



Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400, St. John's, NL
Canada A1B 4K7
t. 709.737.1400 | f. 709.737.1800
nlhydro.com

January 13, 2023

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

Attention: Cheryl Blundon
Director of Corporate Services and Board Secretary

Re: Application for Approval of the Island Industrial Customer Rate Stabilization Plan Adjustments Effective January 1, 2023

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") application for approval of the 2023 Island Industrial Customer Rate Stabilization Plan ("RSP") Adjustments ("Application") to become effective January 1, 2023.

The adjustment has been calculated in accordance with the RSP Rules for Balance Disposition. The forecast impact on Island Industrial Customers as a result of the RSP Current Plan Adjustment and discontinuance of the RSP Current Plan Mitigation Adjustment is approximately 15.4%.

On July 1, 2022, Hydro implemented a Project Cost Recovery Rider for its Utility Customer to begin recovery of Muskrat Falls Project cost payments being made by Hydro under the Muskrat Falls Power Purchase Agreement. Hydro has not proposed the implementation of a Project Cost Recovery Rider for the Island Industrial Customers at this time given the forecast average billing impact of 15.4% in 2023. The balance for recovery in the RSP will decline in 2023, which will allow for the implementation of a Project Cost Recovery Rider in 2024. This approach will avoid a higher rate increase for Island Industrial customers in 2023 and provide rate stability for 2024.

The current application reflects a two-year recovery period of historical RSP balances; any additional extended period of recovery would further delay the ability to implement a Project Cost Recovery Rider in the rates of Island Industrial Customers. Hydro has communicated the substance of these proposals to the Island Industrial Customers.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

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

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

Encl.

Cheryl Blundon
Board of Commissioners of Public Utilities

2

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
PUB Official Email

Consumer Advocate

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

Linde Canada Inc.

Sheryl E. Nisenbaum
Peter Strong

Newfoundland Power Inc.

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

Teck Resources Limited

Shawn Kinsella

Island Industrial Customer Group

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

Application for Approval of the Island Industrial Customer Rate Stabilization Plan Adjustments

Effective January 1, 2023

January 13, 2023

An application to the Board of Commissioners of Public Utilities



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

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“Hydro”) pursuant to s 70(1) and 76 of the *Act*, for the approval of the 2023 Island Industrial customer Rate Stabilization Plan (“RSP”) Adjustments in accordance with RSP Rules (“Application”).

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

THE APPLICATION OF HYDRO STATES THAT:

A. Background

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

¹ *Hydro Corporation Act, 2007*, SNL 2007 c H-17.

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

financing charges accumulated to December 31 for each year based on 12 months-to-date kWh as of October 31, 2021; and iii) the elimination of the RSP Fuel Rider.

5. On February 24, 2022, in Board Order No. P.U. 5(2022),³ the Board approved an Island Industrial Customer RSP Current Plan Adjustment of 1.060 cents per kWh and the Island Industrial Customer RSP Current Plan Mitigation Adjustment of (0.675) cents per kWh, both effective as of February 1, 2022. The purpose of the RSP Current Plan Mitigation Adjustment was to recover the year-end 2021 Current Plan Balance over two years (2022 and 2023) with the objective of obtaining equal rate impacts each year.
6. On May 6, 2022, in Board Order No. P.U. 16(2022),⁴ the Board approved the transfer of the 2021 deferred supply costs resulting in a one-time transfer to the Island Industrial Customer RSP Current Plan account of approximately \$1.0 million, effective October 31, 2021, to be recovered from Island Industrial Customers.
7. Section C.2 of the RSP Rules for Balance Disposition requires an update of the Island Industrial Customer RSP Current Plan Adjustment, effective January 1 of each year, to recover the balance in the Island Industrial Customer RSP at December 31 of the previous year and the forecast financing charges to the end of the following calendar year.

B. Application

8. Section C.2 of the RSP Rules outlines the method for determining the Island Industrial Customer RSP Current Plan Adjustment, which computes a new recovery adjustment based upon the December 31 RSP balance of the previous year.
9. The Island Industrial Customer RSP Current Plan, as at December 31, 2022, contained a debit balance of approximately \$5.5 million to be recovered from customers. Hydro's Application seeks approval of an updated Island Industrial Customer RSP Current Plan Adjustment of 1.477 cents per kWh effective January 1, 2023. This RSP Current Plan Adjustment would increase customer billings by approximately 5.9%. The rate impacts are illustrated in Appendix B to Schedule 1 of this Application.

³ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 5(2022), Board of Commissioners of Public Utilities, February 24, 2022.

⁴ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 16(2022), Board of Commissioners of Public Utilities, May 6, 2022.

10. Hydro's application further seeks to conclude the RSP Current Plan Mitigation Adjustment effective January 1, 2023. This proposal, discussed further in Schedule 1 of this Application, will allow the remainder of the Current Plan Balance from 2021, not collected in 2022, to be recovered in 2023. Discontinuance of the RSP Current Plan Mitigation Adjustment will increase Island Industrial Customer billings by approximately 9.5%.
11. Schedule 3 to this Application provides the proposed Island Industrial Customer rate sheets with an effective date of January 1, 2023. The proposed rate sheets reflect i) the revised Island Industrial Customer RSP Current Plan Adjustment of 1.477 cents per kWh and ii) the conclusion of the RSP Current Plan Mitigation Adjustment of (0.675) cents per kWh.

C. Newfoundland and Labrador Hydro's Request

12. Hydro requests the Board approve the following:
 - a) A revised Island Industrial Customer RSP Current Plan Adjustment of 1.477 cents per kWh to become effective January 1, 2023; and
 - b) The conclusion of the Island Industrial Customer RSP Current Plan Mitigation Adjustment of (0.675) cents per kWh to become effective January 1, 2023.

D. Reasons for Approval

13. Approval by the Board of the proposed Island Industrial Customer RSP Adjustments and revised Island Industrial Customer rates will permit rate stability provided for, and intended by, the *Act*, the *EPCA*, and the Orders of the Board as set out in the Application. The proposals contained herein will only impact the Island Industrial Customers and have no impact on Newfoundland Power Inc. or its discrete RSP balances.

E. Communications

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

DATED at St. John's in the province of Newfoundland and Labrador on this 13th day of January 2022.

NEWFOUNDLAND AND LABRADOR HYDRO



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

Schedule 1

Proposed Island Industrial Customer Rate Stabilization Plan Adjustments

Supporting Evidence



Proposed Island Industrial Customer Rate Stabilization Plan Adjustments

Supporting Evidence



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1.0 Background

On February 21, 2022, the Board issued Board Order No. P.U. 4(2022),¹ approving the Supply Cost Variance Deferral Account and the discontinuance of the existing RSP Rules effective as of November 1, 2021. In the same Order, the Board also approved the RSP Rules for Balance Disposition account, which addressed:

- The cessation of supply cost variance activity in the RSP after October 31, 2021;
- The allocation of the October 31, 2021 balance in the RSP Hydraulic Production Variation component, excluding interest, to be recovered over four years plus financing charges accumulated to December 31 for each year based on 12 months-to-date kWh as of October 31, 2021; and
- The elimination of the RSP Fuel Rider.

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

On February 4, 2022, Hydro filed an application with the Board proposing a modification of the RSP Adjustment calculation and to implement a RSP Current Plan Mitigation Adjustment to recover the year-end 2021 Current Plan Balance over two years (2022 and 2023) with the objective of obtaining equal rate impacts each year resulting in an average bill impact of 2022 to be 12.7% and the projected 2023 average bill impact to be 12.6%.²

In Board Order No. P.U. 5(2022),³ the Board approved the Island Industrial Customer RSP Current Plan Adjustment of 1.060 cents per kWh and the Island Industrial Customer RSP Current Plan Mitigation adjustment of (0.675) cents per kWh to become effective February 1, 2022.

¹ *Public Utilities Act*, RSNL 1990, Board Order No. P.U. 4(2022), Board of Commissioners of Public Utilities, February 21, 2022.

² “Application for Approval of the Island Industrial Customer Rate Stabilization Plan Adjustments,” Newfoundland and Labrador Hydro, February 4, 2022.

³ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 5(2022), Board of Commissioners of Public Utilities, February 24, 2022.

Proposed Island Industrial Customer Rate Stabilization Plan Adjustments – Supporting Evidence

1 The RSP Rules for Balance Disposition require that the Industrial Current Plan balance as at December 31 be
2 used in the computation of an updated RSP Current Plan Adjustment for the Island Industrial Customers to be
3 made effective January 1 of each year. This evidence provides information supporting Hydro’s application,
4 including the calculations supporting Hydro’s proposed RSP Adjustments to be effective as of January 1, 2023.

5 **2.0 RSP Adjustments – Current Plan**

6 The December 31, 2022 RSP Report, included as Schedule 2, is prepared in accordance with the approved RSP
7 Rules for Balance Disposition and includes the allocation of the RSP Hydraulic Production Variation
8 component to Island Industrial Customers as well as the Island Industrial Customers’ portion of the Revised
9 Energy Supply Cost Variance Deferral Account balance and the Holyrood Conversion Rate Deferral Account
10 balance as of October 31, 2021.⁴

11 The Island Industrial Customer RSP Current Plan balance as at December 31, 2022 is a debit balance owing
12 from customers of approximately \$5.5 million.⁵ Based on the RSP Current Plan balance as at
13 December 31, 2022 and in accordance with Section C.2 of the RSP Rules for Balance Disposition, Hydro has
14 computed the 2023 Island Industrial Customer RSP Current Plan Adjustment to be 1.477 cents per kWh⁶ to
15 become effective January 1, 2023.

16 When compared to the existing approved rate of 1.060 cents per kWh, this increase of 0.417 cents per kWh
17 in the RSP Current Plan Adjustment would result in an average billing increase of 5.9%⁷ for the Island
18 Industrial Customer class.

19 **3.0 Conclusion of RSP Current Plan Mitigation Adjustment**

20 In Board Order No. P.U. 5(2022), the Board approved the collection of the Island Industrial Customers Current
21 Plan Balance from 2021 in 2022 and 2023 through the implementation of an Island Industrial Customer RSP
22 Current Plan Mitigation Adjustment of (0.675) cents per kWh to become effective February 1, 2022. The
23 discontinuance of the Island Industrial Customer RSP Current Plan Mitigation Adjustment as of

⁴ The Board approved the transfer of approximately \$1.0 million, associated with Hydro’s 2021 Deferred Supply Costs, to the Island Industrial RSP Current Plan Account effective October 31, 2021.

⁵ A copy of the December 2022 RSP report is provided in Schedule 2 to this application.

⁶ The details of this calculation are provided in Appendix A.

⁷ The forecasted increase for 2023, when rates were set for 2022, was 2.9%. The increase is due to a higher RSP balance and lower customer load in 2022.

Proposed Island Industrial Customer Rate Stabilization Plan Adjustments – Supporting Evidence

- 1 January 1, 2023 will allow the remainder of the Current Plan Balance from 2021, not collected in 2022, to be
 2 recovered in 2023.
- 3 The 2023 estimated billing increase, as a result of the conclusion of the RSP Current Plan Mitigation
 4 Adjustment, is 9.5%. This bill impact is in addition to the RSP Current Plan Adjustment for 2023.
- 5 Table 1 summarizes the Island Industrial Customer RSP Adjustments, as computed in accordance with the RSP
 6 Rules for Balance Disposition.⁸

Table 1: Summary of Island Industrial Customers’ RSP Adjustments

Particulars	Existing (¢/kWh)	Proposed (¢/kWh)	Forecast Average Bill Impact 2023 (%)
RSP Current Plan Adjustment	1.060	1.477	5.9
RSP Current Plan Mitigation Adjustment	(0.675)	-	9.5
Total	0.385	1.477	15.4

7 The summary provided in Table 1 shows that the RSP Adjustments will result in an average billing impact of
 8 15.4% for the Island Industrial Customers effective January 1, 2023. Hydro estimates that Island Industrial
 9 Customers’ billings will increase by \$4.2 million in 2023, reflecting the conclusion of the RSP Current Plan
 10 Mitigation Adjustment and updated RSP Adjustments. Detailed calculations supporting Table 1, as well as
 11 impacts by customer, are included in Appendix B to this evidence.

12 **4.0 Project Cost Recovery Rider**

13 On July 1, 2022, Hydro implemented a Project Cost Recovery Rider for its Utility customer to begin recovery
 14 of Muskrat Falls Project cost payments being made by Hydro under the Muskrat Falls Power Purchase
 15 Agreement. Hydro does not feel it is feasible to implement a Project Cost Recovery Rider for the Island
 16 Industrial Customers at this time given the forecast average billing impact of 15.4% in 2023. The balance for
 17 recovery in the RSP will decline in 2023,⁹ which will allow for the implementation of a Project Cost Recovery
 18 Rider in 2024. This approach will avoid a higher rate increase for Island Industrial Customers in 2023 and
 19 provide rate stability for 2024.

⁸ The forecast values for 2023 were calculated based on 2022 Actual kWh sales.

⁹ The Island Industrial Customers allocation of the Hydraulic Variation balance as of October 31, 2021 plus finance charges for 2023 is estimated at \$1.2 million with recovery forecasted in 2024.

1 **5.0 Conclusion**

2 Under the existing RSP Rules for Balance Disposition, the Island Industrial Customer RSP Adjustments for
3 2023 will result in an overall increase in customer billings of 15.4%.

4 As a result of the overall increase of 15.4%, Hydro is not yet proposing the implementation of a Project Cost
5 Recovery Rider to begin cost recovery of Hydro’s payments under the Muskrat Falls Power Purchase
6 Agreement. The current application reflects a two-year recovery period of historical RSP balances; any
7 additional extended period of recovery would further delay the ability to implement a Project Cost Recovery
8 Rider in the rates of Island Industrial Customers. Hydro has communicated the substance of these proposals
9 to the Island Industrial Customers.

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

Schedule 1, Appendix A

Calculation of Island Industrial Customer RSP Current Plan Adjustment



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

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

Line No	Calculation of Industrial Customer RSP Current Plan Adjustment	Amount (\$)	Comments
Current Plan			
1	December Balance	5,549,727	December 2022 RSP
2	Forecast Financing Costs to December 31, 2023	154,362	Line 21
3	Total	5,704,089	Line 1 + Line 2
4	12 Months-to-Date (Jan to Dec) Industrial Customer Sales (kWh)	386,269,967	
5	RSP Current Plan Adjustment (¢ per kWh)	1.477	Line 3/Line 4*100

Industrial Customer Forecast Financing Charges
2023

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

	2022 Sales (kWh)	Financing Costs (\$)	Adjustment (\$)	Balance (\$)	
8	Balance Forward			5,549,727	
9	January	36,305,368	24,508	(536,230)	5,038,005
10	February	36,043,982	22,249	(532,370)	4,527,884
11	March	37,013,366	19,996	(546,687)	4,001,192
12	April	28,544,773	17,670	(421,606)	3,597,256
13	May	35,301,226	15,886	(521,399)	3,091,743
14	June	35,317,163	13,654	(521,634)	2,583,762
15	July	28,761,039	11,410	(424,801)	2,170,372
16	August	32,624,744	9,585	(481,867)	1,698,089
17	September	29,516,496	7,499	(435,959)	1,269,629
18	October	22,175,475	5,607	(327,532)	947,704
19	November	32,036,413	4,185	(473,178)	478,712
20	December	32,629,922	2,114	(481,944)	(1,118)
21	Total	386,269,967	154,362	(5,705,207)	

Schedule 1, Appendix B

Island Industrial Customer Billing Impacts



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

**Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts - January 1, 2023**

	Billing Units ¹	Unit	Current		Billings at Existing Rates		Proposed Rates		Revised Billings		Change (\$)	Change (%)
			Rates	Rates	(\$)	(\$)	Rates	Rates	(\$)	(\$)		
Demand (kW's)	793,500	\$/kW/mo	10.73	10.73	8,514,255	8,514,255	10.73	10.73	8,514,255	8,514,255		
Energy - Firm (MWhs)	386,270	¢/kWh	4.428	4.428	17,104,034	17,104,034	4.428	4.428	17,104,034	17,104,034		
Specifically Assigned		¢	318,130	318,130	318,130	318,130	318,130	318,130	318,130	318,130		
Total Base Rate					25,936,419	25,936,419			25,936,419	25,936,419	-	0.0%
RSP Current Plan Adjustment	386,270	¢/kWh	1.060	1.060	4,094,462	4,094,462	1.477	1.477	5,705,207	5,705,207	1,610,746	5.9%
RSP Current Plan Mitigation Adjustment	386,270	¢/kWh	(0.675)	(0.675)	(2,607,322)	(2,607,322)	-	-	-	-	2,607,322	9.5%
CDM Recovery Adjustment	386,270	¢/kWh	0.014	0.014	54,078	54,078	0.014	0.014	54,078	54,078	-	0.0%
Total					27,477,636	27,477,636			31,695,704	31,695,704	4,218,068	15.4%

¹ Billing units are based on January to December 2022 actuals.

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

Newfoundland and Labrador Hydro
 Island Industrial Customers Estimated Billing Impacts - January 1, 2023
 Linde Canada Inc.

	Billing Units ¹	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)	Existing Rates (\$)				
Demand (kW's)	69,600.0	\$/kW/mo	10.73	746,808	746,808	10.73	746,808		
Energy - Firm (MWhs)	43,674.3	¢/kWh	4.428	1,933,898	1,933,898	4.428	1,933,898		
Specifically Assigned		\$	-	-	-		-		
Total Base Rate				2,680,706	2,680,706		2,680,706		0.0%
RSP Current Plan Adjustment	43,674.3	¢/kWh	1.060	462,948	645,069	1.477	645,069	182,122	6.4%
RSP Current Plan Mitigation Adjustment	43,674.3	¢/kWh	(0.675)	(294,802)	-	-	-	294,802	10.3%
CDM Recovery Adjustment	43,674.3	¢/kWh	0.014	6,114	6,114	0.014	6,114	-	0.0%
Total				2,854,966	3,331,890		3,331,890	476,923	16.7%

¹ Billing units are based on January to December 2022 actuals.

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

Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts - January 1, 2023
Vale Newfoundland and Labrador Ltd.

	Billing Units ¹	Unit	Current		Billings at Existing Rates		Revised Rates		Revised Billings		Change (\$)	Change (%)
			Rates	Rates	(\$)	(\$)	Rates	Rates	(\$)	(\$)		
Demand (kW's)	576,000.0	\$/kW/mo	10.73	10.73	6,180,480	6,180,480	10.73	10.73	6,180,480			
Energy - Firm (MWhs)	308,013.9	¢/kWh	4.428	4.428	13,638,856	13,638,856	4.428	4.428	13,638,856			
Specifically Assigned		¢	145,352	145,352	145,352	145,352	145,352	145,352	145,352			
Total Base Rate					19,964,688	19,964,688			19,964,688		-	0.0%
RSP Current Plan Adjustment	308,013.9	¢/kWh	1.060	1.060	3,264,948	3,264,948	1.477	1.477	4,549,366	1,284,418	1,284,418	6.1%
RSP Current Plan Mitigation Adjustment	308,013.9	¢/kWh	(0.675)	(0.675)	(2,079,094)	(2,079,094)	-	-	-	2,079,094	2,079,094	9.8%
CDM Recovery Adjustment	308,013.9	¢/kWh	0.014	0.014	43,122	43,122	0.014	0.014	43,122	-	-	0.0%
Total					21,193,664	21,193,664			24,557,176	3,363,512	3,363,512	15.9%

¹ Billing units are based on January to December 2022 actuals.

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

**Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts - January 1, 2023
Corner Brook Pulp and Paper Ltd.**

	Billing Units ¹	Unit	Current		Billings at Existing Rates		Revised Rates		Revised Billings		Change (\$)	Change (%)
			Rates	Rates	(\$)	(\$)	Rates	Rates	(\$)	(\$)		
Demand (kW/s)	6,000.0	\$/kW/mo	10.73	10.73	64,380	64,380	10.73	10.73	64,380	64,380	-	0.0%
Energy - Firm (MWhs)	277.5	¢/kWh	4.428	4.428	12,289	12,289	4.428	4.428	12,289	12,289	-	0.0%
Specifically Assigned		¢	13,311	13,311	13,311	13,311	13,311	13,311	13,311	13,311	-	0.0%
Total Base Rate					89,980	89,980			89,980	89,980	-	0.0%
RSP Current Plan Adjustment	277.5	¢/kWh	1.060	1.060	2,942	2,942	1.477	1.477	4,099	4,099	1,157	1.3%
RSP Current Plan Mitigation Adjustment	277.5	¢/kWh	(0.675)	(0.675)	(1,873)	(1,873)	-	-	-	-	1,873	2.1%
CDM Recovery Adjustment	277.5	¢/kWh	0.014	0.014	39	39	0.014	0.014	39	39	-	0.0%
Total					91,087	91,087			94,118	94,118	3,031	3.3%

¹ Billing units are based on January to December 2022 actuals.

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

Newfoundland and Labrador Hydro
 Island Industrial Customers Estimated Billing Impacts - January 1, 2023
 Braya Renewable Fuels (Newfoundland) GP Inc.

	Billing Units ¹	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)	Revised Rates				
Demand (kW/s)	138,000.0	\$/kW/mo	10.73	1,480,740	10.73	1,480,740			
Energy - Firm (MWhs)	33,117.7	¢/kWh	4.428	1,466,451	4.428	1,466,451			
Specifically Assigned		\$	107,678	107,678	107,678	107,678			
Total Base Rate				3,054,869		3,054,869		-	0.0%
RSP Current Plan Adjustment	33,117.7	¢/kWh	1.060	351,047	1.477	489,148	138,101	138,101	4.3%
RSP Current Plan Mitigation Adjustment	33,117.7	¢/kWh	(0.675)	(223,544)	-	-	223,544	223,544	7.0%
CDM Recovery Adjustment	33,117.7	¢/kWh	0.014	4,636	0.014	4,636	-	-	0.0%
Total				3,187,008		3,548,653	361,645	361,645	11.3%

¹ Billing units are based on January to December 2022 actuals.

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

Newfoundland and Labrador Hydro
Island Industrial Customers Estimated Billing Impacts - January 1, 2023
Teck Resources Ltd.

	Billing Units ¹	Unit	Current Rates	Billings at		Revised Rates	Revised Billings (\$)	Change (\$)	Change (%)
				Existing Rates (\$)	Revised Rates				
Demand (kW's)	3,900.0	\$/kW/mo	10.73	41,847	10.73	41,847			
Energy - Firm (MWhs)	1,186.5	¢/kWh	4.428	52,537	4.428	52,537			
Specifically Assigned		¢	51,789	51,789	51,789	51,789			
Total Base Rate				146,173		146,173		-	0.0%
RSP Current Plan Adjustment	1,186.5	¢/kWh	1.060	12,577	1.477	17,524	4,948	4,948	3.3%
RSP Current Plan Mitigation Adjustment	1,186.5	¢/kWh	(0.675)	(8,009)	-	-	8,009	8,009	5.3%
CDM Recovery Adjustment	1,186.5	¢/kWh	0.014	166	0.014	166	-	-	0.0%
Total				150,907		163,864	12,956	12,956	8.6%

¹ Billing units are based on January to December 2022 actuals.

Schedule 2

Rate Stabilization Plan Report

December 31, 2022

(Unaudited)



**Newfoundland and Labrador Hydro
Rate Stabilization Plan Report
December 31, 2022**

Summary of Key Facts

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

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

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

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

The RSP has not been audited. Final balances associated with the RSP will be provided in Hydro's Quarterly Regulatory Report for Quarter Ended December 31, 2022 upon the release of Hydro's final financial information.

Rate Stabilization Plan
Net Hydraulic Production Variation
December 31, 2022

	A	B1	B2	B3	B	C	D	E	F	G	H
	Cost of Service	Actual Net Hydraulic Production	Net Pondered Energy	Spill Exports	Net Hydraulic Production for Variance Calculation	Monthly Net Hydraulic Production Variance	Cost of Service No. 6 Fuel Cost	Net Hydraulic Production Variation	Financing Charges	Transfers	Cumulative Variation and Financing Charges
	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(kWh)	(\$/CDN/bbl)	(\$)	(\$)	(\$)	(\$)
					(B1 + B2 - B3)	(A - B)		(C / O ¹ X D)			(E + F)
Opening Balance Adjustment											(to page 5) 44,665,085
Adjusted Opening Balance											44,665,085
January	-	-	-	-	-	-	105.90	-	197,247	-	44,862,332
February	-	-	-	-	-	-	105.90	-	198,118	-	45,060,450
March	-	-	-	-	-	-	105.90	-	198,993	-	45,259,443
April	-	-	-	-	-	-	105.90	-	199,872	-	45,459,315
May	-	-	-	-	-	-	105.90	-	200,755	-	45,660,070
June	-	-	-	-	-	-	105.90	-	201,641	-	45,861,711
July	-	-	-	-	-	-	105.90	-	202,532	-	46,064,243
August	-	-	-	-	-	-	105.90	-	203,426	-	46,267,669
September	-	-	-	-	-	-	105.90	-	204,325	-	46,471,994
October	-	-	-	-	-	-	105.90	-	205,227	-	46,677,221
November	-	-	-	-	-	-	105.90	-	206,133	-	46,883,354
December	-	-	-	-	-	-	105.90	-	207,044	-	47,090,398
Year-to-Date									2,425,313		47,090,398
Hydraulic Allocation											
Hydraulic Variation at Year End ²								(14,888,362)	(2,425,313)		(17,313,675)
								(14,888,362)			29,776,723

¹ O is the Holyrood Operating Efficiency of 583 kWh/barrel, reference Board Order No. P.U. 16(2019) at p.19.
² At year end 25% of the hydraulic variation balance as of October 31, 2021 excluding financing charges and 100% of the annual financing charges are allocated to customers as follows:

	Approved kWh	% of kWh to total	Allocation	Reallocate Rural	Net
Utility	5,399,356,095	86.2%	(14,920,363)	(1,173,718)	(16,094,081)
Industrial	424,107,383	6.8%	(1,171,961)	-	(1,171,961)
Rural	441,980,531	7.0%	(1,221,351)	1,221,351	-
Total	6,265,444,009	100.0%	(17,313,675)	47,633	(17,266,042)
Labrador Interconnected (write-off to income)				(47,633)	(47,633)
					(17,313,675)

(to pages 3 & 4)

**Rate Stabilization Plan
Summary of Utility Customer
December 31, 2022**

	A	B	C	D	E	F	G	H
	Load Variation (\$)	Allocation Fuel Variance (\$)	Allocation Rural Rate Alteration (\$)	Subtotal Monthly Variances (\$) (A + B + C)	Financing Charges (\$)	Adjustment ¹ (\$)	Transfers ² (\$)	Cumulative Net Balance (\$)
Opening Balance								(to page 5)
Adjustment								7,503,079
Adjusted Opening Balance								7,503,079
January	-	-	-	-	33,135	(3,977,964)	-	3,558,250
February	-	-	-	-	15,714	(3,600,083)	-	(26,119)
March	-	-	-	-	(115)	(3,789,852)	11,442,880	7,626,794
April	-	-	-	-	33,681	(2,994,593)	-	4,665,882
May	-	-	-	-	20,605	(2,443,197)	-	2,243,290
June	-	-	-	-	9,907	(1,942,410)	-	310,787
July	-	-	-	-	1,372	67,077	-	379,236
August	-	-	-	-	1,675	68,587	-	449,498
September	-	-	-	-	1,985	67,835	-	519,318
October	-	-	-	-	2,293	78,657	-	600,268
November	-	-	-	-	2,651	120,420	-	723,339
December	-	-	-	-	3,194	143,374	-	869,907
Year-to-Date	-	-	-	-	126,097	(18,202,149)	11,442,880	(6,633,172)
Hydraulic Allocation (from page 2)								16,094,081
Total	-	-	-	-	126,097	(18,202,149)	11,442,880	16,963,988

¹ Effective July 1, 2022, the RSP Adjustment rate is (0.023); approved in Board Order No. P.U. 19(2022).

² Recovery of the supply deferrals was approved in Board Order No. P.U. 16 (2022).

**Rate Stabilization Plan
Summary of Industrial Customers
December 31, 2022**

	A	B	C	D	E	F	G
	Load Variation (\$)	Allocation Fuel Variance (\$)	Subtotal Monthly Variances (\$) (A + B)	Financing Charges (\$)	Adjustment ¹ (\$)	Transfers ² (\$)	Cumulative Net Balance (\$)
Opening Balance							(to page 5)
Adjustment							4,319,655
Adjusted Opening Balance							4,319,655
January	-	-	-	19,076	145,221	-	4,483,952
February	-	-	-	19,802	(138,769)	-	4,364,985
March	-	-	-	19,276	(142,501)	1,009,037	5,250,797
April	-	-	-	23,188	(109,897)	-	5,164,088
May	-	-	-	22,805	(135,910)	-	5,050,983
June	-	-	-	22,306	(135,971)	-	4,937,318
July	-	-	-	21,804	(110,730)	-	4,848,392
August	-	-	-	21,411	(125,605)	-	4,744,198
September	-	-	-	20,951	(113,639)	-	4,651,510
October	-	-	-	20,542	(85,376)	-	4,586,676
November	-	-	-	20,255	(123,340)	-	4,483,591
December	-	-	-	19,800	(125,625)	-	4,377,766
Year-to-Date	-	-	-	251,216	(1,202,142)	1,009,037	58,111
Hydraulic Allocation (from page 2)							1,171,961
Total	-	-	-	251,216	(1,202,142)	1,009,037	5,549,727

¹ Effective February 1, 2022, the RSP Adjustment rate is 0.385 cents per kWh per Board Order No. P.U. 5(2022).

² Recovery of the supply deferrals was approved in Board Order No. P.U. 16 (2022).

**Rate Stabilization Plan
 Overall Summary
 December 31, 2022**

	A	B	C	D
	Hydraulic Balance (\$)	Utility Balance (\$)	Industrial Balance (\$)	Total To Date (\$)
	(from page 2)	(from page 3)	(from page 4)	(A + B + C)
Opening Balance	44,665,085	7,503,079	4,319,655	56,487,819
Adjustments	-	-	-	-
Adjusted Opening Balance	44,665,085	7,503,079	4,319,655	56,487,819
January	44,862,332	3,558,250	4,483,952	52,904,534
February	45,060,450	(26,119)	4,364,985	49,399,316
March	45,259,443	7,626,794	5,250,797	58,137,033
April	45,459,315	4,665,882	5,164,088	55,289,285
May	45,660,070	2,243,290	5,050,983	52,954,343
June	45,861,711	310,787	4,937,318	51,109,816
July	46,064,243	379,236	4,848,392	51,291,871
August	46,267,669	449,498	4,744,198	51,461,365
September	46,471,994	519,318	4,651,510	51,642,822
October	46,677,221	600,268	4,586,676	51,864,165
November	46,883,354	723,339	4,483,591	52,090,284
December	29,776,723	16,963,988	5,549,727	52,290,438

Schedule 3

Island Industrial Customer Rate Sheets

January 1, 2023



INDUSTRIAL – FIRM

Availability

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

Base Rate*

Demand Charge

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

Firm Energy Charge

Base Rate..... @ 4.428¢ per kWh

RSP Adjustment

Current Plan @ 1.477¢ per kWh



CDM Cost Recovery Adjustment..... @ 0.014¢ per kWh

Specifically Assigned Charges

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

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

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

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

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

Adjustment for Losses

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

General

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

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

INDUSTRIAL – NON-FIRM

Availability

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

Rate

Non-Firm Energy Charge (¢ per kWh)

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

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

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

The energy sources and associated conversion factors are:

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

Adjustment for Losses

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

General

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

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

INDUSTRIAL – WHEELING

Availability

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

Rate

Energy Charge

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

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

General

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

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

Affidavit



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

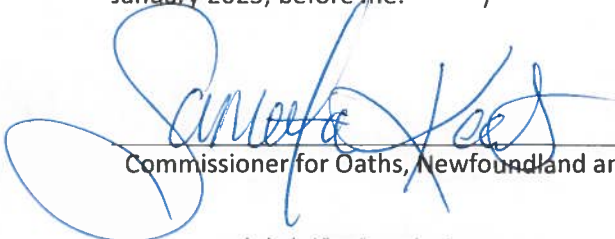
IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("*Hydro*") pursuant to Sections 70(1) and 76 of the *Act*, for the approval of the 2023 Island Industrial Customer Rate Stabilization Plan ("*RSP*") Adjustments in accordance with RSP Rules ("*Application*").

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 Stakeholder Relations for Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

SWORN at St. John's in the)
province of Newfoundland and)
Labrador this 13th day of)
January 2023, before me:)



Commissioner for Oaths, Newfoundland and Labrador



Kevin Fagan

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