

Hydro Place. 500 Columbus Drive. P.O. Box 12400. St. John's. NL Canada A1B 4K7 t. 709.737.1400 f. 709.737.1800 www.nlh.nl.ca

June 19, 2020

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: Application for Approval of a One-Time Customer Bill Credit Plan for Hydro Rural Customers in Accordance with OC2020-081

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of a onetime customer bill credit plan for eligible Hydro Rural Customers in accordance with OC2020-081 ("Application").

In accordance with OC2020-081, the Application proposes:

- a) That a one-time customer bill credit plan be approved for Hydro's eligible rural customers consistent with that approved for Newfoundland Power's customers in Order No. P.U. 17(2020); and
- b) That the total cost of the provision of the one-time credit be recovered through the Rate Stabilization Plan Rural Rate Alteration.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

Encl.

ecc: **Board of Commissioners of Public Utilities** Jacqui Glynn PUB Official Email

Newfoundland Power

Gerard M. Hayes Regulatory Email

Consumer Advocate

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

Industrial Customer Group

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

Praxair Canada Inc.

Sheryl E. Nisenbaum

Teck Resources Limited Shawn Kinsella



Application for Approval of a One-Time Customer Bill Credit Plan for Hydro Rural Customers in Accordance with OC2020-081

June 19, 2020



A report to the Board of Commissioners of Public Utilities

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

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro ("Hydro") pursuant to subsection 70(1) of the *Act*, Board Order No. P.U. 16(2020), and Order in Council OC2020-081 for the approval of a one-time customer bill credit plan for Hydro's rural customers consistent with that filed by Newfoundland Power on June 1, 2020 and approval of the inclusion of the financial impact of the one-time customer bill credit to Hydro's rural customers in the Rate Stabilization Plan ("RSP") Rural Rate Alteration.

TO: The Board of Commissioners of Public Utilities ("Board")

The Application of Hydro states that:

- A. Background
- 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 *EPCA*.
- 2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.
- 3. Section 70(1) of the *Act* provides that a public utility shall not charge, demand, collect, or receive compensation for a service performed by it until the Board has approved a schedule of rates, tolls, and charges for the services provided by the public utility.

- 4. On May 14, 2020, Hydro received a copy of Order in Council OC2020-081 ("OC2020-081"), issued by the Government of Newfoundland and Labrador on May 12, 2020, directing that customer rates for the period July 1, 2020 to June 30, 2021 shall not change as a result of Hydro's Utility RSP or Conservation and Demand Management ("CDM") adjustments or Newfoundland Power's Rate Stabilization Clause and Municipal Tax Clause.
- 5. OC2020-081 requires Hydro to apply to the Board for approval to provide a one-time wholesale bill credit to Newfoundland Power for the disposition of the dollar value of the change in the total annual amount for disposition through the RSP Adjustment for the period July 1, 2020 to June 30, 2021.
- 6. OC2020-081 also requires: (i) Newfoundland Power to provide a one-time bill credit to its customers for the dollar value of the change in the annual amount for disposition through the Rate Stabilization Account and the Municipal Tax Clause, with the methodology for the bill credit to be determined by the Board; and (ii) for Hydro to apply the same bill credit approach to its Rural Customers who are subject to automatic rate changes based on the rates approved for customers of Newfoundland Power.
- 7. On May 25, 2020, Hydro applied to the Board for approval of the continuation of the Utility Rate RSP Current Plan Rider of (0.188) cents per kWh, RSP Fuel Rider of 0.000 cents per kWh, and CDM Cost Recovery Adjustment of 0.026 cents per kWh from July 1, 2020 to June 30, 2021. Hydro also proposed a one-time transfer on July 31, 2020 of \$50,575,999 from the RSP Current Plan balance applicable to Newfoundland Power

and a one-time July 2020 bill credit to Newfoundland Power of \$50,575,999. The Board approved Hydro's proposals in Board Order No. P.U.16(2020).

- On June 1, 2020, Newfoundland Power filed an application ("Newfoundland Power One-Time Customer Bill Credit Application") with the Board proposing that:
 - (i) The annual July 1st customer rate adjustment be suspended;
 - (ii) A total amount of \$47.7 million be distributed to Newfoundland Power's customers through a one-time bill credit;
 - (iii) All eligible customers receive their one-time bill credit in July 2020 in accordance with a plan provided with the Application; and
 - (iv) Any remaining balance at plan closeout be addressed through the next annual
 July 1st rate adjustment in 2021.
 - The Board approved the Newfoundland Power One-Time Customer Bill Credit Application in Order No. P.U. 17(2020).
- 10. The Policies for Automatic Rate Changes, at Section 16 of Hydro's "Schedule of Rates,Rules and Regulations," require the following:
 - (i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates on the Island Interconnected System and the L'Anse au Loup System such that these customers pay the same rates as Newfoundland Power customers;
 - (ii) Rates for the Burgeo school and library will increase or decrease by the average rate of change granted to Newfoundland Power from time to time, excluding:
 Newfoundland Power's changes for the July 1st Municipal Tax and Rate Stabilization adjustments and any fuel rider adjustments.

- (iii) Isolated Rural Domestic customers, excluding Government departments, pay the same rates as Newfoundland Power for the basic customer charge and First Block consumption (outlined in Rate 1.2D). Rates charged for consumption above this block will be automatically adjusted by the average rate of change granted Newfoundland Power;
- (iv) Rates for Isolated Rural General Service customers, excluding Government
 departments, will increase or decrease by the average rate of change granted
 Newfoundland Power; and
- (v) As Newfoundland Power changes its rates, Hydro will automatically adjust Rural Isolated street and area lighting rates, excluding those for Government departments, such that these rates are the same as charged Newfoundland Power customers.
- 11. In accordance with the direction provided by in OC2020-081, and consistent with Section 16 of Hydro's "Schedule of Rates, Rules and Regulations", Hydro's proposal herein is to mirror Newfoundland Power's one-time customer credit plan and deliver the same one-time customer credit plan to those Hydro rural customers who are subject to automatic rate changes based on the rates approved for customers of Newfoundland Power.
- 12. Therefore, Hydro is proposing to provide a one-time customer bill credit in July 2020 for its customers on the Island Interconnected System, the L'Anse au Loup System, and eligible customers on the Isolated Diesel Systems.

- 13. In accordance with OC2020-081, the financial impact of the provision of the one-time credit to Hydro Rural customers shall be recovered by Hydro through the RSP Rural Rate Adjustment. Therefore, Hydro proposes to recover the total cost of the one-time bill credits provided to its Hydro Rural customers in July 2020 through a charge of the total credit amount to the RSP Rural Rate Alteration.
- 14. Schedule 1 to this Application provides the evidence supporting Hydro's proposals in this Application. Schedule 2 to this Application contains Hydro's One-Time Customer Bill Credit Plan.
- 15. The proposals included in this Application are in accordance with OC2020-081, consistent with the Policies for Automatic Rate Changes detailed at Section 16 of Hydro's "Schedule of Rates, Rules and Regulations" and consistent with normal operation of the RSP Rural Rate Alteration in dealing with the flow-through of Newfoundland Power rate changes to Hydro Rural customers as a result of the operation of Newfoundland Power's Rate Stabilization Clause.

B. Order Sought

16. This Application requests that the Board approve, pursuant to OC2020-081 and subsection 70(1) of the Act, the one-time customer bill credit plan set out in Schedule 2 to the Application and the recovery of the total amount of the one-time customer credits provided to Hydro Rural customers through the RSP Rural Rate Alteration. **DATED** at St. John's in the Province of Newfoundland and Labrador this 19th day of June, 2020.

NEWFOUNDLAND AND LABRADOR HYDRO

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



Schedule 1

Evidence - Application for Approval of a One-Time Customer Bill Credit Plan for Hydro Rural Customers in Accordance with OC2020-081



Contents

1.0	Background1
2.0	Distributing the Bill Credit to Customers
2.1	Plan Overview1
2.2	Basis for Customer Bill Credit2
3.0	Implementation and Administration
3.1	RSP Rural Rate Alteration2
4.0	Conclusion

List of Appendices

Appendix A: Order in Council OC2020-081



1 **1.0 Background**

On May 12, 2020, the Government of Newfoundland and Labrador ("Government") issued Order in
Council OC2020-081 ("OC2020-081"), provided in Appendix A, which directs the Board of Commissioners
of Public Utilities ("Board") to adopt a policy that:

- Prohibits a change in customer rates for the period July 1, 2020 to June 30, 2021 as a result of
 Hydro's Utility Rate Stabilization Plan ("RSP") and Conservation and Demand Management
 ("CDM") Cost Recovery Adjustments and Newfoundland Power's Rate Stabilization and
 Municipal Tax Clauses;
- Requires Newfoundland and Labrador Hydro ("Hydro") to apply to provide Newfoundland
 Power with a one-time bill credit equal to the projected change in the dollar value of the
 amount that would normally be disposed through the RSP Adjustments from July 1, 2020 to
 June 30, 2021;
- Requires Newfoundland Power to dispense these funds to customers through a one-time bill
 credit rather than through a rate change through the Rate Stabilization Account and Municipal
 Tax Adjustments with Board approval of the methodology for deriving the bill credit; and
- Requires Hydro to apply to the Board to provide a one-time credit to its customers who would
 typically receive an automatic rate change based on the rates approved for Newfoundland
 Power's customers. The financial impact of the adjustment would be included in the RSP Rural
 Rate Alteration.
- This evidence provides support for Hydro's application in compliance with OC2020-081 to distribute the one-time credit to its retail customers in July 2020 and to recover the cost of the bill credit through the RSP Rural Rate Alteration.

23 **2.0 Distributing the Bill Credit to Customers**

24 2.1 Plan Overview

25 In accordance with the direction provided in OC2020-081, Hydro's plan proposes to distribute the one-

- 26 time bill credit to all eligible customers in July 2020 consistent with Newfoundland Power's application
- 27 dated June 1, 2020 ("Plan") which was approved by the Board in Order No. P.U. 17(2020).



1 **2.2** Basis for Customer Bill Credit

- 2 Hydro's proposal to mirror Newfoundland Power's one-time credit plan is consistent with OC2020-081,
- 3 which requires Hydro to provide the same bill credit to Hydro rural customers *"who are subject to*
- 4 automatic rate changes based on the rates approved for customers of Newfoundland Power." In
- 5 accordance with Section 16 of Hydro's Schedule of Rates, Rules and Regulations, Policies for Automatic
- 6 Rate Changes, the Plan proposes to credit Hydro's rural customers on the same basis as approved for
- 7 Newfoundland Power in Order No. P.U. 17(2020).
- 8 Further, the Plan proposes that only those customers on the Island Interconnected, L'Anse au Loup, and
- 9 Isolated Diesel Systems (excluding Government departments) be eligible for the bill credit.¹ Consistent
- 10 with Hydro's approved policy for automatic rate changes, customers on the Labrador Interconnected
- 11 System and the Burgeo School and Library would not be eligible for the one-time credit.
- 12 All other facets of the Plan including customer eligibility, calculation of customer bill credits based on
- 13 varied months of customer history, Harmonized Sales Tax treatment, and provision of customer bill
- 14 credits are consistent with Newfoundland Power's One-Time Customer Bill Credit Plan approved in
- 15 Order No. P.U. 17(2020).

3.0 Implementation and Administration

17 **3.1 RSP Rural Rate Alteration**

- 18 OC2020-081 requires that the financial impact of providing the one-time credit to Hydro's rural
- 19 customers be included in the Rural Rate Alteration component of the RSP. In accordance with this
- 20 direction, Hydro proposes to track the actual credits provided to customers and charge the total amount
- 21 to the RSP Rural Rate Alteration.
- 22 The recovery of the financial impact of providing the one-time credit to Hydro's customers through the
- 23 RSP Rural Rate Alteration is consistent with normal operation of the RSP in dealing with the flow-
- 24 through of Newfoundland Power rate changes to Hydro Rural customers as a result of the operation of
- 25 Newfoundland Power's Rate Stabilization Clause.

¹ In accordance with section 16(c) of Hydro's Rates, Rules and Regulations.



1 4.0 Conclusion

- 2 Hydro's proposed Plan is consistent with the Newfoundland Power One-Time Customer Bill Credit Plan,
- 3 in accordance with OC2020-081, and consistent with Hydro's policy for automatic rate changes. In
- 4 accordance with OC2020-081, Hydro also proposes to recover the total amount of the one-time
- 5 customer bill credits provided to Hydro Rural customers through the RSP Rural Rate Alteration.



Appendix A

Order in Council OC2020-081





Under the authority of subsection 5.1(1) of the Electrical Power Control Act, 1994, the Lieutenant-Governor in Council is pleased to direct the Board of Commissioners of Public Utilities (Board) to adopt a policy that:

- Customer rates for the period July 1, 2020 to June 30, 2021 shall not change on July 1, 2020 as a result of the application of adjustments arising from the operation of the Newfoundland and Labrador Hydro (Hydro) Rate Stabilization Plan, as set out in Schedule "C" of Order No. P.U.30(2019), and Conservation and Demand Management Cost Recovery Adjustment, as set out in Schedule "C" of Order No. P.U.22(2017), or Newfoundland Power Inc.'s (Newfoundland Power) Rate Stabilization Clause and Municipal Tax Clause, both as set out in Schedule "A" of Order No. P.U.31(2019);
- 2) Upon application by Hydro, the dollar value of the change in the total annual amount for disposition through the Rate Stabilization Plan adjustment for the period July 1, 2020 to June 30, 2021, be provided to Newfoundland Power through a one-time wholesale bill credit as early as practicable;
- 3) Upon application by Newfoundland Power, the dollar value of the change in the annual amount for disposition to customers through the Rate Stabilization Account, as described in Schedule "A" of Order No. P.U.31(2019), and the operation of the Municipal Tax Clause referenced above, for the period July 1, 2020 to June 30, 2021, be provided to customers through a one-time bill credit as early as practicable, with the methodology for determination of the bill credit to be determined by the Board; and
- 4) Upon application by Hydro, the same bill credit approach as provided for in Item 3 also be provided to Hydro Rural Customers who are subject to automatic rate changes based on the rates approved for customers of Newfoundland Power, and the financial impact of this adjustment be included in the RSP Rural Rate Alteration.

٤



Schedule 2

Newfoundland and Labrador Hydro One-Time Customer Bill Credit Plan



Contents

1.0	Interpretation1
1.1	Definitions1
1.2	Interpretation1
2.0	Basis for Customer Bill Credit2
2.1	Customers Entitled to a Bill Credit2
2.2	HST2
2.3	Provision of Bill Credit2
3.0	Calculation of the Bill Credit Amount2
3.0 3.1	Calculation of the Bill Credit Amount
3.1	The Bill Credit Rate2
3.1 3.2	The Bill Credit Rate
3.1 3.2 3.3	The Bill Credit Rate

List of Appendices

Appendix A: Energy Usage Estimation Methodology

Appendix B: Average Annual Energy Usage by Customer Class of Service



1.0 Interpretation

1.1 Definitions

In this Newfoundland and Labrador Hydro One-Time Customer Bill Credit Plan, the following definitions shall apply:

- (a) *"Act"* means *The Public Utilities Act,* RSNL 1990, Ch. P-47, as amended from time to time.
- (b) "Bill Credit" means a one-time bill credit amount calculated in accordance with Section 3.3 of the Plan.
- (c) "Bill Credit Rate" means the bill credit rate as shown in Section 3.1 of this Plan.
- (d) "Board" means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
- (e) "Company" or "Hydro" means The Newfoundland and Labrador Hydro-Electric Corporation continued pursuant to the *Hydro Corporation Act*, SNL 2007, c. H-17 as amended.
- (f) "Customer" means any person who accepts or agrees to accept Service on Hydro's Island Interconnected, L'Anse au Loup, Island Diesel, and Labrador Diesel Systems whose rates are affected by automatic rate changes based on the rates approved for Newfoundland Power's customers.
- (g) "HST" means harmonized sales tax levied under the *Excise Tax Act (Canada)*.
- (h) "Plan" means this Newfoundland and Labrador Hydro One-Time Customer Bill Credit Plan.
- (i) "Service" means electrical service provided by the Company under rules and regulations approved by the Board pursuant to the *Act*.
- (j) "Serviced Premises" means the premises at which Service is delivered to the Customer.

1.2 Interpretation

- (a) Unless the context clearly requires otherwise, this Plan shall be interpreted such that:
 - (i) words importing persons include corporations and organizations; and



- (ii) words importing the singular include the plural and vice versa.
- (b) The Plan shall be interpreted in a manner consistent with the rules and regulations governing the Company's provision of electrical service as approved by the Board.
- (c) Any dispute concerning the interpretation of this Plan shall be determined:
 - (i) in the first instance, by the Company, acting reasonably; and
 - (ii) if required, by the Board, whose decision shall be considered final.

2.0 Basis for Customer Bill Credit

2.1 Customers Entitled to a Bill Credit

A Customer that is receiving Service on July 1, 2020 shall be entitled to a Bill Credit under the terms of the Plan.

2.2 HST

The amount of HST attributable to the amount of a Bill Credit to which a Customer is entitled will be credited to the Customer along with the Bill Credit.

2.3 Provision of Bill Credit

The Company shall provide Bill Credits to eligible Customers on bills issued in July 2020, or as soon as practicable thereafter. The Bill Credit will be shown as a separate item on the bill. Where the amount of the Bill Credit exceeds the total charges for Service on the bill, the net amount shall be shown as a credit on the bill and will be applied to the Customer's next bill.

3.0 Calculation of the Bill Credit Amount

3.1 The Bill Credit Rate

The Bill Credit Rate shall be 0.808 cents/kWh.

3.2 Calculation of Bill Credits

Bill Credits will be calculated based on the Customer's energy usage over a 12-month period, which will be determined as follows:



- For Customers who have been receiving Service at their current Serviced Premises for 12 months or more, the Bill Credit will be calculated based on the Customer's total energy usage for the most recent 12 months.
- 2. For Customers who have been receiving Service at their current Serviced Premises for less than 12 months and have received at least one bill for a full month of Service, the Bill Credit will be calculated based on the Customer's estimated annual energy usage, determined in accordance with Appendix A of this Schedule.
- 3. For Customers who have not received at least one bill for a full month of Service at their current Serviced Premises, the Bill Credit will be calculated based on the average annual usage for the Customer's class of Service, as set out in Appendix B of this Schedule.

3.3 Determination of the Bill Credit Amount

Bill Credit amounts shall be calculated by multiplying (i) the Bill Credit Rate by (ii) the Customer's energy usage as determined in accordance with Section 3.2.

Bill Credits (expressed in dollars to nearest \$0.01) shall be calculated as follows:

 $C \times D = E$

Where:

C = the Bill Credit Rate

D = the Customer's energy usage

E = the Bill Credit

4.0 Plan Administration

4.1 Liability

The Company shall not be liable to any party for any reason whatsoever associated with the administration of the Plan except in cases where the Company has been grossly negligent.



4.2 Directions

The Company may, by application to the Board, seek directions on any matter related to the administration of the Plan, amendments to the Plan, or any matter related to the provision of Bill Credits to Customers under the Plan.



Appendix A

Energy Usage Estimation Methodology



Energy Usage Estimation Methodology

The calculation of the one-time bill credit for a Customer who has been receiving Service for less than 12 months at their current Serviced Premises requires an estimate of the Customer's annual energy usage.

To account for seasonal variations in energy usage, an estimation factor from the table below is applied to the actual energy usage on the Customer's monthly bills.¹ Only bills that reflect a full month of Service are used in the calculation.²

The estimation factor applied to the Customer's energy usage will be the one for the Customer's class of Service that corresponds to the month in which the Customer's first bill for a full month of Service was issued.³

First Full Monthly Bill Issued	Domestic	General Service	Street and Area Lighting
Jun-20	14.290	13.022	18.020
May-20	6.213	6.121	8.505
April-20	3.764	3.934	5.184
Mar-20	2.623	2.820	3.579
Feb-20	1.969	2.163	2.714
Jan-20	1.575	1.767	2.095
Dec-19	1.367	1.523	1.699
Nov-19	1.238	1.360	1.446
Oct-19	1.156	1.245	1.270
Sep-19	1.101	1.152	1.152
Aug-19	1.052	1.070	1.065
Jul-19	1.000	1.000	1.000

Energy Usage Estimation Factors

usage.



¹ Due to seasonal variations in energy usage, estimating annual usage based on a simple average of monthly usage would not provide reasonable results.

² Unless the commencement of Service happens to coincide with the billing date for the Customer's meter reading route, the first bill will not reflect a complete month's usage, and would therefore not be appropriate for use in the estimation formula. ³ For Customers whose class of Service is either Domestic or General Service, and who also receive Street and Area Lighting Service, only the Domestic or General Service estimation factor, as applicable, will be used to estimate the Customer's energy

Appendix B

Average Annual Energy Usage by Customer Class of Service



Average Annual Energy Usage by Customer Class of Service

For Customers who have not received at least 1 bill for a full month of Service at their current Serviced Premises, the Bill Credit will be calculated based on the average annual energy usage for the Customer's class of Service.

Average Annual Energy Usage

Class of Service	Average Annual Energy Usage (kWh)
Domestic Service	15,448
General Service, 0 – 110 kW (110 kVA)	34,981
General Service, 110 kVA (100 kW) – 1000 kVA	822,563
General Service, 1000 kVA and Over	5,931,027
Street and Area Lighting Service	3,032





Affidavit

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

AND IN THE MATTER OF an Application by Newfoundland and Labrador Hydro ("Hydro") pursuant to subsection 70(1) of the Act, Board Order No. P.U. 16(2020), and Order in Council OC2020-081 for the approval of a one-time customer bill credit plan for Hydro's rural customers consistent with that filed by Newfoundland Power on June 1, 2020 and approval of the inclusion of the financial impact of the one-time customer bill credit to Hydro's rural customers in the Rate Stabilization Plan ("RSP") Rural Rate Alteration.

AFFIDAVIT

I, Kevin Fagan, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

- 1. I am Vice-President, Regulatory Affairs and Customer Service 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 19th day of June 2020, before me:

Barrister - Newfoundland and Labrador

Kevin Fagan