

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

AN ORDER OF THE BOARD

NO. P.U. 18(2015)

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

7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. pursuant to Sections
9 70 and 75 of the *Act* for:

- 10 (i) approval of revised rate stabilization and municipal
11 tax adjustments for the period July 1, 2015 to June 30,
12 2016;
- 13 (ii) approval of a revised Schedule of Rates, Tolls and
14 Charges to reflect the revised rate stabilization and
15 municipal tax adjustments and to permit recovery of
16 additional purchase power costs associated with an
17 interim increase in the base rate charged by
18 Newfoundland and Labrador Hydro to Newfoundland
19 Power Inc. approved in Order No. P.U. 17(2015); and
- 20 (iii) approval of a revised Rate Stabilization Clause to
21 provide for a true-up for any over or under recovery of
22 purchase power costs associated with the base rate increase.
23
24

25 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly
26 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
27 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
28

29 **WHEREAS** on June 12, 2015 Newfoundland Power filed an application (the “Application”)
30 requesting approval of:

- 31
- 32 i) the Rate Stabilization Adjustment to be applied to customer rates for the period
33 July 1, 2015 to June 30, 2016;
- 34 ii) the Municipal Tax Adjustment Factor to be applied to customer rates for the
35 period July 1, 2015 to June 30, 2016;
- 36 iii) customer rates to be effective on all electrical consumption on and after July 1,
37 2015; and
- 38 iv) revisions to Newfoundland Power’s Rate Stabilization Clause; and

1 **WHEREAS** in Order No. P.U. 17(2015) the Board approved, on an interim basis, changes to the
2 rates charged to Newfoundland Power by Newfoundland and Labrador Hydro (“Hydro”)
3 effective July 1, 2015 as a result of an application by Hydro for approval of an interim increase
4 in base rates and revised Rate Stabilization Plan rates; and
5

6 **WHEREAS** the Rate Stabilization Adjustment included in Newfoundland Power’s rates is
7 recalculated on July 1st of each year to reflect: i) the accumulated balance in Newfoundland
8 Power’s Rate Stabilization Account as of March 31st of the current year; and, ii) any changes in
9 the rates to be charged to Newfoundland Power by Hydro for the coming year as a result of the
10 operation of Hydro’s Rate Stabilization Plan; and
11

12 **WHEREAS** the proposed Rate Stabilization Adjustment to be included in Newfoundland
13 Power’s rates for the period July 1, 2015 to June 30, 2016 is (0.105) cents per kWh, replacing the
14 Rate Stabilization Adjustment of 1.064 cents per kWh approved in Order No. P.U. 21(2014); and
15

16 **WHEREAS** the Municipal Tax Adjustment Factor, which is adjusted each year on July 1st to
17 reflect Newfoundland Power’s municipal tax costs for the year, is proposed to increase to
18 1.02487 for the period of July 1, 2015 to June 30, 2016 from the current factor of 1.02370
19 approved in Order No. P.U. 21(2014); and
20

21 **WHEREAS** the increase in Hydro’s base rate to Newfoundland Power approved in Board Order
22 No. 17(2015) will increase Newfoundland Power’s 2015 purchase power costs and this increased
23 cost is not reflected in Newfoundland Power’s currently approved electricity rates; and
24

25 **WHEREAS** Newfoundland Power proposes revisions to its Rate Stabilization Clause to provide
26 for a true-up for any under-recovery or over-recovery of purchase power costs in 2015 associated
27 with the revised Hydro base rate to Newfoundland Power approved in Order No. P.U. 17(2015);
28 and
29

30 **WHEREAS** a copy of the Application was provided to Hydro and the Consumer Advocate and
31 no comments were received by the Board; and
32

33 **WHEREAS** the Board has considered the Application and is satisfied that the proposed Rate
34 Stabilization Adjustment, the Municipal Tax Adjustment Factor, the revised Schedule of Rates,
35 Tolls and Charges, and the revised Rate Stabilization Clause should be approved as filed.
36

37 **IT IS THEREFORE ORDERED THAT:**
38

- 39 1. The Rate Stabilization Adjustment of (0.105) cents per kWh for the period July 1, 2015
40 to June 30, 2016 is approved.
41
- 42 2. The Municipal Tax Adjustment Factor of 1.02487 for the period July 1, 2015 to June 30,
43 2016 is approved.
44
- 45 3. The Schedule of Rates, Tolls and Charges, as set out in Schedule A to this Order, to be
46 effective on all electrical consumption on and after July 1, 2015, is approved.

- 1 4. The Rate Stabilization Clause, as set out in Schedule B to this Order, to be effective July
2 1, 2015, is approved.
3
4 5. Newfoundland Power shall pay the expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 25th day of June, 2015.

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

James Oxford
Commissioner

Cheryl Blundon
Board Secretary

**NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE**

Availability:

For Service to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:

Not Exceeding 200 Amp Service \$15.70 per month
Exceeding 200 Amp Service \$20.70 per month

Energy Charge:

All kilowatt-hours @10.573¢ per kWh

Minimum Monthly Charge:

Not Exceeding 200 Amp Service \$15.70 per month
Exceeding 200 Amp Service \$20.70 per month

Discount:

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

General:

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

**NEWFOUNDLAND POWER INC.
RATE #1.1S
DOMESTIC SEASONAL - OPTIONAL**

Availability:

Available upon request for Service to Customers served under Rate #1.1 Domestic Service who have a minimum of 12 months of uninterrupted billing history at their current Serviced Premises.

Rate:

The Energy Charges provided for in Rate #1.1 Domestic Service Rate shall apply, subject to the following adjustments:

Winter Season Premium Adjustment (Billing months of December through April):
All kilowatt-hours @ 0.953¢ per kWh

Non-Winter Season Credit Adjustment (Billing Months of May through November):
All kilowatt-hours @ (1.297)¢ per kWh

Special Conditions:

1. An application for Service under this rate option shall constitute a binding contract between the Customer and the Company with an initial term of 12 months commencing the day after the first meter reading date following the request by the Customer, and renewing automatically on the anniversary date thereof for successive 12-month terms.
2. To terminate participation on this rate option on the renewal date, the Customer must notify the Company either in advance of the renewal date or no later than 60 days after the anniversary/renewal date. When acceptable notice of termination is provided to the Company, the Customer's billing may require adjustment to reverse any seasonal adjustments applied to charges for consumption after the automatic renewal date.

**NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-100 kW (110 kVA)**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 100 kilowatts (110 kilovolt-amperes).

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$21.93 per month

Demand Charge:

\$9.10 per kW of billing demand in the months of December, January, February and March and \$6.60 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:

Energy Charge:

First 3,500 kilowatt-hours @ 10.534¢ per kWh

All excess kilowatt-hours @ 7.791¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 18.775 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

Single Phase \$21.93 per month

Three Phase \$36.03 per month

Discount:

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

General:

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

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$50.08 per month

Demand Charge:

\$7.86 per kVA of billing demand in the months of December, January, February and March and \$5.36 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 @ 9.156¢ per kWh
All excess kilowatt-hours @ 7.286¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 18.775 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.**

**NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER**

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$85.13 per month

Demand Charge:

\$7.41 per kVA of billing demand in the months of December, January, February and March and \$4.91 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 75,000 kilowatt-hours @ 8.605¢ per kWh
All excess kilowatt-hours @ 7.041¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 18.775 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.**

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

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

	Sentinel/Standard	Post Top
High Pressure Sodium		
100W (8,600 lumens)	\$16.78	\$18.20
150W (14,400 lumens)	21.13	-
250W (23,200 lumens)	29.88	-
400W (45,000 lumens)	41.17	-

Mercury Vapour

175W (7,000 lumens)	\$16.78	\$18.20
250W (9,400 lumens)	21.13	-
400W (17,200 lumens)	29.88	-

Special poles used exclusively for lighting service**

Wood	\$7.24
30' Concrete or Metal, direct buried	10.46
45' Concrete or Metal, direct buried	14.74
25' Concrete or Metal, Post Top, direct buried	7.99

Underground Wiring (per run)**

All sizes and types of fixtures	\$12.80
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

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

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

Curtailment Credit = Contracted Demand Reduction x \$29 per kVA

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

Peak Period Load Factor =
$$\frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x \$29 per kVA

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

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

I. RATE STABILIZATION ADJUSTMENT ("A")

The Rate Stabilization Adjustment ("A") shall be calculated as the total of the Recovery Adjustment Factor and the Fuel Rider Adjustment.

The Recovery Adjustment Factor shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual plan recovery amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA.

The Recovery Adjustment Factor expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B + C}{D}$$

Where:

B = the annual plan recovery amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's RSP.

C = the balance in the Company's RSA as of March 31st of the current year.

D = the total kilowatt-hours sold by the Company for the 12 months ending March 31st of the current year.

The Fuel Rider Adjustment shall be recalculated annually, effective the first day of July in each year, to reflect changes in the RSP fuel rider applicable to Newfoundland Power. The Fuel Rider Adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{E \times F}{D}$$

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

I. RATE STABILIZATION ADJUSTMENT ("A") (Cont'd)

Where:

- D = corresponds to the D above.
- E = the total kilowatt-hours of energy (including secondary energy) sold to the Company by Hydro during the 12 months ending March 31 of the current year.
- F = the fuel rider designated to be charged to Newfoundland Power through Hydro's RSP.

The Rate Stabilization Adjustment ("A") shall be recalculated and be applied as of the effective date of a new wholesale mill rate by Hydro, by resetting the Fuel Rider Adjustment included in the Rate Stabilization Adjustment to zero.

II. RATE STABILIZATION ACCOUNT ("RSA")

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

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

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

Where:

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

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

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

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

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

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

Where:

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

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

P = corresponds to P above.

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

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

Where:

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

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

(v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the calendar year is less (or greater) than the amount of municipal taxes paid for that year.

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

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

3. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly streetlighting rates are as follows:

	<u>Fixture Size (watts)</u>				
	<u>100</u>	<u>150</u>	<u>175</u>	<u>250</u>	<u>400</u>
Mercury Vapour	-	-	840	1,189	1,869
High Pressure Sodium	454	714	-	1,260	1,953

4. On December 31, 2015, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the change in base rates attributable to the flow through of Hydro's interim wholesale rate change, effective July 1, 2015, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged on an interim basis by Hydro effective July 1, 2015.

This clause will be revised as required when the Company's rates are changed to reflect the flow-through of final changes to Hydro's wholesale rate.

The methodology to calculate the RSA adjustment at December 31, 2015 is as follows:

Calculation of increase in Revenue:

2015 Revenue with Flow-through (Q)	\$ -
2015 Revenue without Flow-through (R)	<u>\$ -</u>
Increase in Revenue (S = Q - R)	\$ -

Calculation of increase in Purchased Power Expense:

2015 Purchased Power Expense with Hydro Increase (T)	\$ -
2015 Purchased Power Expense without Hydro Increase (U)	<u>\$ -</u>
Increase in Purchased Power Expense (V = T - U)	\$ -

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

- Q = Normalized revenue from base rates effective July 1, 2015.
R = Normalized revenue from base rates determined based on rates effective July 1, 2013.
T = Normalized purchased power expense from Hydro's wholesale rate effective July 1, 2015 (not including RSP rate).
U = Normalized purchased power expense determined based on Hydro's wholesale rate effective January 1, 2007 (not including RSP rate).

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

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

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

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

The Energy Supply Cost Variance expressed in dollars shall be calculated as follows:

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

Where:

- A = the wholesale rate 2nd block charge per kWh.
- B = the test year energy supply cost per kWh determined by applying the wholesale energy rate to the test year energy purchases and expressed in ¢ per kWh.
- C = the weather normalized annual purchases in kWh.
- D = the test year annual purchases in kWh.
6. The RSA shall be adjusted by any other amount as ordered by the Board.
7. On March 31st of each year, beginning in 2014, the Rate Stabilization Account shall be increased on a before tax basis, by the CDM Cost Recovery Transfer.

The CDM Cost Recovery Transfer, expressed in dollars, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account (the "CDM Cost Deferral") over a seven-year period, commencing in the year following the year in which the CDM Cost Deferral is charged to the Conservation and Demand Management Cost Deferral Account.

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

**NEWFOUNDLAND POWER INC.
RATE STABILIZATION CLAUSE**

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

The CDM Cost Recovery Transfer for each year will be the sum of individual amounts representing 1/7th of each CDM Cost Deferral, which individual amounts shall be included in the CDM Cost Recovery Transfer for seven years following the year in which the CDM Cost Deferral was recorded.

8. On March 31st of each year, beginning in 2013, the Rate Stabilization Account shall be increased (reduced), on a before tax basis, by the balance in the Weather Normalization Reserve accrued in the previous year.

III. RATE CHANGES

The energy charges in each rate classification (other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge) shall be adjusted as required to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on consumption on and after the effective date of the adjustment.