA (CA), MBA

**SAMANTHA KEATS**  
A Commissioner for Oaths in and for  
the Province of Newfoundland and Labrador.  
My commission expires on December 31, ~~2021~~