

January 17, 2014

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

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

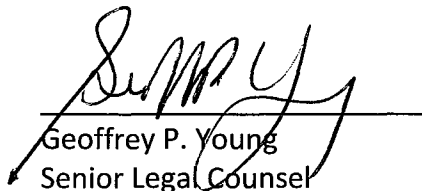
**Re: An application by Newfoundland and Labrador Hydro pursuant to Section 70, 75 and 80 of the Public Utilities Act, for the approval of interim customer electricity rates for 2014.**

Please find enclosed the original and 12 copies of the above-noted application, evidence and plus supporting affidavit.

Please contact the undersigned should you have any questions.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales  
Thomas J. O'Reilly, Q.C. – Cox & Palmer  
Stephanie Kearns – Olthuis, Kleer, Townshend LLP

Thomas Johnson – Consumer Advocate  
Yvonne Jones, MP Labrador  
Ed Heard, Q.C. – Miller & Hearn

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

**AND IN THE MATTER OF** an application by Newfoundland and Labrador Hydro, pursuant to Sections 70, 75 and 80 of the *Act*, for the approval of interim customer electricity rates for 2014.

**TO:** The Board of Commissioners of Public Utilities (the Board)

**THE APPLICATION OF NEWFOUNDLAND AND LABRADOR HYDRO (Hydro) STATES THAT:**

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act* and is subject to the provisions of the *Electrical Power Control Act, 1994*.
2. Section 70 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.
3. On July 30, 2013, Hydro filed a General Rate Application (GRA) with the Board.

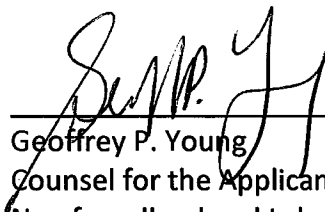
4. The GRA proposes, amongst other things, that the Board approve a change in rates to Hydro's customers, based upon the 2013 Test Year, effective January 1, 2014, as follows:
  - a) 2013 Cost of Service based rates for Newfoundland Power;
  - b) 2013 Cost of Service based rates for Island Industrial Customers;
  - c) 2013 Cost of Service based rates for Rural Labrador Interconnected Customers;
  - d) 2013 Cost of Service based rates for government customers in Isolated Systems;
  - e) Removal of the deferral of the 2007 rate increase for the non-lifeline rates for customers on the Isolated Systems; and
  - f) Newfoundland Power based rate changes for Hydro's Rural customers on the Island Interconnected, L'Anse au Loup and Isolated Systems.
5. On July 30, 2013 Hydro filed an application with respect to the Rate Stabilization Plan (RSP), based upon direction received from Government, which proposed, amongst other things, a phase-in of 2013 GRA-based rates to Industrial Customers.
6. The Board, in Orders No. P.U. 26(2013) and P.U. 29(2013), approved certain items relating to the direction from Government, but not the RSP rules related to the phase-in of rates for Industrial Customers.

7. On November 18, 2013 Hydro applied for interim rates effective January 1, 2014, a change in the fuel price projection for Newfoundland Power, and changes to the RSP rules to implement the phase-in of Industrial Customer rates, in accordance with direction provided by Government. As an alternative, Hydro proposed to utilize a deferral and recovery mechanism whereby Hydro would defer any revenue shortfall between existing and approved rates with such shortfall to be recovered from customers over a three-year period commencing when final rates become effective. The Board was not reasonably in a position to make the necessary determinations on the 2013 GRA in a time which would have permitted Hydro to implement a final change in customer rates, with effect from January 1, 2014. If Hydro is unable to implement a timely change in rates or a revenue shortfall deferral, it will be deprived of the opportunity to recover its costs, including a reasonable return on rate base, for 2014 as required by Section 80 of the *Act*.
8. In the absence of an Order of the Board on or before January 1, 2014, the RSP rules required that an RSP adjustment be made for Industrial Customers to reflect the September 2013 fuel price forecast. The Board, in Order No. P.U. 40(2013), directed that the RSP rules be modified to suspend the operation of the January 1 RSP adjustment for Industrial Customers.

9. Hydro makes this Application for an interim Order which is supplemental to its November 18, 2013 Application to facilitate the Board and Hydro's compliance with direction provided by the Government. Hydro's Supplemental Application includes a proposal for interim rate changes for the Island Interconnected Industrial Customers. Additionally, making an interim Order as to current rates for Hydro's Rural Customers will facilitate a deferral and recovery mechanism for the 2014 revenue shortfall which will allow Hydro to earn a just and reasonable return in 2014. It should be noted that rates for Hydro's Utility Customer, Newfoundland Power, are already interim.
10. Section 75 of the *Act* provides that the Board may make an interim Order unilaterally and without public hearing or notice, approving with or without modification, a schedule of rates, tolls and charges submitted by a public utility upon the terms and conditions that it may decide.
11. This Supplemental Application seeks an interim Order approving:
  - (a) The schedule of rates, tolls and charges for Island Interconnected Industrial Customers as set out in Schedule A to this Application to be effective on and after January 1, 2014;
  - (b) Changes to the RSP rules, as set out in Schedule B of this Application to implement the phase-in of Industrial Customer rates, in accordance with direction provided by the Government;

- (c) The continued use of the current customer rates, as set out in Schedule C of this Application;
- (d) The RSP rate to be charged by Hydro to Island Interconnected Industrial Customers as calculated in Appendix B of the evidence filed with the Application and as set out in Schedule A to this Application, to be effective for electrical consumption on or after January 1, 2014; and
- (e) Such further or other matters as may appear just and reasonable in the circumstances.

**DATED AT** St. John's in the Province of Newfoundland and Labrador this 17<sup>th</sup> day of January, 2014.

  
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 Geoffrey P. Young  
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**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL - FIRM - INTERIM**

**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:**

**Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$9.13 per month per kilowatt of billing demand.

**Firm Energy Charge:**

Base Rate\* ..... @ 4.782 ¢ per kWh

RSP Adjustment:

Current Plan ..... @ 0.168 ¢ per kWh

Fuel Rider ..... @ (0.117) ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 0.051 ¢ per kWh

Net Energy Rate ..... @ 4.833 ¢ per kWh

**\*Subject to RSP Adjustment:**

RSP Adjustment 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.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**INDUSTRIAL – FIRM (continued) - INTERIM**

**Specifically Assigned Charges:**

The table below contains the additional 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	\$944,954
North Atlantic Refining Limited	\$101,748
Teck Resources Limited	\$215,009
Vale Newfoundland and Labrador Inc	\$533,724

**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) which applies to electricity bills.

**Phase-In Rate:**

**Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$6.68 per month per kilowatt of billing demand.

**Firm Energy Charge:**

Base Rate\* ..... @ 3.676 ¢ per kWh

RSP Adjustment ..... @ 0.00 ¢ per kWh\*\*

**\*\* Exceptions:**

**Teck Resources Limited RSP Adjustment** .....@ (1.111) ¢ per kWh

Net Energy Rate .....@ 3.676 ¢ per kWh\*\*\*

**\*\*\* Exceptions:**

**Teck Resources Limited Net Energy Rate** ..... @ 2.565 ¢ per kWh



**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL – FIRM (continued) - INTERIM**

**Specifically Assigned Charges:**

The table below contains the additional 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	\$ 347,167
North Atlantic Refining Limited	\$ 150,976
Teck Resources Limited	\$ 186,169
Vale Newfoundland and Labrador Inc	\$ 0

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM)**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, 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 used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

The formulae used to calculate the Plan's activity are outlined below. Positive values denote amounts owing from customers to Hydro whereas negative values denote amounts owing from Hydro to customers.

**Section A: Hydraulic Production Variation**

**1. Activity:**

Actual monthly production is compared with the Test Year Cost of Service Study in accordance with the following formula:

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

Where:

- A = Test Year Cost of Service Net Hydraulic Production (kWh)
- B = Actual Net Hydraulic Production (kWh)
- C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
- D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$Can /bbl.)

**2. Financing:**

Each month, financing charges, using Hydro's approved Test Year weighted average cost of capital, will be calculated on the balance.

**3. Hydraulic Variation Customer Assignment:**

Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

- E = Hydraulic Variation Account Balance as of December 31, excluding financing charges
- F = Financing charges accumulated to December 31

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

**4. Customer Allocation:**

The annual customer assignment will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances respectively as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

**Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration**

**1. Activity**

**1.1 Fuel Cost Variations**

This is based on the consumption of No. 6 Fuel at the Holyrood Generating Station:

$$(G - D) \times H$$

Where:

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$Can /bbl.)

G = Monthly Actual Average No. 6 Fuel Cost (\$Can /bbl.)

H = Monthly Actual Quantity of No. 6 Fuel consumed less No. 6 fuel consumed for non-firm sales (bbl.)

**1.2 Load Variations**

**Firm:** Firm load variation is comprised of fuel and revenue components. The load variation is determined by calculating the difference between actual monthly sales and the Test Year Cost of service Study sales, and the resulting variance in No. 6 fuel costs and sales revenues. It is calculated separately for Newfoundland Power firm sales and Industrial firm sales, in accordance with the following formula:

$$(I - J) \times \{(D \div C) - K\}$$

Where:

C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)

D = Monthly Test Year Cost of Service No. 6 Fuel Cost (\$Can /bbl.)

I = Actual Sales, by customer class (kWh)

J = Test Year Cost of Service Sales, by customer class (kWh)

K = Firm energy rate, by customer class

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

**Secondary:** Secondary load variation is based on the revenue variation for Utility Firmed-Up Secondary energy sales compared with the Test Year Cost of Service Study, in accordance with the following formula:

$$(J - I) \times L$$

Where:

I = Actual Sales (kWh)

J = Test Year Cost of Service Sales (kWh)

L = Secondary Energy Firing Up Charge

**1.3 Rural Rate Alteration**

- (a) Newfoundland Power Rate Change Impacts:

This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M - N) \times O$$

Where:

M = Cost of Service rate <sup>1</sup>

N = Existing rate

O = Actual Units (kWh, bills, billing demand)

- (b) Rural Labrador Interconnected Automatic Rate Adjustments:

This component reflects the impact of the automatic rate adjustments for Hydro's rural customers on the Labrador Interconnected system, which arise from the phase-in of the application of the credit from secondary energy sales to CFB Goose Bay to the rural deficit.

Monthly adjustments will be subject to revision when a new Test Year Cost of Service is approved by the Public Utilities Board for Hydro. The amount of the automatic rate adjustment is (\$98,295.)

**2. Monthly Customer Allocation: Load and Fuel Activity**

Each month, the load variation will be held in a separate account in the Plan, until its disposition is ordered by the Board of Commissioners of Public Utilities.

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<sup>1</sup>

- Hydro's schedule of rates for its rural customers not affected by the December 6<sup>th</sup>, 2006 Government directive.
- For customers affected by the December 6<sup>th</sup>, 2006 Government directive, the Cost of Service rate equals the phased-in 2007 Forecast Cost of Service Rates for diesel rate classes 1.2D, 2.1D and 2.2D.
- No Rural Rate Alternation will arise from the phase-in of 2007 Forecast Cost of Service rates for the customers affected by the December 6<sup>th</sup>, 2006 Government directive.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

Each month, the year-to-date total for fuel price variation will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The current month's activity for Newfoundland Power, Island Industrials and regulated Labrador Interconnected customers will be calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month. The current month's activity allocated to regulated Labrador Interconnected customers will be removed from the Plan and written off to Hydro's net income (loss).

**3. Monthly Customer Allocation: Rural Rate Alteration Activity**

Each month, the rural rate alteration will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study. The portion allocated to regulated Labrador Interconnected will be removed from the Plan and written off to Hydro's net income (loss).

**4. Plan Balances**

Separate plan balances for Newfoundland Power, the Island Industrial customer class and the segregated load variation will be maintained. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

**Section C: Fuel Price Projection**

A fuel price projection will be calculated to anticipate forecast fuel price changes and to determine fuel riders for the rate adjustments. For industrial customers, this will occur in October each year, for inclusion with the RSP adjustment effective January 1. For Newfoundland Power, this will occur in April each year, for inclusion with the RSP adjustment effective July 1.

**1. Industrial Fuel Price Projection:**

In October each year, a fuel price projection for the following January to December shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[(S - T) \times U] - V \times W$$

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

Where:

- S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December  
T = Hydro's average Test Year contract discount (US \$/bbl)  
U = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of September  
V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$Can /bbl.)  
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year.

The industrial customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of September and is the ratio of Industrial Firm invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of an estimate of the fuel rider based on 12 months-to-date kWh sales to the end of September will be reported to industrial customers, Newfoundland Power, and the Public Utilities Board, by the 10<sup>th</sup> working day of October.

**2. Newfoundland Power Fuel Price Projection:**

In April each year, a fuel price projection for the following July to June shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[(X - T) \times Y] - V \times W$$

Where:

- T = Hydro's average Test Year contract discount (US \$/bbl)  
V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$Can /bbl.)  
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year. For the 2007 Test Year, test year barrels are reduced by 589,208 based on the reduction in forecast Island Industrial customer load caused by the shutdown of one of the paper machines at Corner Brook Pulp and Paper and the shutdown of Abitibi Consolidated (Grand Falls).  
X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following July to December, and the most recent long-term PIRA Energy Group average annual forecast for No. 6 fuel prices at New York Harbour for the following January to June.  
Y = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of March.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (INTERIM) (Continued)**

The Newfoundland Power customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of March and is the ratio of Newfoundland Power Firm and Firmed-Up Secondary invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy. For the 12 months-to-date (April 2008 - March 2009) Industrial Firm invoiced energy is reduced by 87,991,636 kWh to reflect the forecast reduction in Abitibi Consolidated (Grand Falls) load.

The amount of the forecast fuel price change, in Canadian dollars, and the details of the resulting fuel rider applied to the adjustment rate will be reported to Newfoundland Power, industrial customers, and the Public Utilities Board, by the 10<sup>th</sup> working day of April.

**Section D: Adjustment**

**1. Newfoundland Power**

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh which is projected to collect:

Newfoundland Power March 31 Balance

less      projected recovery / repayment of the balance for the following three months (if any),  
             estimated using the energy sales (kWh) for April, May and June from the previous year

plus      forecast financing charges to the end of the 12-month recovery period (i.e., June in the  
             following calendar year),

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

A fuel rider shall be added to the above adjustment rate, based on the Newfoundland Power Fuel Price Projection amount (as per Section C.2 above) divided by 12-months-to-date kWh sales to the end of March.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

**2. Island Industrial Customers**

2.1 As of December 31 each year, the adjustment rate for industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh which is projected to collect:

Industrial December 31 Balance

plus      forecast financing charges to the end of the following calendar year,

divided by 12-months-to-date kWh sales to the end of December.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

A fuel rider shall be added to the above adjustment rate, based on the Industrial Fuel Price Projection (as per Section C.1 above) amount divided by 12-months-to-date kWh sales to the end of December.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values. Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

~~2.2 Notwithstanding paragraph 2.1, as of December 31, 2013 the adjustment rate for industrial customers commencing January 1, 2014 will continue, on an interim basis, to be the rate per kWh which was approved by the Board of Commissioners of Public Utilities in Order No. P.U. 29(2013). This rate will remain effective until a further Order of the Board.~~

**Section E: Historical Plan Balances:**

**1. August 2002 Balance:**

Newfoundland Power and Island Industrial customer balances accumulated in the Plan as at August 2002 will be recovered over a 5-year collection period, with adjustment rates established each December 31, commencing December 31, 2002. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year annual weighted average cost of capital.

**Newfoundland Power**

The adjustment rate for each year of the five-year adjustment period will be determined as follows:

$$A = (B - C + D) \div E \div F$$

Where:

- A = adjustment rate (\$ per kWh) for the 12-month period commencing the following July 1.
- B = Balance December 31
- C = projected recovery to the following June 30 (if any), estimated using the most recent energy sales (kWh) for the period January to June.
- D = projected financing charges to the following June 30
- E = number of years remaining in the adjustment period
- F = energy sales (kWh) (firm and firm-up secondary) to Newfoundland Power for the most recent 12 months ended December 31

Recovery and financing will be applied to the balance each month. At the end of the five-year recovery period, any remaining balance will be added to the plan then in effect.

**Island Industrial Customers, excluding Teck Cominco Limited [Exempted pursuant to Order No. P.U.1(2007)]**



**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

The adjustment rate for each year of the five-year adjustment period will be determined as follows:

$$G = H \div I \div J$$

Where:

- G = adjustment rate (\$ per kWh) for the 12-month period commencing the following January 1.  
H = Balance December 31  
I = number of years remaining in the adjustment period  
J = firm energy sales (kWh) to Industrial Customers, excluding sales to Teck Cominco Limited, for the most recent 12 months ended December 31

Recovery and financing will be applied to the balance each month. At the end of the five-year recovery period, any remaining balance will be added to the plan then in effect.

**2. RSP Balance, December 31, 2003:**

Newfoundland Power and Island Industrial customer balances accumulated in the Plan as at December 31, 2003 will be consolidated with the outstanding August 2002 customer balances as of December 31, 2003, and will be included with the Newfoundland Power and Island Industrial customer balances respectively for rate-setting purposes as of December 31, 2003.

**Section F: RSP Surplus:**

**1. August 31, 2013 Balance:**

The net load variation for Newfoundland Power and the Industrial Customers from January 1, 2007 to August 31, 2013, including financing (the RSP Surplus), will be removed from the respective customer class balance, and allocated based upon direction provided by Government in Orders in Council OC2013-089 and OC2013-207. The balances which remain after this amount is removed will form the adjusted August 31, 2013 current plan balances for each customer class.

The Industrial Customer class allocated amount will be used, firstly, to reduce the Industrial Customer class adjusted August 31, 2013 RSP balance to zero. The remaining Industrial Customer class allocated amount will be segregated until its disposition is ordered by the Board of Commissioners of Public Utilities.

The monthly RSP adjustment resulting from the Teck Resources Limited RSP Adjustment rate of (1.111) ¢ per kWh, approved by the Board of Commissioners of Public Utilities in Order No. P.U. 29(2013), shall be segregated from the other components of the Industrial Customer RSP until its disposition is ordered by the Board of Commissioners of Public Utilities.

The Newfoundland Power allocated amount of the RSP Surplus will be segregated held until such time as its disposition occurs in accordance with an Order of the Board of Commissioners of Public Utilities through a refund in accordance with Order in Council OC2013-089.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

**2. Plan Balances**

Separate plan balances for Newfoundland Power and the Island Industrial customer class will be maintained. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

**3. Island Industrial Customer RSP Surplus Balance:**

The RSP Surplus balance allocated to the Industrial Customer class will be used to fund a phase-in of new Industrial Customer base rates effective September 1, 2013 using monthly adjustments determined as follows:

**3.1 Island Industrial Customers excluding Teck Resources**

The monthly adjustment for each month from September 1, 2013 to August 31, 2015 will be determined for each billing component (demand, energy and specifically assigned charge) for each Industrial Customer, except Teck Resources, as follows:

$$A = (B - C) \times D$$

Where:

A = Monthly RSP Adjustment

B = Approved Island Industrial Customer base rate

C = Phase-In Industrial Customer rate

D = Actual monthly Industrial Customer billing units

**Phase-In Industrial Customer Rates – September 1, 2013 to August 31, 2014**

The Phase-In Industrial Customer rates will be calculated for each of demand, energy, and each customer's specifically assigned charges. For Industrial Customers, except Teck Resources, the phase-in rates for the twelve months commencing September 1, 2013 will be the base rates approved in Hydro's 2007 Test Year. These rates are:

Demand Charge: \$6.68 per month per kilowatt of billing demand

Firm Energy Charge: Base Rate 3.676 ¢ per kWh

<u>Specifically Assigned Charges:</u>	<u>Annual Amount</u>
<u>Corner Brook Pulp and Paper Limited</u>	<u>\$ 347,167</u>
<u>North Atlantic Refining Limited</u>	<u>\$ 150,976</u>
	<u>\$ 498,143</u>

**3.2 Teck Resources**

The monthly adjustment for each month commencing September 1, 2013 until final approval of 2013 Test Year base rates will include an RSP credit of (1.111) ¢ per kWh.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE STABILIZATION PLAN (INTERIM) (Continued)**

The Phase-In rates for Teck Resources commencing September 1, 2013 will be:

Demand Charge: \$6.68 per month per kilowatt of billing demand  
Firm Energy Charge: Base Rate 3.676 ¢ per kWh  
RSP Adjustment (1.111) ¢ per kWh

Specifically Assigned Charges: Annual Amount  
\$186,169

Note: Once final base rates are approved based upon Hydro's 2013 Test Year, Hydro will apply for the disposition of any difference between the adjustment amounts calculated and the adjustment which would have been calculated using the 2013 approved Test Year rates. The difference will be refunded to, or collected from, Teck Resources, in a manner to be approved by the Board.

Teck Resources Phase-In Industrial Customer monthly adjustment will be calculated in a manner similar to those specified above for the other Industrial Customers, as follows:

$$L = (M - N) \times O$$

Where:

L = Monthly RSP Adjustment

M = Approved Island Industrial Customer base rate

N = Phase-In Teck Resources Industrial Customer rate

O = Actual monthly Teck Resources billing units

The monthly adjustments will be applied to the balance each month. At the end of the phase-in period, any remaining balance will be added to the Industrial Customer plan then in effect.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.1 (INTERIM)**

**DOMESTIC**

**Availability:**

For Service on the Island Interconnected system and the L'Anse au Loup system to a Domestic Unit or to buildings or facilities which are on the same Served Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

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

Basic Customer Charge:

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

Energy Charge:

All kilowatt-hours ..... @ 10.945 ¢ per kWh

Minimum Monthly Charge:

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

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.1S (INTERIM)**

**DOMESTIC - OPTIONAL**

**Availability:**

Available upon request for Service on the Island Interconnected system and the L'Anse au Loup system 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:** (Includes Municipal Tax and Rate Stabilization Adjustments)

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 Premium 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 an adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.3 (INTERIM)**

**BURGEO SCHOOL AND LIBRARY**

**Availability:**

For Service to Burgeo School and Library.

**Rate:**

Energy Charge:

All kilowatt-hours .....@5.572¢ per kWh

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, will be allowed if the bill is paid within 10 days after it is issued.

**General:**

**This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.1 (INTERIM)**

**GENERAL SERVICE 0 - 100 kW (110 kVA)**

**Availability<sup>1</sup>:**

For Service (excluding Domestic Service) on the Island Interconnected system and the L'Anse au Loup system where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

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

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

**Demand Charge:**

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

**Energy Charge:**

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

**Maximum Monthly Charge:**

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

**Minimum Monthly Charge:**

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

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

<sup>1</sup> This rate is also available to fish plants in Isolated Rural Systems with a connected load of 30kW or greater.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.3 (INTERIM)**

**GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA**

**Availability<sup>1</sup>:**

For Service on the Island Interconnected system and the L'Anse au Loup system 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:** (Including Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: ..... \$50.02 per month

**Demand Charge:**

\$7.54 per kVA of billing demand in the months of December, January, February and March and \$5.04 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

**Energy Charge:**

First 150 kilowatt-hours per kVA of billing demand,

up to a maximum of 50,000 kilowatt-hours ..... @ 9.649 ¢ per kWh

All excess kilowatt-hours ..... @ 7.878 ¢ per kWh

**Maximum Monthly Charge:**

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

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

<sup>1</sup> This rate is also available to fish plants in Isolated Rural Systems with a connected load of 30kW or greater.



**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.4 (INTERIM)**

**GENERAL SERVICE 1000 kVA AND OVER**

**Availability<sup>1</sup>:**

For Service on the Island Interconnected system and the L'Anse au Loup system where the maximum demand occurring in the 12 month period ending with the current month is 1000 kilovolt-amperes or greater.

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

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

**Billing Demand Charge:**

\$7.12 per kVA of billing demand in the months of December, January, February and March and \$4.62 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

**Energy Charge:**

First 75,000 kilowatt-hours ..... @ 9.126 ¢ per kWh

All excess kilowatt-hours ..... @ 7.644 ¢ per kWh

**Maximum Monthly Charge:**

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

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

<sup>1</sup> This rate is also available to fish plants in Isolated Rural Systems with a connected load of 30kW or greater.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 4.1 (INTERIM)**

**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service on the Island Interconnected system and the L'Anse au Loup system, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:** (Including Municipal Tax and Rate Stabilization Adjustment)

	SENTINEL / STANDARD
<b>MERCURY VAPOUR</b>	
250W ( 9,400 lumens)	\$21.31
<b>HIGH PRESSURE SODIUM <sup>1</sup></b>	
100W ( 8,600 lumens)	16.83
150W (14,400 lumens)	21.31
250W (23,200 lumens)	30.34
400W (45,000 lumens)	41.98

<sup>1</sup> For all new installations and replacements.

**Special poles used exclusively for lighting service**

Wood..... \$7.23

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.

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

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE 1.2D (INTERIM)**

**DOMESTIC DIESEL**

**Availability:**

For all the Island and Labrador diesel service areas of Hydro (excluding Government Departments) 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. All churches, schools, and community halls in the diesel service areas are also subject to this rate.

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

Basic Customer Charge: ..... \$15.68 per month  
Exceeding 200 Amp Service: ..... \$20.68 per month

**Energy Charge:**

*First Block (See Table Below)* kilowatt-hours per month ..... @ 10.945 ¢ per kWh

*Second Block (See Table Below)* kilowatt-hours per month ..... @ 12.373 ¢ per kWh

All kWh over 1000 kilowatt-hours per month ..... @ 16.776 ¢ per kWh

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
<i>First Block</i>	1000	1000	900	900	800	800	700	700	700	800	900	1000
<i>Second Block</i>	0	0	100	100	200	200	300	300	300	200	100	0

Minimum Monthly Charge..... \$15.68

Exceeding 200 Amp Service: ..... \$20.68

**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.

**Rate Stabilization Clause:**

This Rate is subject to the Rate Stabilization Adjustment arising from the operation of the Rate Stabilization Clause which forms part of the Schedule of Rates.

**Municipal Tax Clause:**

This Rate is subject to the Municipal Tax Adjustment arising from the operation of the Municipal Tax Clause which forms part of the Schedule or Rates.

**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 AND LABRADOR HYDRO**

**RATE No. 1.2DS (INTERIM)**

**DOMESTIC DIESEL (Non-Government First Block) - OPTIONAL**

**Availability:**

For all the Island and Labrador diesel service areas of Hydro (excluding Government Departments), available upon request for Service to Customers served under Rate 1.2 Domestic Diesel Service (First Block consumption only) who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

**Rate:**

The Energy Charges provided for in Rate 1.2D Domestic Diesel Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):

First Block Only

All kilowatt-hours ..... @ 0.953¢ per kWh

Non-Winter Season Premium Adjustment (Billing months of May through November):

First Block Only

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 an adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE 2.1D (INTERIM)**

**GENERAL SERVICE DIESEL 0-10 kW**

**Availability:**

For all the Island and Labrador diesel service areas of Hydro (excluding Government Departments) for non-domestic services where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:**

Basic Customer Charge: ..... \$19.64 per month

Energy Charge:

All kilowatt-hours ..... @ 16.738 ¢ per kWh

Minimum Monthly Charge: Single Phase..... \$19.64

Three Phase ..... \$36.01

**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 AND LABRADOR HYDRO**

**RATE 2.2D (INTERIM)**

**GENERAL SERVICE DIESEL OVER 10 kW**

**Availability:**

For all the Island and Labrador diesel service areas of Hydro (excluding Government Departments) for non-domestic services where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater.

**Rate:**

Basic Customer Charge: ..... \$28.87 per month

**Demand Charge:**

The maximum demand registered on the meter in the current month..... @ \$12.82 per kW

**Energy Charge:**

All kilowatt-hours..... @ 16.290¢ per kWh

Minimum Monthly Charge: Single Phase..... \$28.87

Three Phase ..... \$62.96

**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 AND LABRADOR HYDRO**

**RATE No. 4.1D (INTERIM)**

**STREET AND AREA LIGHTING SERVICE DIESEL**

**Availability:**

For Street and Area Lighting Service (excluding Government Departments) throughout the Island and Labrador diesel service areas of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:** (Including Municipal Tax and Rate Stabilization Adjustment)

	SENTINEL / STANDARD
<b>MERCURY VAPOUR</b>	
250W ( 9,400 lumens)	\$21.31
<b>HIGH PRESSURE SODIUM <sup>1</sup></b>	
100W ( 8,600 lumens)	16.83
150W (14,400 lumens)	21.31
250W (23,200 lumens)	30.34
400W (45,000 lumens)	41.98

<sup>1</sup> For all new installations and replacements.

**Special poles used exclusively for lighting service**

Wood..... \$7.23

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.  
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.2G (INTERIM)**

**DOMESTIC DIESEL**

**GOVERNMENT DEPARTMENTS**

**Availability:**

For Service to Government Departments throughout the Island and Labrador diesel service areas of Hydro, 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:**

Basic Customer Charge ..... \$41.03 per month

Energy Charge:

All kilowatt-hours ..... @ 78.10 ¢ per kWh

Minimum Monthly Charge..... \$41.03

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00 or more than \$500.00, 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**



**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.1G (INTERIM)**

**GENERAL SERVICE DIESEL 0-10 kW**

**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:**

Basic Customer Charge ..... \$44.82 per month

Energy Charge:

All kilowatt-hours ..... @ 69.701¢ per kWh

Minimum Monthly Charge..... \$44.82

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00 or more than \$500.00, 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 schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE 2.2G (INTERIM)**

**GENERAL SERVICE DIESEL OVER 10 KW**

**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater.

**Rate:**

Basic Customer Charge: ..... \$66.37 per month

**Demand Charge:**

The maximum demand registered on the meter in the current month..... @ \$53.68 per kW

**Energy Charge:**

All kilowatt-hours..... @ 49.554 ¢ per kWh

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00 or more than \$500.00, 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 AND LABRADOR HYDRO**

**RATE 4.1G (INTERIM)**

**STREET AND AREA LIGHTING SERVICE DIESEL**

**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Street and Area Lighting Service to Government Departments throughout the Island and Labrador Diesel service areas of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:**

	SENTINEL / STANDARD
<b>MERCURY VAPOUR</b>	
250W ( 9,400 lumens)	\$63.95
<b>HIGH PRESSURE SODIUM <sup>1</sup></b>	
100W ( 8,600 lumens)	51.80
150W (14,400 lumens)	63.95

<sup>1</sup> Only High Pressure Sodium fixtures are available for all new installations and replacements.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.

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

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.1L (INTERIM)**

**DOMESTIC**

**Availability:**

For Service throughout the Labrador Interconnected service area of Hydro, to a Domestic Unit or to buildings or facilities which are on the same Served 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:**

Basic Customer Charge: ..... \$7.15 per month

Energy Charge:

All kilowatt-hours ..... @ 3.280 ¢ per kWh

Minimum Monthly Charge..... \$7.15

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.1L (INTERIM)**

**GENERAL SERVICE 0 - 10 kW**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:**

Basic Customer Charge: ..... \$10.45 per month

Energy Charge:

All kilowatt-hours ..... @ 5.240 ¢ per kWh

Minimum Monthly Charge: Single Phase..... \$10.45

Three Phase..... \$20.00

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.2L (INTERIM)**

**GENERAL SERVICE 10 - 100 kW (110 kVA)**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

**Rate:**

**Demand Charge:**

The maximum demand registered on the meter in the current month ..... @ \$2.20 per kW

**Energy Charge:**

All kilowatt-hours..... @ 2.433 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge.

**Minimum Monthly Charge:**

An amount equal to \$1.05 per kW of maximum demand occurring in the 12 months ending with the current month, but not less than \$20.00 for a three phase service.

**Discount:**

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00, 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**RATE No. 2.3L (INTERIM)**  
**GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, 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:**

**Demand Charge:**

The maximum demand registered on the meter in the current month .... @ \$2.00 per kVA

**Energy Charge:**

All kilowatt-hours..... @ 2.103 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge.

**Minimum Monthly Charge:**

An amount equal to \$1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

**Discount:**

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00, 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.4L (INTERIM)**

**GENERAL SERVICE 1000 kVA AND OVER**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 month period ending with the current month is 1000 kilovolt-amperes or greater.

**Rate:**

**Billing Demand Charge:**

The maximum demand registered on the meter in the current month ..... @ \$1.75 per kVA

**Energy Charge:**

All kilowatt-hours..... @ 1.733 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge.

**Minimum Monthly Charge:**

An amount equal to \$1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

**Discount:**

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00, 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 schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**



**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 4.1L (INTERIM)**

**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:**

	SENTINEL / STANDARD
<b>MERCURY VAPOUR<sup>1</sup></b>	
250W ( 9,400 lumens)	\$ 13.50
<b>HIGH PRESSURE SODIUM <sup>2</sup></b>	
100W ( 8,600 lumens)	10.00
150W (14,400 lumens)	13.50
250W (23,200 lumens)	17.80
400W (45,000 lumens)	23.00

<sup>1</sup> Fixtures previously owned by the Town of Wabush as of September 1, 1985, and transferred to Hydro in 1987.

<sup>2</sup> Only High Pressure Sodium fixtures are available for all new installations and replacements installed after September 1, 2002.

**Special poles used exclusively for lighting service**

Wood ..... \$ 3.40

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.

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

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 4.11L (INTERIM)**

**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro existing as of September 1, 2002.

**Monthly Rate:**

	SENTINEL / STANDARD
HIGH PRESSURE SODIUM <sup>1</sup>	
100W (8,600 lumens)	\$ 6.75

<sup>1</sup> Any new fixtures added will be at the rates set out in Rate 4.1W.

**Special poles used exclusively for lighting service**

Wood .....\$ 3.25

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.  
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 4.12L (INTERIM)**

**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by the customer.

**Monthly Rate:**

	SENTINEL / STANDARD
HIGH PRESSURE SODIUM	
100W (8,600 lumens)	\$ 4.10

**Special poles used exclusively for lighting service**

Wood .....\$ 3.40

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.  
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 5.1L (INTERIM)**

**SECONDARY ENERGY**

**Availability:**

For Service to Customers on the Labrador Interconnected grid engaged in fuel switching who purchase a minimum of 1 MW load and a maximum of 24 MW, who provide their own transformer and, who are delivered power at primary voltages. Hydro shall supply Secondary Energy to the Customer at such times and to the extent that Hydro has Churchill Falls electricity available in excess of the amount it requires for its own use, and to meet its commitments and sales opportunities, present and future, for firm energy. Moreover, Hydro may interrupt or reduce the supply of Secondary Energy at its sole discretion for any cause whatsoever. The energy delivered shall be used solely for the operation of the equipment engaged in fuel switching.

**Energy Charge:**

The energy charge shall be calculated monthly based on:

**EITHER:**

- A. The Customer's cost of fuel (cents per litre) most recently delivered to the Customer including fuel additives, if any, in accordance with the following formula:

Secondary Energy Rate = Constant Factor x Fuel Cost/Litre x 90%

$$\text{Constant Factor} = \frac{3413 \text{ BTU/kWh} \times A \times B}{C \times D}$$

Where:

A = Customer's Electric Boiler Efficiency

B = Transformer and Losses Adjustment Factor

C = BTU/Litre of the Customer's fuel

D = Customer's Oil-fired Boiler Efficiency

**OR:**

- B. One (1) cent less than the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak electricity after the end of trading on the 19<sup>th</sup> day of the previous month, converted to Canadian dollars using the exchange rate at the closing of the same day.

**WHICHEVER IS GREATER**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 5.1L (INTERIM)**

**SECONDARY ENERGY**

Prior to the commencement of service, the Customer will provide to Hydro the rate component values for insertion in the pricing formula for Secondary Energy. If subsequent changes to any of these rate components are required, the Customer will provide them to Hydro as soon as practicable. Hydro may require that these rate component values be verified.

**Communications**

The Customer and Hydro shall each designate a position within their respective staffs to be responsible for communications as to changes in the cost of the fuel delivered to the Customer. Hydro will contact the Customer's designate on or before the second working day of each month at which time the Customer's designate will inform Hydro of the fuel cost. If this information is unavailable to Hydro for any reason, Hydro will use the previous month's fuel cost and other inputs and make the adjustment to the correct values in the following month's billing.

Hydro will inform the Customer of the value of part B of the energy charge calculation on the first business day following the 21st day of the month preceding the month for which the rate is being set.

*Power Factor*

If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at the Customer's expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

**General:**

Insofar as they are not inconsistent with the forgoing, the conditions of service provided in the Rules and Regulations shall apply to Customers in this rate class.

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

**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, R.S.N.L. 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the Act) and regulations thereunder;

**AND IN THE MATTER OF** an application by Newfoundland and Labrador Hydro, pursuant to Sections 70, 75 and 80 of the Act, for the approval of interim customer electricity rates for 2014.

**AFFIDAVIT**

I, Robert J. Henderson, Professional Engineer, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Vice-President of Newfoundland and Labrador Hydro, the Applicant named in the attached Application.
2. I have read and understand the foregoing Application.
3. I have personal knowledge of the facts contained therein, except where otherwise indicated, and they are true to the best of my knowledge, information and belief.

**SWORN** at St. John's in the )  
Province of Newfoundland and )  
Labrador )  
this 17<sup>th</sup> day of January 2014, )  
before me: )

  
Barrister – Newfoundland and Labrador

  
Robert J. Henderson

**Supplementary Evidence Related to  
Hydro's Interim Rate Application**

**Newfoundland and Labrador Hydro**

January 2014







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## 1.0 INTRODUCTION

On July 30, 2013, Newfoundland and Labrador Hydro (Hydro) filed its General Rate Application (GRA) requesting new rates effective January 1, 2014. As it became clear that final rates would not be approved by January 1, 2014, on November 18, 2013 Hydro filed an Application requesting that the Board approve implementation of interim rates effective January 1, 2014, based on the GRA filing, for certain of Hydro's customer classes. Alternatively, if the Board did not approve Hydro's Interim Rates Application, Hydro proposed the deferral of the forecast 2014 revenue shortfall between existing and approved rates for all customers, with recovery commencing at the time of the new rate implementation. Hydro stated that its preference was that the Board approve the Interim Rates Application as it would result in a rate decrease for the vast majority of Hydro's customers affected by the Application and it would also facilitate the phase-in of Industrial Customers (IC) rates in line with Government direction.<sup>1</sup>

Since November 22, 2013 a Request for Information (RFI) process has been ongoing regarding Hydro's Interim Rates Application and on December 13, 2013 the Board issued Order No. P.U. 40(2013), which on pages 3 and 4, states as follows:

*The Board is satisfied that interim rates could not realistically be put in place for January 1, 2014 and further that rate changes should not be made before the issues and concerns associated with the Interim Rates Application are resolved. Without approval of the Interim Rates Application and without a change to the RSP rules, the Industrial Customers would be subject to a 36.2% increase... In the circumstances the Board concludes that it is appropriate to suspend the operation of the January 1 RSP adjustment for the Industrial Customers. The Board acknowledges Hydro's request that the interim rates be put into effect as soon as practically possible and agrees that this matter should proceed expeditiously. The Board will ensure that the process reflects the urgency of the matter.*

---

<sup>1</sup> OC2013-089, as amended.

1 In response to RFI IR-NP-NLH-029, Hydro outlined a modified approach to its original  
2 Interim Rates Application which has elements of both the implementation of interim rates  
3 and a deferral and recovery mechanism. Given the current circumstances, Hydro is  
4 modifying its request for interim rates and is instead requesting interim rates for Island  
5 Interconnected IC and a deferral and recovery mechanism for its remaining customers.  
6 Hydro believes this approach will enable the following:

- 7 • Implementation of IC rates in a manner that achieves the result that was  
8 contemplated in the Government directives;
- 9 • Deferral of rate implementation for other customers until rate design and cost of  
10 service issues are addressed; and
- 11 • Provision to Hydro of the opportunity to earn a return on rate base that is closer to  
12 that which results from the Government directed Return on Equity (ROE) for the  
13 2013 Test Year.

**2.0 INTERIM RATES REQUEST FOR IC**

On December 13, 2013 the Board issued Order No. P.U. 40(2013) which approved, on an interim basis, an additional Rate Stabilization Plan (RSP) clause as follows:

*Notwithstanding paragraph 2.1, as of December 31, 2013 the adjustment rate for industrial customers commencing January 1, 2014 will continue, on an interim basis, to be the rate per kWh which was approved by the Board of Commissioners of Public Utilities in Order No. P.U. 29(2013). This rate will remain effective until a further Order of the Board.*

In its discussion on the matter, the Board points out that without approval of the Interim Rates Application and without a change to the RSP rules, the IC would be subject to a 36.2% increase. The Board's approval of a change to the RSP rules avoided what otherwise would have been a significant rate increase for IC. It is a temporary solution which contemplates a further Order of the Board. Hydro's current proposal for IC would enable implementation of IC rates in a manner that achieves the result contemplated in the Government directives and, as well, provides Hydro with the opportunity to earn a return on rate base that is closer to that which results from the Government directed ROE for the 2013 Test Year.

Hydro proposes that IC base rates reflect Hydro's 2013 proposed Test Year rates on an interim basis. Effective January 1, 2014, the difference between those rates and existing rates (phase-in rates) will be adjusted through the IC RSP Surplus account on a monthly basis. Therefore, the IC will see no change in the base rate amounts they pay on their monthly bills. However, Hydro is proposing that the IC RSP rate be adjusted to reflect December 2013 current plan balance and a fuel rider based upon the 2013 Test Year. The proposed RSP Rules are included as Schedule B to the Application.

1 Hydro is requesting approval of the following:

- 2 i. Hydro's proposed IC 2013 Test Year base rates and phase-in rates as included in  
3 Schedule A to the Application, on an interim basis, with effect from January 1, 2014;  
4
- 5 ii. Hydro's proposed RSP methodology, included in Schedule B to the Application,  
6 effective January 1, 2014 for funding the phase-in of IC rates using the IC RSP  
7 Surplus, on an interim basis; and  
8
- 9 iii. The annual IC RSP adjustment rate effective January 1, 2014, as included in Appendix  
10 A.  
11

12 Upon final Board approval of Test Year rates, Hydro proposes to recalculate the IC RSP  
13 Surplus Balance and Hydro's revenues to reflect activity and balances, as if approval had  
14 occurred effective January 1, 2014.<sup>2</sup>

---

<sup>2</sup> There will be no resulting change in the amounts charged to IC subsequent to January 1, 2014. The IC RSP Surplus will be adjusted for any changes resulting from approved rates.

**3.0 DEFERRAL AND RECOVERY MECHANISM FOR OTHER CUSTOMERS**

The Board's Order No. P.U. 40(2013) highlighted that the "the proposals in the Interim Rates Application raise complex and comprehensive issues which in the Board's view should be addressed before interim rates are established." To address this concern, and giving consideration to a variation to Hydro's Interim Rates Application suggested in Newfoundland Power's RFI IR-NP-NLH-029, Hydro is requesting approval of the following:

- Creation of a Revenue Variance Deferral and Recovery Account (Deferral Account) as defined in Appendix B;
- Commencing January 1, 2014, revenue variances between existing and approved rates be included in the Deferral Account with such variances to be recovered from Hydro's customers;
- Recovery for the Deferral Account over a three-year period commencing once final rates become effective;
- Effective January 1, 2014, the existing NP RSP Fuel Price Projection rider of 1.634¢ per kWh be applied to the Deferral Account rather than the RSP<sup>3</sup>, until approval of final rates;
- Continuation of the existing NP RSP adjustment of 1.101¢ per kWh related to its current plan; and
- Existing rates for Hydro's Isolated Systems Government Departments and Rural Labrador Interconnected customers be made interim.

---

<sup>3</sup> As the Deferral Account is calculated using 2013 Test Year base rates which include the 2013 Test Year fuel price, the collection of NP's existing fuel rider (which is based on the 2007 Test Year) should be applied against the Deferral Account.

1    **4.0    RATE STABILIZATION PLAN**

2    As part of this Application, Hydro is also proposing that commencing January 1, 2014, on an  
3    interim basis, the approved Test Year to be used for calculating the RSP will be the proposed  
4    2013 Test Year. Upon approval of the final 2013 Test Year, the RSP calculations will be  
5    adjusted accordingly effective January 1, 2014.

6    Hydro is requesting interim approval of the following:

- 7        • Use of the proposed 2013 Test Year values in the RSP; and  
8        • The RSP rules to implement funding of the phase-in of the IC rates included in  
9        Section F of the RSP Rules attached to this Application as Schedule B.



**5.0 CONCLUSION**

Hydro believes its revised proposal put forward in this Supplementary Evidence represents a reasonable solution to the complex issues of this particular GRA. Hydro believes this approach will enable the phase-in of IC rates to continue along with the Government directed drawdown of funds from the IC RSP Surplus amount as was contemplated in Orders in Council. Rates for all remaining customers will not be adjusted until the GRA process is complete, allowing for a full understanding of the rate design and cost of service implications and giving all parties an opportunity for input prior to the final decision of the Board. Approval of the 2013 proposed Test Year for RSP calculations, with effect from January 1, 2014, will enable the operation of the RSP in complex circumstances where both interim rates and a deferral and recovery mechanism are employed. Finally, the revised proposal provides Hydro with the opportunity to earn a return on rate base that is closer to that which results from the Government directed ROE for the 2013 Test Year.

## **APPENDIX A**

Calculation of January 1, 2014 Industrial Customer RSP Rates

NEWFOUNDLAND AND LABRADOR HYDRO  
RATE STABILIZATION PLAN RECOVERY  
January 1, 2014 Industrial Customer RSP Adjustment Rate

December, 2013

Line No	Calculation of Industrial Customer RSP Rate	Amount	Comments
	Current Plan		
1	December Balance	\$ 566,125	December RSP, Page 11
2	Forecast Financing Costs to December 31, 2014	\$ 23,528	Line 23
3	Total	\$ 589,653	Line 1 plus Line 2
4	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	divided by 351,353,424	December RSP, Page 6
5	(mills per kWh)	1.68	Line 3/Line 4*1000
	Fuel Price Projection Rider		
6	Industrial Fuel Price Projection	\$ (411,113)	Industrial Filing Oct 2013
7	12 months to date (Jan - Dec) Industrial Customer Sales (kWh)	divided by 351,353,424	December RSP, Page 6
8	(mills per kWh)	(1.17)	Line 6/Line 7*1000
9	Total Current Plan (mills per kWh)	0.51	Line 5 plus Line 8
	Industrial RSP Adjustment Rate	0.51	Line 9

Industrial Customer Forecast Financing Charges  
2014

2013 Test Year Weighted Average Cost of Capital per annum		7.829%		
Nominal Financing Rate		7.561%		
	2013 Sales kWh	Financing Costs	Adjustment	Total To Date Balance
10	Balance Forward			566,125
11	January	31,612,740	3,567	(53,109)
12	February	25,864,750	3,255	(43,453)
13	March	30,955,597	3,002	(52,005)
14	April	32,198,035	2,693	(54,093)
15	May	31,721,670	2,369	(53,292)
16	June	27,547,154	2,048	(46,279)
17	July	21,332,877	1,769	(35,839)
18	August	29,286,623	1,555	(49,202)
19	September	28,595,423	1,255	(48,040)
20	October	24,799,284	960	(41,663)
21	November	33,552,362	703	(56,368)
22	December	33,886,909	353	(56,930)
23	Total	351,353,424	23,528	(590,274)



Hydro Place, 500 Columbus Drive.  
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Canada A1B 4K7  
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www.nlh.nl.ca

October 15, 2013

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

**ATTENTION: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Rate Stabilization Plan Fuel Price Projection – Industrial Customers**

Order No. P.U. 14(2007) states that by the 10<sup>th</sup> working day of October, Hydro is to provide to the Board, to its Industrial Customers, and to Newfoundland Power an estimate of the Industrial Customer fuel rider that will become effective on January 1 of the coming year. The estimated fuel rider is to be based upon 12 months-to-date kWh sales to the end of September.

Due to the pending status of its 2013 General Rates Application for rates effective January 1, 2014, Hydro has provided the estimated fuel rider compared to both the 2007 Test Year (Schedule A) and 2013 Test Year (Schedule B) fuel price as summarized in the Table below.

	Fuel Rider (mills/kWh)	Forecast Fuel Price (\$Can/bbl)	Test Year Fuel Price (\$Can/bbl)	Difference (\$Can/bbl)
2007 Test Year	14.85	104.75	55.40	49.35
2013 Test Year	(1.17)	104.75	108.70	(3.95)

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

Geoffrey P. Young  
Senior Legal Counsel

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales

Thomas Johnson – Consumer Advocate  
Thomas O'Reilly, QC – Cox & Palmer

NEWFOUNDLAND AND LABRADOR HYDRO  
Rate Stabilization Plan Estimated Fuel Price Projection Rider

Industrial Customers

October 2013

Line

No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 104.75	From Page 2
2	2007 Test Year Fuel Forecast Price	\$ 55.40	
3	Forecast Fuel Price Variance	\$ 49.35	Line 1 - Line 2
4	2007 Test Year No. 6 Barrels Consumed	1,878,188	
5	Forecast Fuel Variance	\$ 92,688,578	Line 3 x Line 4
6	Industrial Customer Allocation Ratio	5.65%	From Line 9
7	Industrial Customer Allocation	\$ 5,236,905	Line 5 x Line 6

Calculation of Customer Allocation			Percent of	Allocation of	
		kWh	Total	Rural	Total
8	12 months to date (Oct 2012 - Sep 2013) Utility Sales	5,433,230,398	87.10%	6.46%	93.56%
9	12 months to date (Oct 2012 - Sep 2013) Industrial Customer Sales	352,544,876	5.65%	0.00%	5.65%
10	12 months to date (Oct 2012 - Sep 2013) Bulk Rural Energy	452,270,963	7.25%	-7.25%	0.00%
11	Total	6,238,046,237			

Estimate of Industrial Fuel Price Projection Rider		Amount	Comments
<u>Rate Rider</u>			
12	Industrial Allocation	\$ 5,236,905	From Line 7
13	12 months to date Industrial Sales (kWh)	352,544,876	From Line 9
14	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(1)</sup>	14.85	Line 12/Line 13 x 1000

<sup>(1)</sup> The Industrial allocation of \$5,236,905 is established as calculated above.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**Rate Stabilization Plan Estimated Fuel Price Projection Rider**

	\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>	
2014 January	105.70
February	102.00
March	101.40
April	100.00
May	98.20
June	99.90
July	101.50
August	102.80
September	103.30
October	103.90
November	101.50
December	98.00
	<hr/>
Average \$Cdn/bbl <sup>(2)</sup>	101.50
NLH Test Year Contract Discount (\$US/bbl)	<u>(0.218)</u>
	\$101.28
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>	<u>1.0342</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>	<u>\$104.75</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 2013.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Assumed to be 1:1 for forecast run.

NEWFOUNDLAND AND LABRADOR HYDRO  
Rate Stabilization Plan Estimated Fuel Price Projection Rider

Industrial Customers

October 2013

Line

No	Customer Allocation	Amount	Comments
1	September Fuel Price Projection	\$ 104.75	From Page 2
2	2013 Test Year Fuel Forecast Price	\$ 108.70	
3	Forecast Fuel Price Variance	\$ (3.95)	Line 1 - Line 2
4	2013 Test Year No. 6 Barrels Consumed	1,842,112	
5	Forecast Fuel Variance	\$ (7,276,342)	Line 3 x Line 4
6	Industrial Customer Allocation Ratio	5.65%	From Line 9
7	Industrial Customer Allocation	\$ (411,113)	Line 5 x Line 6

Calculation of Customer Allocation		kWh	Percent of Total	Allocation of Rural	Total
8	12 months to date (Oct 2012 - Sep 2013) Utility Sales	5,433,230,398	87.10%	6.43%	93.53%
9	12 months to date (Oct 2012 - Sep 2013) Industrial Customer Sales	352,544,876	5.65%	0.00%	5.65%
10	12 months to date (Oct 2012 - Sep 2013) Bulk Rural Energy	452,270,963	7.25%	-7.25%	0.00%
11	Total	6,238,046,237			

Estimate of Industrial Fuel Price Projection Rider  
Rate Rider

	Amount	Comments
12	Industrial Allocation	\$ (411,113) From Line 7
13	12 months to date Industrial Sales (kWh)	352,544,876 From Line 9
14	Estimated Fuel Price Projection Rider (mills per kWh) <sup>(1)</sup>	(1.17) Line 12/Line 13 x 1000

<sup>(1)</sup> The Industrial allocation of \$-411,113 is established as calculated above.

NEWFOUNDLAND AND LABRADOR HYDRO  
Rate Stabilization Plan Estimated Fuel Price Projection Rider

		\$/bbl
PIRA Forecast \$ US/bbl <sup>(1)</sup>		
2014 January		105.70
February		102.00
March		101.40
April		100.00
May		98.20
June		99.90
July		101.50
August		102.80
September		103.30
October		103.90
November		101.50
December		98.00
Average \$Cdn/bbl <sup>(2)</sup>		101.50
NLH Test Year Contract Discount (\$US/bbl)		<u>(0.218)</u>
		\$101.28
Can\$/US\$ Noon Exchange Rate <sup>(3)</sup>		<u>1.0342</u>
NLH Fuel Price Projection (\$Can/bbl) <sup>(2)</sup>		<u>\$104.75</u>

**Notes:**

- (1) The forecast is based on the PIRA monthly short-term forecast dated September 2013.
- (2) Price per barrel is rounded to the nearest \$0.05.
- (3) Assumed to be 1:1 for forecast run.



## **Appendix B**

### Revenue Shortfall Deferral Account Definition

**Revenue Shortfall Account Definition**

This account shall be charged with the difference between revenue at approved 2013 Test Year Rates and billed revenue at existing rates for all regulated customers except Island Industrial Customers. A sub-account will be established for each of Hydro's systems.

This account will be credited with the fuel rider portion of Newfoundland Power's (NP) Rate Stabilization Plan rate until a NP fuel rider is approved based upon the 2013 Test Year.