

P.U. 16 (2005)

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

AND IN THE MATTER OF the Application by Newfoundland Power Inc. (“NP”) for approval of (1) Rate Stabilization and Municipal Tax Adjustments to be applied to the rates of NP for the period July 1, 2005 to June 30, 2006; and (2) a Schedule of Rates, Tolls and Charges incorporating the Rate Stabilization and Municipal Tax Adjustments, pursuant to Section 70 (1) of the *Act*.

BEFORE: **Robert Noseworthy**
 Chair and Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

1 **WHEREAS** NP is a corporation duly organized and existing under the laws of the Province of
2 Newfoundland and Labrador, is a public utility within the meaning of the *Act*, and is also subject to
3 the provisions of the *EPCA, 1994*; and

4 **WHEREAS** Newfoundland and Labrador Hydro ("Hydro") maintains a Retail Rate Stabilization
5 Plan ("RSP"), the operational guidelines of which are included in the Board of Commissioners of
6 Public Utilities (the "Board") Report to the Minister Responsible for Energy dated August 6, 1985,
7 as amended in Order Nos. P.U. 7 (2002-2003), P.U. 40 (2003) and P.U. 14 (2004); and

8 **WHEREAS** by Order No. P.U. 34 (1985) the Board approved the establishment of a Rate
9 Stabilization Account ("RSA") by NP, and the inclusion of a Rate Stabilization Adjustment in the
10 rates charged by NP; and

11 **WHEREAS** the Rate Stabilization Clause included in NP's Schedule of Rates, Rules & Regulations
12 as approved by the Board in Order No. P.U. 18 (2004) provides for the calculation of the balance in
13 the RSA and Rate Stabilization Adjustment; and

14 **WHEREAS** the Rate Stabilization Adjustment is to be recalculated on July 1st of each year to reflect
15 i) the accumulated balance in the RSA as of March 31st of the current year, and ii) any change in the
16 mill rate charged to NP by Hydro as a result of the operation of the RSP; and

17 **WHEREAS** the Rate Stabilization Adjustment approved in Order No. P.U. 18 (2004) and included
18 in NP's rates for the period July 1, 2004 to June 30, 2005 was 0.688 cents/kWh; and

19 **WHEREAS** by Order No. P.U. 17 (1987) the Board ordered that municipal taxes be collected
20 through a Municipal Tax Adjustment factor included in the rates of NP; and

21

1 **WHEREAS** the Municipal Tax Clause included in NP's Schedule of Rates, Rules & Regulations
2 and approved by the Board in Order No. P.U. 18 (2004) provides for the calculation of the
3 Municipal Tax Adjustment factor which is to be recalculated on July 1st of each year to reflect taxes
4 charged to NP by municipalities; and

5 **WHEREAS** the Municipal Tax Adjustment factor approved in Order No. P.U. 18 (2004) and
6 included in NP's rates for the period July 1, 2004 to June 30, 2005 was 1.02486; and

7 **WHEREAS** on May 26, 2005 NP filed with the Board an Application with the attachments set out
8 below requesting approval of i) the Rate Stabilization Adjustment and Municipal Tax Adjustment to
9 be applied to the rates of NP for the period July 1, 2005 to June 30, 2006, and ii) a schedule of final
10 customer electricity rates for NP:

11 (i) Schedule A, Hydro's calculation of the RSP adjustment to the mill rate to be paid by
12 NP to Hydro for the period July 1, 2005 to June 30, 2006;

13 (ii) Schedule B, the calculation of the Rate Stabilization Adjustment of 1.150 cents/kWh
14 proposed by NP for the period July 1, 2005 to June 30, 2006;

15 (iii) Schedule C, the calculation of the Municipal Tax Adjustment factor of 1.02408
16 proposed by NP for the period July 1, 2005 to June 30, 2006;

17 (iv) Schedule D, the rates proposed by NP to be effective on all electrical consumption on
18 and after July 1, 2005; and

19 **WHEREAS** the proposed rates filed with the Application in Schedule D incorporate NP's base rates
20 as approved by the Board in Order No. P.U. 50 (2004) and the Rate Stabilization and Municipal Tax

1 adjustments for which approval is sought in the Application; and

2 **WHEREAS** in accordance with the Rate Stabilization Clause and the Municipal Tax Clause, the
3 Rate Stabilization Adjustment and the Municipal Tax Adjustment factor for the period July 1, 2005
4 to June 30, 2006 is to apply to all bills based on meter readings taken on and after July 1, 2005; and

5 **WHEREAS** the Board is satisfied that the Rate Stabilization Adjustment and Municipal Tax
6 Adjustment factor proposed in the Application will permit cost recovery as provided for in, and
7 intended by, the *Act*, the *EPCA*, 1994 and Orders of the Board, and should be approved as filed.

8

9 **IT IS THEREFORE ORDERED THAT:**

10 1. The Board hereby approves the following:

11 (i) the Rate Stabilization Adjustment of 1.150 cents/kWh as set out in Schedule A and
12 the Municipal Tax Adjustment factor of 1.02408 as set out in Schedule B to be
13 applied to all bills based on consumption on and after July 1, 2005 to June 30, 2006;
14 and

15

16 (ii) the rates proposed by NP to be effective on all electrical consumption on and after
17 July 1, 2005, set out in Schedule C.

18 2. NP shall pay the expenses of the Board in connection with this Application.

DATED at St. John's, Newfoundland and Labrador, this 16th day of June 2005.

Robert Noseworthy,
Chair and Chief Executive Officer.

Darlene Whalen, P.Eng.,
Vice-Chair.

G. Cheryl Blundon
Board Secretary.

Order No. P. U. 16 (2005)

Schedule A

**Calculation of the Rate Stabilization Adjustment
to be effective July 1, 2005**

That in accordance with the Rate Stabilization Clause, the Rate Stabilization Adjustment to be effective July 1, 2005 is calculated as follows:

(i) by removing the previous Rate Stabilization Adjustment of +0.688 cents/kWh

(ii) by calculating the new adjustment as follows:

Recovery Adjustment Factor:

$$B = \text{Amount owed to Hydro: } 7.17 \text{ mills/kWh} \times 4,716,235,662 = \$ 33,815,410$$

$$C = \text{Balance in the Applicant's RSA at March 31, 2005} = \$ 2,194,538$$

$$D = \text{Total Energy Sales by the Applicant from April 1, 2004 to March 31, 2005} = 4,886,258,000 \text{ kWh}$$

$$\begin{aligned} \text{Recovery Adjustment Factor} &= \frac{B + C}{D} \\ &= \frac{\$33,815,410 + \$2,194,538}{4,886,258,000} \\ &= 0.00737 \text{ \$/kWh or } 0.737 \text{ cents/kWh} \end{aligned}$$

Fuel Rider Adjustment Factor:

$$D = \text{Corresponds to D above} = 4,886,258,000 \text{ kWh}$$

$$E = \text{Total Energy Sales to the Company by Hydro from April 1, 2004 to March 31, 2005} = 4,716,235,662 \text{ kWh}$$

$$F = \text{The Fuel Rider charged to Newfoundland Power through Hydro's RSP} = 0.428 \text{ cents/kWh}$$

$$\begin{aligned} \text{Fuel Rider Adjustment Factor} &= \frac{E}{D} \times F \\ &= \frac{4,716,235,662}{4,886,258,000} \times 0.428 \\ &= 0.413 \text{ cents/kWh} \end{aligned}$$

$$\begin{aligned} \text{Total Rate Stabilization Adjustment} &= \text{Recovery Adjustment Factor} + \text{Fuel Rider Adjustment Factor} \\ &= 0.737 \text{ cents/kWh} + 0.413 \text{ cents/kWh} \end{aligned}$$

$$\text{Total Rate Stabilization Adjustment} = 1.150 \text{ cents/kWh}$$

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Schedule B

**Calculation of the Municipal Tax Adjustment Factor
for the period July 1, 2005 to June 30, 2006**

That in accordance with the Municipal Tax Clause, the Municipal Tax Adjustment factor for the period July 1, 2005 to June 30, 2006 is calculated as follows:

$$X = \text{Amount of all municipal taxes paid in 2004} = \$9,788,575$$

$$Y = \text{Amount of Revenue earned in 2004 to which MTA factor shall apply, calculated as follows:}$$

$$\text{Normalized Revenue from rates for 2004} = \$395,577,000$$

$$\text{Add: RSA revenue for 2004} = \$22,542,900$$

$$\text{Add: 2004 Weather Normalization Revenue Adj.} = (\$9,140,000)$$

$$\text{Less: Forfeited Discounts} = \$2,410,000$$

$$Y = \$406,569,900$$

$$\begin{aligned} \text{Municipal Tax Adjustment Factor} &= \frac{X}{Y} + 1.00000 \\ &= \frac{\$9,788,575}{\$406,569,900} + 1.00000 \\ &= 1.02408 \end{aligned}$$

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Schedule C

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**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: \$15.69 per month

Energy Charge:
All kilowatt-hours @ 8.458¢ per kWh

Minimum Monthly Charge \$15.69 per month

Discount:

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

General:

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

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**NEWFOUNDLAND POWER INC.
RATE #2.1
GENERAL SERVICE 0-10 kW**

Availability:

For Service (excluding Domestic Service) where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$18.00 per month

Energy Charge:
All kilowatt-hours @ 10.855 ¢ per kWh

Minimum Monthly Charge, Single Phase \$18.00 per month
Three Phase \$36.00 per month

Discount:

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

General:

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

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**NEWFOUNDLAND POWER INC.
RATE #2.2
GENERAL SERVICE 10-100 kW (110 kVA)**

Availability:

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

Rate: (Includes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge: \$20.73 per month

Demand Charge:

\$8.36 per kW of billing demand in the months of December, January, February and March and \$7.61 per kW 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 kW of billing demand..... @ 8.664 ¢ per kWh
All excess kilowatt-hours..... @ 5.758 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 15.4 cents per kWh plus the Basic Customer Charge, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

Single Phase \$20.73 per month
Three Phase \$36.00 per month

Discount:

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

General:

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

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**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: \$93.31 per month

Demand Charge:

\$7.23 per kVA of billing demand in the months of December, January, February and March and \$6.48 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 30,000 kilowatt-hours @ 8.294 ¢ per kWh
All excess kilowatt-hours @ 5.636 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 15.4 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

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

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**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: \$186.64 per month

Demand Charge:

\$6.85 per kVA of billing demand in the months of December, January, February and March and \$6.10 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 100,000 kilowatt-hours @ 6.955 ¢ per kWh
All excess kilowatt-hours @ 5.534 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 15.4 cents per kWh plus the Basic Customer Charge.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of \$500.00 will be allowed if the bill is paid within 10 days after it is issued.

General:

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

Newfoundland Power Inc.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**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)	\$14.41	\$14.89
150W (14,400 lumens)	17.89	-
250W (23,200 lumens)	23.46	-
400W (45,000 lumens)	30.65	-

* For all new installations and replacements.

Mercury Vapour

175W (7,000 lumens)	\$14.41	\$14.89
250W (9,400 lumens)	17.89	-
400W (17,200 lumens)	23.46	-

Special poles used exclusively for lighting service**

Wood	\$ 6.48
30' Concrete or Metal, direct buried	10.14
45' Concrete or Metal, direct buried	16.65
25' Concrete or Metal, Post Top, direct buried	8.21

Underground Wiring (per run)**

All sizes and types of fixtures	\$13.46
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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.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**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.

Rate Stabilization and Municipal Tax Adjustments for July 1, 2005

**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.