

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

AN ORDER OF THE BOARD

NO. P.U. 22(2017)

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*, RSNL
4 1990, Chapter P-47 (the “*Act*”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** a general rate
8 application filed by Newfoundland and
9 Labrador Hydro on July 30, 2013; and
10

11 **IN THE MATTER OF** an amended general
12 rate application filed by Newfoundland and
13 Labrador Hydro on November 10, 2014; and
14

15 **IN THE MATTER OF** Order No. P.U. 49(2016)
16 arising from the amended general rate
17 application; and
18

19 **IN THE MATTER OF** an application filed
20 by Newfoundland and Labrador Hydro on
21 January 27, 2017 setting out revised proposals
22 to reflect Order No. P.U. 49(2016); and
23

24 **IN THE MATTER OF** Order
25 Nos. P.U. 14(2017) and P.U. 16(2017).
26
27

28 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
29 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
30 and is also subject to the provisions of the *EPCA*; and
31

32 **WHEREAS** in Order No. P.U. 49(2016) the Board set out its determinations in relation to the
33 general rate application filed by Hydro on July 30, 2013, which was amended on November 10,
34 2014, and directed Hydro to file revised proposals to incorporate the determinations of the
35 Board; and

1 **WHEREAS** on January 27, 2017 Hydro filed an application setting out revised proposals based
2 on the determinations of the Board in Order No. P.U. 49(2016) (the “Compliance Application”);
3 and

4
5 **WHEREAS** in Order No. P.U. 14(2017) the Board set out its determinations in relation to the
6 Compliance Application; and

7
8 **WHEREAS** in Order No. P.U. 16(2017) the Board set out its determinations in relation to the
9 operation of the Rate Stabilization Plan (RSP) for Newfoundland Power Inc. (“Newfoundland
10 Power”) for rates to be implemented July 1, 2017; and

11
12 **WHEREAS** on May 18, 2017 Hydro filed an application setting out revised proposals based on
13 the findings and determinations of the Board in Order No. P.U. 14(2017) and Order No. P.U.
14 16(2017) (the “Compliance Rates Application”); and

15
16 **WHEREAS** the Compliance Rates Application was circulated to: Newfoundland Power Inc.; the
17 Consumer Advocate, Dennis Browne, Q.C.; a group of Island Industrial customers: Corner
18 Brook Pulp and Paper Limited and NARL Refining Limited Partnership (the “Industrial
19 Customer Group”); Teck Resources Limited; Vale Newfoundland and Labrador Limited; the
20 Innu Nation; Nunatsiavut Government; and Yvonne Jones, MP Labrador; and

21
22 **WHEREAS** the Board engaged its financial consultant, Grant Thornton, to review the Final
23 Rates Application and on June 7, 2017 Grant Thornton filed a report, *Board of Commissioners of*
24 *Public Utilities Newfoundland and Labrador Hydro 2013 General Rate Application Financial*
25 *Consultants Compliance Rates Application Report* (the “Grant Thornton Report”); and

26
27 **WHEREAS** Grant Thornton did not note any discrepancies or exceptions in Hydro’s
28 methodologies and calculations in the Compliance Rates Application; and

29
30 **WHEREAS** on June 6, 2017 the Consumer Advocate submitted that, as best as could be
31 determined, the Compliance Rates Application appears to be in order; and

32
33 **WHEREAS** on June 9, 2017 the Consumer Advocate made a further submission which stated
34 that they had no comments on the Grant Thornton Report but reserved the right to comment
35 further should the need arise; and

36
37 **WHEREAS** on June 12, 2017 Newfoundland Power filed comments which stated:

- 38 (i) the continued segregation of the load variation component from the normal
39 operation of the RSP is unnecessary as the matters which provided the basis for
40 segregation have now been resolved; and
41 (ii) the forecast 2017 revenue deficiency amount of \$804,000 is an appropriate input
42 to the calculation of the balance of Newfoundland Power’s RSP Current Plan as
43 of June 30, 2017, not the actual calculated deficiency noted in the Grant Thornton
44 Report; and

1 **WHEREAS** on June 13, 2017 Grant Thornton filed a revision to its report which clarified that
2 the forecast 2017 revenue deficiency of \$804,000 will be the amount debited to Newfoundland
3 Power's RSP Current Plan on June 30, 2017; and
4

5 **WHEREAS** on June 13, 2017 Hydro filed a reply submission which stated:

- 6 (i) Hydro has not yet proposed a change to the RSP rules to discontinue the
7 segregation of the load variation component as a credit balance remains for
8 Hydro's Island Industrial Customers; and
9 (ii) the 2017 revenue deficiency amount to be recovered through the RSP does not
10 differ from the forecast amount of \$804,000 indicated in the Compliance Rates
11 Application; and
12

13 **WHEREAS** the Compliance Rates Application does not address issues related to the recovery of
14 the revenue deficiencies attributable to the Island Industrial Customers or any mechanism to
15 mitigate the proposed July 1, 2017 rate increases for the Island Industrial Customers as such
16 matters have been identified to be addressed separately by the Board; and
17

18 **WHEREAS** on June 12, 2017 the Industrial Customer Group stated that they had no further
19 comments on the Compliance Rates Application, arising from the Grant Thornton Report or
20 otherwise, other than to note that industrial customer rates are being considered separately by the
21 Board and the Industrial Customer Group await the order in that process; and
22

23 **WHEREAS** on June 12, 2017 Vale advised that it had no further comment on the Compliance
24 Rates Application; and
25

26 **WHEREAS** to allow for the orderly implementation of final rates for the Island Industrial
27 Customers as of July 1, 2017 all rate matters for these customers, including the RSP Fuel Rider,
28 RSP and Conservation and Demand Management (CDM) adjustments, revenue deficiency
29 recoveries and rate mitigation adjustments, will be finalized in a subsequent order of the Board;
30 and
31

32 **WHEREAS** the rates for Hydro's domestic and general service customers, excluding
33 Government Departments, on the Island Interconnected system, the L'anse au Loup system and
34 Isolated systems are based on Newfoundland Power's retail rates and, as such, rates for those
35 customers will be addressed following an Order of the Board approving new customer rates as of
36 July 1, 2017 for Newfoundland Power's customers arising from the Compliance Rates
37 Application; and
38

39 **WHEREAS** in Order No. P.U. 49(2016) the Board granted leave to the intervenors to apply for
40 an award of costs within 30 days of the Order of the Board establishing final rates in this matter;
41 and
42

43 **WHEREAS** the Board is satisfied that Hydro's proposed Rates, Rules and Regulations for its
44 Utility customer, Newfoundland Power, its Labrador Interconnected system and Labrador
45 Industrial Transmission customers, and Government Departments in its diesel service areas,
46 including the proposed RSP and CDM adjustments, reflect the determinations of the Board in
47 Order Nos. P.U. 49(2016), P.U. 14(2017) and P.U. 16(2017).

1 **IT IS THEREFORE ORDERED THAT:**
2
3

4 **REVENUE REQUIREMENT**
5

- 6 1. A revised average rate base for 2013 of \$1,549,685,000 is approved.
7
8 2. For the purpose of calculating the 2014 revenue deficiency the following are
9 approved:
10 a. a 2014 test year revenue requirement of \$554,646,000;
11 b. a 2014 forecast average rate base of \$1,629,088,000; and
12 c. a rate of return on average rate base for 2014 of 7.18% in a range of 6.98% to
13 7.38%.
14
15 3. For 2015 rate setting purposes the following are approved:
16 a. a 2015 test year revenue requirement of \$566,510,000;
17 b. a 2015 forecast average rate base of \$1,785,353,000; and
18 c. a rate of return on average rate base for 2015 of 6.61% in a range of 6.41% to
19 6.81%.
20
21 4. For the purpose of calculating the 2015 revenue deficiency the following are
22 approved:
23 a. a 2015 test year revenue requirement of \$539,219,000;
24 b. a 2015 test year forecast average rate base of \$1,729,093,000; and
25 c. a rate of return on average rate base for 2015 of 6.67%, in a range of 6.47% to
26 6.87%.
27
28 5. For the purpose of calculating the 2016 revenue deficiency the following are
29 approved:
30 a. a 2016 revenue requirement of \$544,382,000;
31 b. a forecast average rate base for 2016 of \$1,802,235,000; and
32 c. a rate of return on average rate base for 2016 of 6.61% in a range of 6.41% to
33 6.81%.
34

35 **REVENUE DEFICIENCIES**
36

- 37 6. Hydro's proposal to not reflect the use of actual No. 6 fuel costs in the 2014 test year
38 revenue requirement for the purpose of calculating the 2014 revenue deficiency is
39 approved.
40
41 7. Hydro's proposal to include the 2014 additional capacity-related supply costs
42 approved for recovery by the Board in calculating its 2014 revenue deficiency is
43 approved.
44
45 8. Hydro's proposal to credit \$6,577,000 to increase the balance in the Newfoundland
46 Power RSP Current Plan balance effective January 1, 2017, and to debit \$804,000
47 from the Newfoundland Power RSP Current Plan balance effective June 30, 2017, to

1 eliminate the cumulative excess earnings for the period 2014 to 2017 from
2 Newfoundland Power, is approved.

- 3
4 9. Hydro's proposal to apply a rate reduction to Hydro's rural customers on the
5 Labrador Interconnected System to provide for the disposition of cumulative excess
6 revenues over the period 2014 to 2017 is approved.
7
8 10. Hydro's proposal to provide a refund to Labrador Industrial Transmission customers
9 for disposition of cumulative excess revenues over the period 2014 to 2017 is
10 approved.

11 RATES

- 12
13
14 11. The following riders and adjustments for Hydro's Utility Customer rate are approved
15 to be effective July 1, 2017:
16 a. RSP Fuel Price Projection Rider of 0.672 ¢ per kWh
17 b. RSP Recovery Adjustment of (0.132) ¢ per kWh
18 c. RSP Mitigation Adjustment rate of (0.911) ¢ per kWh
19 d. Conservation and Demand Management Cost Recovery Adjustment of 0.019 ¢ per
20 kWh
21
22 12. The rates to be charged by Hydro to Newfoundland Power, Labrador Interconnected
23 customers, Labrador Industrial Transmission customers, and Government
24 Departments in Hydro's diesel service areas, as set out in Schedule A to this Order, to
25 be effective for electrical consumption on or after July 1, 2017, are approved.
26
27 13. The Rules and Regulations for service to Hydro's Rural customers, as set out in
28 Schedule B to this Order, to be effective as of July 1, 2017, are approved.
29
30 14. The Rules and Regulations for Hydro's Conservation and Demand Management Cost
31 Recovery, as set out in Schedule C to this Order, to be effective as of July 1, 2017, are
32 approved.
33
34 15. The Rate Stabilization Plan Rules, as set out in Schedule D to this Order, to be
35 effective as of July 1, 2017, are approved.
36
37 16. The interim Utility Customer rates approved in Order Nos. P.U. 29(2013), P.U.
38 47(2014), P.U. 14(2015) and P.U. 9(2016), effective for consumption on and after
39 September 1, 2013, are approved on a final basis.
40
41 17. The interim Government Diesel rates approved in Order No. P.U. 14(2015), effective
42 for consumption on and after July 1, 2015, are approved on a final basis.
43
44 18. The interim Labrador Industrial Transmission Rate approved in Order Nos. P.U.
45 57(2014) and P.U. 15(2016), effective for consumption on and after January 1, 2015, is
46 approved on a final basis.

EXCESS EARNINGS/DEFERRAL ACCOUNTS

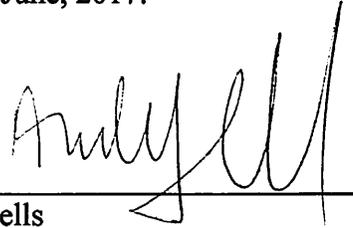
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- 19. The following deferral account definitions, as set out in Schedule E to this Order, to be effective as of July 1, 2017 is approved:
 - a. Isolated Systems Supply Cost Variance Deferral Account
 - b. Energy Supply Cost Variance Deferral Account
 - c. Conservation and Demand Management Cost Deferral Account
 - d. Holyrood Conversion Rate Deferral Account
- 20. The excess earnings account definition, as set out Schedule F to this Order, to be effective as of July 1, 2017, is approved.

COSTS

- 21. Hydro shall pay all costs and expenses of the Board, including those of the Consumer Advocate, arising from this Application.

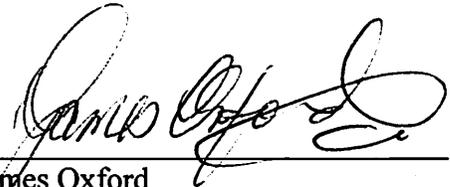
DATED at St. John's, Newfoundland and Labrador, this 14th day of June, 2017.



Andy Wells
Chair & Chief Executive Officer



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY

Availability:

This rate is applicable to service to Newfoundland Power (NP).

Definitions:

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below.

In the Months of January through March, billing demand shall be the greater of:

- (a) the highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current Month; and
- (b) the Minimum Billing Demand.

In the Months of April through December, billing demand shall be the greater of:

- (a) the Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
- (b) the Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	83,142
Thermal Generation Credit	<u>36,187</u>
Total Generation Credit	119,329

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (continued)

a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

“Curtable Credit” is determined based upon NP's forecast curtable load available for the period in accordance with the terms and conditions set forth in NP's Curtable Service Option. NP will notify Hydro of its available curtable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtable Credit, no test will be required.

NP will be required to provide a report to Hydro not later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtable Credit will be established based upon the lesser of the load reduction achieved in the test or the forecast curtable load (as provided in the previous two paragraphs).

“Maximum Native Load” means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

“Minimum Billing Demand” means ninety-nine percent (99%) of:

NP's test year Native Load less the Generation Credit and the Curtable Credit.

The Curtable Credit reflected in the Minimum Billing Demand will be set to equal the curtable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

“Month” means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (continued)

“Native Load” is the sum of:

- (a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter;
- (b) the total generation by NP averaged over the same fifteen-minute periods.

“Weather-Adjusted Native Load” means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

“Weather Adjustment True-up” means one-ninth of the difference between:

- (a) the greater of:
 - the Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
 - the Minimum Billing Demand, times three; and
- (b) the sum of the actual billed demands in the Months of January, February and March of the current year.

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (continued)

Monthly Rates:

Billing Demand Charge:

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

\$4.75 per kW of billing demand

Energy Charge:

First 250,000,000 kilowatt-hours* @ 2.226 ¢ per kWh

All excess kilowatt-hours* @ 10.422 ¢ per kWh

Firming-up Charge:

Secondary energy supplied by

Corner Brook Pulp and Paper Limited* @ 2.882 ¢ per kWh

RSP Adjustment:

Current Plan - Normal @ (0.132) ¢ per kWh

Current Plan Mitigation Adjustment @ (0.911) ¢ per kWh

Current Plan - Total @ (1.043) ¢ per kWh

Fuel Rider @ 0.672 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours @ (0.371) ¢ per kWh

CDM Cost Recovery Adjustment @ 0.019 ¢ per kWh

***Subject to RSP Adjustment:**

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

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 to metered demand and energy.

Adjustment for Station Services and Step-Up Transformer Losses:

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

NEWFOUNDLAND AND LABRADOR HYDRO
UTILITY (continued)

Weather Adjustment: This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

- (a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.
- (b) Weather adjustment shall be derived from Hydro's NP native peak demand model.
- (c) By September 30th of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.
- (d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.
- (e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.
- (f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of Weather-Adjusted Native Load by April 5th of each year.

General:

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

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 1.1L
DOMESTIC

Availability:

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

Rate:

Basic Customer Charge: \$7.09 per month
Energy Charge:
All kilowatt-hours @ 3.255¢ per kWh
Minimum Monthly Charge\$7.09

Discount:

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

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 2.1L
GENERAL SERVICE 0 - 10 kW

Availability:

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

Rate:

Basic Customer Charge:

Unmetered.....	\$6.41 per month
Single Phase.....	\$10.37 per month
Three Phase.....	\$16.32 per month

Energy Charge:

All kilowatt-hours @ 5.092 ¢ per kWh

Minimum Monthly Charge:

Unmetered.....	\$6.41
Single Phase.....	\$10.37
Three Phase.....	\$20.00

Discount:

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

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 2.2L
GENERAL SERVICE 10 - 100 kW (110 kVA)

Availability:

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

Rate:

Basic Customer Charge:

Unmetered.....	\$6.41 per month
Single Phase	\$10.37 per month
Three Phase.....	\$16.32 per month

Demand Charge:

The maximum demand registered on the meter in the current month @ \$1.76 per kW

Energy Charge:

All kilowatt-hours @ 2.417 ¢ per kWh

Maximum Monthly Charge:

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

Minimum Monthly Charge:

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

Discount:

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

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations.

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

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

Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate:

Demand Charge:

The maximum demand registered on the meter in the current month @ \$1.97 per kVA

Energy Charge:

All kilowatt-hours @ 2.090¢ per kWh

Maximum Monthly Charge:

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

Minimum Monthly Charge:

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

Discount:

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

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations.

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 2.4L
GENERAL SERVICE 1000 kVA AND OVER

Availability:

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

Rate:

Billing Demand Charge:

The maximum demand registered on the meter in the current month ... @ \$1.71 per kVA

Energy Charge:

All kilowatt-hours @ 1.725¢ per kWh

Maximum Monthly Charge:

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

Minimum Monthly Charge:

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

Discount:

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

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations.

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 4.1L
STREET AND AREA LIGHTING SERVICE

Availability:

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

Monthly Rate:

	SENTINEL / STANDARD
MERCURY VAPOUR¹	
250W (9,400 lumens)	\$15.42
HIGH PRESSURE SODIUM²	
100W (8,600 lumens)	\$11.43
150W (14,400 lumens)	\$15.42
250W (23,200 lumens)	\$20.34
400W (45,000 lumens)	\$26.28

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

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

Special poles used exclusively for lighting service

Wood.....\$ 3.88

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 4.11L
STREET AND AREA LIGHTING SERVICE

Availability:

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

Monthly Rate:

	SENTINEL / STANDARD
HIGH PRESSURE SODIUM ¹	
100W (8,600 lumens)	\$7.71

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

Special poles used exclusively for lighting service

Wood.....\$3.71

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 4.12L
STREET AND AREA LIGHTING SERVICE

Availability:

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

Monthly Rate:

	SENTINEL / STANDARD
HIGH PRESSURE SODIUM	
100W (8,600 lumens)	\$ 4.68

Special poles used exclusively for lighting service

Wood.....\$ 3.88

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 5.1L
SECONDARY ENERGY

Availability:

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

Energy Charge:

The energy charge shall be calculated monthly based on:

EITHER:

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

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

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

Where:

- A = Customer's Electric Boiler Efficiency
B = Transformer and Losses Adjustment Factor
C = BTU/Litre of the Customer's fuel
D = Customer's Oil-fired Boiler Efficiency

OR:

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

WHICHEVER IS GREATER

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 5.1L
SECONDARY ENERGY

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

Communications

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

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

Power Factor

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

General:

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

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 1.2G
DOMESTIC DIESEL
GOVERNMENT DEPARTMENTS

Availability:

For Service to Government Departments throughout the Island and Labrador diesel service areas of Hydro, to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate:

Basic Customer Charge..... \$55.69 per month

Energy Charge:
All kilowatt-hours @ 89.164 ¢ per kWh

Minimum Monthly Charge\$55.69

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00 or more than \$500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE No. 2.1G
GENERAL SERVICE DIESEL 0-10 kW
GOVERNMENT DEPARTMENTS (Continued)

Availability:

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

Rate:

Basic Customer Charge..... \$59.76 per month

Energy Charge:
All kilowatt-hours @ 81.367¢ per kWh

Minimum Monthly Charge\$59.76

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00 or more than \$500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE 2.2G
GENERAL SERVICE DIESEL OVER 10 KW
GOVERNMENT DEPARTMENTS (Continued)

Availability:

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

Rate:

Basic Customer Charge: \$73.76 per month

Demand Charge:

The maximum demand registered on the meter in the current month @ \$59.83 per kW

Energy Charge:

All kilowatt-hours @ 60.033 ¢ per kWh

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than \$1.00 or more than \$500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE 4.1G
STREET AND AREA LIGHTING SERVICE DIESEL
GOVERNMENT DEPARTMENTS (Continued)

Availability:

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

Monthly Rate:

	SENTINEL / STANDARD
MERCURY VAPOUR	
250W (9,400 lumens)	\$85.29
HIGH PRESSURE SODIUM ¹	
100W (8,600 lumens)	57.28
150W (14,400 lumens)	85.29

¹ Only High Pressure Sodium fixtures are available for all new installations and replacements.

General:

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

NEWFOUNDLAND AND LABRADOR HYDRO
LABRADOR INDUSTRIAL – TRANSMISSION

Availability:

CLOSED RATE – AVAILABLE TO EXISTING CUSTOMERS ONLY

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

Monthly Rate:

Demand Charge:

The rate for Firm Power shall be \$1.19 per kilowatt of billing demand. The billing demand shall be equal to the greater of (i) the customer's Power on Order; (ii) the actual monthly demand in the current month; and (iii) their maximum demand in the calendar year less their interruptible demand.

Specifically Assigned Charge:

This rate may include a specifically assigned charge upon approval by the Board.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS

APPLICABILITY:

These general Rules and Regulations apply to all Hydro Rural Customers.

1. INTERPRETATION:

(a) In these Rates and Rules the following definitions shall apply:

- (i) "**Act**" means The Public Utilities Act, R.S.N. 1990, c.P-47 as amended from time to time.
- (ii) "**Applicant**" means any person who applies for Service.
- (iii) "**Board**" means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.
- (iv) "**Hydro**" means Newfoundland and Labrador Hydro.
- (v) "**Hydro rural customers**" means regulated customers served by Hydro other than industrial customers and Newfoundland Power.
- (vi) "**Customer**" means any person who accepts or agrees to accept Service.
- (vii) "**Disconnected**" or "**Disconnect**" in reference to a Service means the physical interruption of the supply of electricity thereto.
- (viii) "**Discontinued**" or "**Discontinue**" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.
- (ix) "**Domestic Unit**" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.
- (x) "**Service**" means any service(s) provided by Hydro pursuant to these Regulations.
- (xi) "**Serviced premises**" means the premises at which Service is delivered to the Customer.
- (xii) "**Government Departments**" means electric service accounts of Provincial or Federal government departments, agencies, boards, commissions, and crown corporations but excludes hospitals, fish plants, churches, schools, community halls, municipal buildings and like facilities.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (b) Unless the context requires otherwise these Rates and Rules shall be interpreted such that:
- (i) words imparting male persons include female persons and corporations.
 - (ii) words imparting the singular include the plural and vice versa.

2. CLASSES OF SERVICE:

- (a) Hydro shall provide the following classes of Service:

ISLAND INTERCONNECTED AREA/LANSE AU LOUP AREA

- 1.1 Domestic
- 1.1S Domestic Seasonal
- 1.3 Burgeo School and Library
- 2.1 General Service, 0-100 kW
- 2.3 General Service, 110 kVA (100 kW) - 1000 kVA
- 2.4 General Service, 1000 kVA and Over
- 4.1 Street and Area Lighting Service

ISLAND AND LABRADOR DIESEL AREA

- 1.2D Domestic Diesel - Non-Government
- 1.2DS Domestic Seasonal Diesel – Non-Government
- 2.1D General Service Diesel - Non-Government, 0-10 kW
- 2.2D General Service Diesel - Non-Government, 10 kW and Over
- 4.1D Street and Area Lighting Service Diesel - Non-Government
- 1.2G Domestic Diesel - Government Departments
- 2.1G General Service Diesel - Government Departments, 0-10kW
- 2.2G General Service Diesel - Government Departments, 10kW and Over
- 4.1G Street and Area Lighting Service Diesel - Government Departments

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

LABRADOR INTERCONNECTED AREA

- 1.1L Domestic
- 2.1L General Service, 0-10 kW
- 2.2L General Service, 10-100 kW (110 kVA)
- 2.3L General Service, 110 kVA (100 kW) - 1000 kVA
- 2.4L General Service, 1000 kVA and Over
- 4.1L Street and Area Lighting Service
- 4.11L Street and Area Lighting Service Labrador - Installed as of Sept. 1, 2002
- 4.12L Street and Area Lighting Service Labrador– Customer Owned
- 5.1L Secondary Energy

- (b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.
- (c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and in the opinion of Hydro can be readily determined without metering.
- (d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part except that the Customer may include the cost of Service in charges for the lease of space or as part of the cost of other services provided by the Customer.

3. APPLICATION FOR SERVICE:

- (a) An Applicant, when required by Hydro, shall complete a written Electrical Service Contract.
- (b) An application for Service, when accepted by Hydro, constitutes a binding contract between the Applicant and Hydro which cannot be assigned.
- (c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another Person denoted as the Applicant on the application for Service.
- (d) Hydro may in its discretion refuse to provide Service to an Applicant where:
 - (i) the Applicant fails or refuses to complete an application for Service.
 - (ii) the Applicant provides false or misleading information on the application for Service.
 - (iii) the Applicant or the Owner or an Occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (iv) the Applicant fails to provide the security or guarantee required under Regulation 4.
 - (v) the Applicant is not the owner or an occupant of the Serviced Premises.
 - (vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having his Service Discontinued.
 - (vii) the Applicant does not pay a charge described in Regulation 9 (b), (c) or (d).
 - (viii) the Applicant otherwise fails to comply with these Regulations.
- (e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by Hydro in writing.

4. SECURITY FOR PAYMENT:

- (a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by Hydro. When the Customer has established two consecutive years of good credit history, the security deposit will be refunded with simple interest calculated at a Rate equivalent to the Rate paid from time to time by the chartered banks on over-the-counter withdrawal savings accounts.
- (b) Hydro may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

5. SERVICE STANDARDS - METERED SERVICES:

- (a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three phase supply:

Single phase, 3-Wire	-	120/240 volts
Three phase, 4-Wire	-	120/208 volts wye
Three phase, 4-Wire	-	347/600 volts wye

Service at any other supply voltage may be provided in special cases at the discretion of Hydro.

- (b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volt or as part of a multiunit building, at single phase 120/208 volts. Hydro may if requested by the customer, provide three phase service if a contribution in aid of construction is paid to Hydro in accordance with regulation 9(c).

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (c) Hydro shall determine the point at which power and energy is delivered from Hydro's facilities to the Customer's electrical system.
- (d) Service entrances shall be in a location satisfactory to Hydro and, except as otherwise approved by Hydro, shall be wired for outdoor meters.
- (e) Where Hydro has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by Hydro provide and install, at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.
- (f)
 - (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank, shall, on request of Hydro, install and maintain a padmount transformer and all associated underground wiring, or provide at his expense a suitable vault or enclosure on the Serviced Premises for exclusive use by Hydro for its equipment necessary to supply and maintain service to the Customer.
 - (ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to Hydro's system which cannot be accommodated in Hydro's existing vaults or structures, the Customer shall, on request of Hydro, provide at the Customer's expense such additional space in its vault or enclosure as Hydro shall require to accommodate the additional equipment.
- (g) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower except where specifically approved by Hydro.
- (h) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. Hydro, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at his expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (i) Hydro shall provide transformation for Service up to 500 kVA where the required service voltage is one of Hydro's standard service voltages and installation is in accordance with Hydro's standards. In other circumstances, Hydro, on such conditions as it deems acceptable, may provide the transformation.
- (j) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1 and, where applicable, in accordance with Hydro's specifications. However, the provision of Service shall not in any way be construed as acceptance by Hydro of the Customer's electrical system.
- (k) The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of Hydro.

6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

- (a) For Street and Area Lighting Service Hydro shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. Hydro shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.
- (b) Hydro shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead conductors, control equipment and other devices.
- (c) Hydro shall not be required to provide Street and Area Lighting Service where, in the opinion of Hydro, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.
- (d) Hydro shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.
- (e) The location of fixtures for Street and Area Lighting Service shall be determined by Hydro in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.
- (f) Hydro does not guarantee that fixtures used for Street and Area Lighting Service will illuminate any specific area.
- (g) Where the installation of fixtures is required in a location where there are no existing distribution poles the Customer shall pay any contribution in aid of construction as may be determined under Hydro's policy for the pole line extension required to supply electric service to the location of the fixtures.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (h) Hydro shall not be required to provide additional Street and Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, his bill for such Service has been in arrears for more than 30 days.

7. METERING:

- (a) Service to each building shall be metered separately except as provided in Regulation 7(b).
- (b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the Customer supplies and maintains all distribution facilities beyond the point of supply.
- (c) Except as provided in Regulation 7(d) Service to each new Domestic Unit shall be metered separately.
- (d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units,
Service to the new Domestic Units may, in the discretion of Hydro, be metered together.
- (e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.
- (f) Where the Service to a Domestic Unit has a connected load for commercial or nondomestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.
- (g) Hydro shall not be required to provide more than one meter per Service, however, sub-metering by the Customer for any purpose not inconsistent with these Regulations is permitted.
- (h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.
- (i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of Hydro, may be based on:
 - (i) 80% of the connected load, where the demand does not exceed 100 kW, or
 - (ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or
 - (iii) the kilowatt-hour consumption divided by an appropriate number of hours use where the demand is less than 10 kW.
- (j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable Rate is in kVA and in kW if the applicable Rate is in kW.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

If the demand is recorded on a kVA meter but the applicable Rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable Rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.

- (k) The Customer shall ensure that meters and related equipment are visible and readily accessible to Hydro's personnel and are suitably protected. Unless otherwise approved by Hydro, meters shall be located outdoors and shall not subsequently be enclosed.
- (l) If a meter is located indoors and Hydro employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by Hydro, provide for the installation of an outdoor meter at his expense.
- (m) In the event that a dispute arises regarding the accuracy of a meter, and Hydro is unable to resolve the matter with the Customer then either the Customer or Hydro shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by Hydro. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. Hydro may require a Customer to deposit with Hydro in advance of testing, an amount sufficient to cover the costs involved.
- (n) Metering shall normally be at secondary distribution voltage level but may at the option of Hydro be at the primary distribution level. When metering is at the primary distribution voltage (4-25KV) the monthly demand and energy consumption shall be reduced by 1.5%.

8. METER READING:

- (a) Where reasonably possible Hydro shall read meters monthly provided that Hydro may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and Hydro will estimate the readings for all other months.
- (b) If Hydro is unable to obtain a meter reading due to circumstances beyond its reasonable control, Hydro may estimate the reading.
- (c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

9. CHARGES:

- (a) Every Customer shall pay Hydro the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.
- (b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay Hydro in advance a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material.
- (c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay Hydro in advance the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment.
- (d) The Customer shall pay Hydro in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.
- (e) The Customer shall pay Hydro the amount set forth in the Rate for all poles required for Street and Area Lighting Service which are in addition to those installed by Hydro for the distribution of electricity. This charge shall not apply to Hydro poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.
- (f) Where a service is Disconnected pursuant to Regulation 12(a), b(ii), (c), or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee. Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee. The reconnection fee shall be \$20.00 where the reconnection is done during Hydro's normal office hours or \$40.00 if it is done at other times.
- (g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.
- (h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11(a), (b), or (c), or 9(i), or when a Customer requests removal of existing fixtures, and/or poles, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles to be Discontinued or removed.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.
- (iv) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole.
- (i) Where street and area lighting fixtures or lamps are wantonly, wilfully, or negligently damaged or destroyed (other than through the negligence of Hydro), Hydro, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the customer contacts Hydro within thirty days of the date of the letter and agrees to pay the repair costs in advance and all future repair costs, Hydro will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, Hydro, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to Hydro in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.
- (j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of Hydro.
- (k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides his own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:

For the Island Interconnected, L'Anse au Loup and Isolated service areas:

- (i) for supply at 4 KV to 25 KV\$0.40 per kVA
- (ii) for supply at 33 KV to 138 KV\$0.90 per kVA

For the Labrador Interconnected service area:

- (iii) for supply at 4 KV to 25 KV\$0.25 per kVA

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (iv) for supply at 33 KV to 138 KV\$0.60 per kVA
- (l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to Hydro, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.
- (m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.
- (n) An application fee of \$8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Serviced Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

10. BILLING:

- (a) Hydro shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised, Hydro may issue an additional bill.
- (b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.
- (c) Bills are due and payable when issued. Payment shall be made at such place(s) as Hydro may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is \$50.00 or more, Hydro will charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.
- (d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of \$16.00 may be applied to the Customer's bill.
- (e) Where a Customer is billed on the basis of an estimated charge, an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.
- (f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service or a Service is Discontinued, Hydro may base the billing on an estimate of the reading as of the date of change.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (g) Where a Customer has been under billed due to an error on the part of Hydro or due to an act or omission by a third party, the Customer may, at the discretion of Hydro, be relieved of the responsibility for all or any part of the amount of the under billing.

11. DISCONTINUANCE OF SERVICE:

- (a) A Service may be Discontinued by the Customer at any time upon prior notice to Hydro provided that Hydro may require 10 days prior notice in writing.
- (b) A Service may be Discontinued by Hydro upon 10 days prior notice in writing to the Customer if the Customer:
- (i) provided false or misleading information on the application for the Service; and
 - (ii) fails to provide security or guarantee for the Service required under Regulation 4.
- (c) A Service may be Discontinued by Hydro without notice if the Service was Disconnected pursuant to Rule 12 and has remained Disconnected for over 30 consecutive days.
- (d) When Hydro accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that Service is signed by a landlord under Regulation 11(f).
- (e) Where a Service has been Discontinued, the Service may, at the option of Hydro and subject to Rule 12(a), remain connected.
- (f) A landlord may sign an agreement with Hydro to accept charges for Service provided to a rental premise for all periods when Hydro does not have a contract for Service with a tenant for that premise.

12. DISCONNECTION OF SERVICE:

- (a) Hydro shall Disconnect a Service within 10 days of receipt of a written request from the Customer.
- (b) Hydro may Disconnect a Service without notice to the Customer:
- (i) where the Service has been Discontinued.
 - (ii) on account of or to prevent fraud or abuse.
 - (iii) where in the opinion of Hydro the Customer's electrical system is defective and represents a danger to life or property.
 - (iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (v) where the Customer has a building or structure under Hydro's wires which is within the minimum clearances recommended by the Canadian Standards Association.
- (vi) when ordered to do so by any authority having the legal right to issue such order.
- (c) Hydro may, in accordance with its Collection Policies, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 *days or more after issuance*.
- (d) Hydro may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.
- (e) Hydro may refuse to reconnect a Service if the Customer is in violation of any provisions of these Rules or if the Customer has a bill for any Service which is unpaid.
- (f) Hydro may disconnect a service to make repairs or alterations. Where reasonable and practical, Hydro shall give prior notice to the Customer.
- (g) Hydro may disconnect the Service to a rental premises where the landlord has an agreement with Hydro authorizing Hydro to disconnect the Service for periods when Hydro does not have a contract for Service with a tenant of that premises.

13. PROPERTY RIGHTS:

- (a) The Customer shall provide Hydro with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.
- (b) Hydro shall have the right to install, remove or replace such of its property as it deems necessary.
- (c) The Customer shall provide Hydro with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.
- (d) All equipment and facilities provided by Hydro shall remain the property of Hydro unless otherwise agreed in writing.
- (e) The Customer shall not unreasonably interfere with Hydro's access to its property.
- (f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to Hydro's poles or other property except by prior written permission of Hydro.
- (g) The Customer shall allow Hydro to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (h) The Customer shall not erect any buildings or obstructions on any of Hydro's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of Hydro.

14. HYDRO LIABILITY:

Hydro shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond its reasonable control.

15. GENERAL:

- (a) No employee, representative or agent of Hydro has authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on Hydro.
- (b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by Hydro to the Customer's last known address, whichever is sooner.

16. POLICIES FOR AUTOMATIC RATE CHANGES

- (a) Island Interconnected System:
- (i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.
- (b) L'Anse au Loup System:
- (i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.
- (c) Isolated Systems:
- (i) 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 from time to time.
- (ii) Rates for Isolated Rural General Service customers, excluding Government departments, will increase or decrease by the average rate of change granted Newfoundland Power from time to time.

NEWFOUNDLAND AND LABRADOR HYDRO
RULES AND REGULATIONS (continued)

- (iii) 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.

NEWFOUNDLAND AND LABRADOR HYDRO
CONSERVATION AND DEMAND MANAGEMENT COST RECOVERY

The CDM Cost Recovery Adjustment, expressed in cents per kWh, 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 Account”) over a seven-year period.

For the initial year of calculating the CDM Cost Recovery Adjustment, the CDM Cost Recovery Adjustment will be calculated to recover 1/7th of the CDM Cost Deferral Account balance at December 31 of the previous year. For each subsequent year, the CDM Cost Recovery Adjustment will be calculated to recover the sum of individual amounts representing 1/7th of the transfer to the CDM Deferral Account for the previous year and the amortizations carried forward from prior years.

There will be different CDM Cost Recovery Adjustments for Island Industrial Customers and Newfoundland Power. The CDM Cost Recovery Adjustment for Island Industrial Customers will be calculated based upon the Island Interconnected Recoverable Amount allocated for recovery from Island Industrial Customers. The CDM Cost Recovery Adjustment for Newfoundland Power will be calculated based upon the allocated Island Interconnected Recoverable Amount to Newfoundland Power (including the allocated Island Interconnected Hydro Rural Amount) plus the allocated Hydro Rural Isolated System amount to Newfoundland Power.

Assignment of Customer Balance for Recovery

The Island Interconnected Recoverable Amount will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages of previous calendar year sales for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the Island Interconnected Recoverable Amount which is initially allocated to Rural Island Interconnected will be added to the Hydro Rural Isolated System Recoverable Amount, and then re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Labrador Interconnected Recoverable Amount shall be written off to Hydro's net income (loss).

NEWFOUNDLAND AND LABRADOR HYDRO
CONSERVATION AND DEMAND MANAGEMENT COST RECOVERY (continued)

CDM Cost Recovery Adjustment

Newfoundland Power:

The adjustment rate for each year will be determined as follows:

$$B = (C \div D)$$

Where:

- B = adjustment rate (¢ per kWh) for the 12-month period commencing the following July
- C = Recoverable Amount assigned to Newfoundland Power from previous calendar year.
- D = energy sales (kWh) (firm and firmied-up secondary) to Newfoundland Power for the previous calendar year.

Island Industrial Customers:

The adjustment rate for each year will be determined as follows:

$$E = (F \div H)$$

Where:

- E = adjustment rate (¢ per kWh) for the 12-month period commencing the following July
- F = Recoverable Amount assigned to Industrial Customers from previous calendar year.
- H = firm energy sales (kWh) to Industrial Customers for the previous calendar year.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

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

Section A: Hydraulic Production Variation

1. Activity:

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

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

Where:

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

2. Financing:

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

3. Hydraulic Variation Customer Assignment:

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

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

Where:

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

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

4. Customer Allocation:

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

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

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

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

1. Activity

1.1 Fuel Cost Variations

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

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

Where:

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

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

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

1.2 Load Variations

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

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

Where:

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

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

I = Actual Sales, by customer class (kWh)

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

K = Firm energy rate, by customer class

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

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

Where:

I = Actual Sales (kWh)

J = Test Year Cost of Service Sales (kWh)

L = Secondary Energy Firming Up Charge

1.3 Rural Rate Alteration

Newfoundland Power Rate Change Impacts:

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

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

Where:

M = Cost of Service rate

N = Existing rate

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

2. Monthly Customer Allocation: Load and Fuel Activity

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

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

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

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

3. Monthly Customer Allocation: Rural Rate Alteration Activity

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

4. Plan Balances

Separate plan balances for Newfoundland Power, the Island Industrial customer class and the segregated load variation will be maintained. The RSP balances shall be adjusted by other amounts as ordered by the Board. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

Section C: Fuel Price Projection

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

1. Industrial Fuel Price Projection:

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

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

Where:

S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December

T = Hydro's average fuel contract premium or (discount) (\$US/bbl) for the following January to December

U = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of September

V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$Can /bbl.)

W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year.

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

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

2. Newfoundland Power Fuel Price Projection:

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

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

Where:

T = Hydro's average fuel contract premium or (discount) (\$US/bbl) for the following July to June

V = average Test Year Cost of Service purchase price for No. 6 Fuel (\$Can /bbl.)

W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year.

X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for July to December of the current year and for the January to June period of the subsequent year.

Y = the monthly average of the \$Cdn / \$US Bank of Canada Noon Exchange Rate for the month of March.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

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

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

Section D: Adjustment

1. Newfoundland Power

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

Newfoundland Power March 31 Balance

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

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

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

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

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

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

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

2. Island Industrial Customers

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

Industrial December 31 Balance

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

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

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

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

Section E: RSP Surplus:

1. August 31, 2013 Balance:

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

The Industrial Customer class allocated amount will be used, firstly, to reduce the Industrial Customer class adjusted August 31, 2013 RSP balance to zero. OC2013-089 states that the remaining IC RSP Surplus is to be used to fund a three-year phase-in of rate increases for Island Industrial customers.

The monthly RSP adjustment resulting from the Teck Resources Limited RSP Adjustment rate of (1.141)¢ per kWh determined in accordance with Order No. P.U. 17(2015), will become effective July 1, 2015 and segregated from the other components of the Industrial Customer RSP until its disposition is ordered by the Board of Commissioners of Public Utilities.

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN (continued)

1.1 Industrial Customer RSP Surplus Disposition

Effective December 31, 2014, a one-time transfer from the Industrial Customer RSP Surplus will be applied to the Industrial Customer RSP current plan balance to reduce the December 31, 2014 current plan balance to zero. This transfer is in accordance with Order No. P.U. 14(2015).

The Industrial Customer RSP Surplus will be used to fund the difference between the approved base rate and net billing rates that result from the application of the Industrial Customer RSP Surplus Adjustment demand and energy rates as approved by the Board.

1.2 Newfoundland Power RSP Surplus Disposition

The Newfoundland Power allocated amount of the RSP Surplus will be refunded to Newfoundland Power and Hydro's Rural customers in accordance with Hydro's Customer Refund Plan approved in Order No. P.U. 36(2016).

2. Plan Balances

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

NEWFOUNDLAND AND LABRADOR HYDRO
ISOLATED SYSTEMS SUPPLY COST VARIANCE DEFERRAL ACCOUNT

This account shall be charged or credited with the amount by which Hydro's Isolated Systems Supply Cost Variance exceeds the Supply Cost Variance Threshold in a calendar year.

The *Isolated Systems Supply Cost Variance* will be determined by the following formula:

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

Where:

A = Total actual supply produced and purchased (kWh) on Hydro's isolated systems.

B = (Total actual cost of No. 2 fuel used to provide energy plus the total actual cost of purchases) divided by the total of the (actual kWh production and the actual kWh purchases) in \$/kWh.

C = (Total Test Year cost of No. 2 fuel used to provide energy plus the total Test Year cost of purchases) divided by the (total of the Test Year kWh production and the Test Year kWh purchases) in \$/kWh.

The *Supply Cost Variance Threshold* equals \pm \$500,000 in a calendar year.

Disposition of any Balance in this Account

Hydro shall file an Application for the disposition of any balance in this account with the Board no later than the 31st day of March each year. This Application shall detail the proposed method of collection or refund and from which customer class(s), and the efforts made by Hydro during the year to minimize costs on the Isolated systems.

NEWFOUNDLAND AND LABRADOR HYDRO
ENERGY SUPPLY COST VARIANCE DEFERRAL ACCOUNT

This account shall be charged or credited with the Energy Supply cost variance incurred by Hydro on the Island Interconnected System that is in excess of the Cost Variance Threshold in the calendar year.

Variations resulting from both the price and volume of the following thermal generation sources shall be charged or credited to this account:

- Holyrood Combustion Turbine;
- Hardwoods Gas Turbine;
- Stephenville Gas Turbine;
- St. Anthony Diesel Plant; and
- Hawkes Bay Diesel Plant.

Variations resulting from the volume of the following power purchases shall be charged or credited to this account:

- Nalcor Exploits;
- Star Lake;
- Rattle Brook;
- CBPP Cogeneration;
- St. Lawrence wind; and
- Fermeuse wind.

Energy Supply costs will be determined by the following formula:

$$A + B + C$$

A = Test Year Thermal Generation Variances resulting from both price and volume;

Where:

$$A = (\text{Actual Thermal Generation Cost} - \text{Test Year Thermal Generation Cost})$$

B = Test Year Power Purchase Variances resulting from volume;

Where:

$$B = (\text{Actual kWh Purchases} - \text{Test Year kWh Purchases}) \times (\text{Test Year Purchase Cost in } \$/\text{kWh})$$

NEWFOUNDLAND AND LABRADOR HYDRO
ENERGY SUPPLY COST VARIANCE DEFERRAL ACCOUNT (continued)

C = Fuel costs or savings resulting from the variance in generation at the Holyrood Thermal Generating Facility (Holyrood TGS);

Where:

$$C = D/E \times F$$

D = Holyrood TGS Test Year average annual fuel cost per barrel;

E = Test Year fuel conversion factor (kWh/bbl); and

F = [(Test Year kWh Thermal Generation + Test Year kWh Power Purchases) - (Actual kWh Thermal Generation + Actual kWh Power Purchases)] for all defined sources.

The *Cost Variance Threshold* equals \pm \$500,000 in a calendar year.

Disposition of any Balance in this Account

Hydro shall file an Application for the disposition of any balance in this account with the Board no later than the 31st day of March each year.

NEWFOUNDLAND AND LABRADOR HYDRO
CONSERVATION AND DEMAND MANAGEMENT COST DEFERRAL ACCOUNT

Conservation and Demand Management (CDM) Cost Deferral Account

The account shall be charged with the costs incurred in implementing the CDM Program Portfolio but shall exclude CDM Program Costs associated with customers on the Labrador Interconnected System.

The costs include the CDM Program Portfolio costs incurred by Hydro for: detailed program development, promotional materials, advertising, pre and post customer installation checks, processing applications and incentives, training of employees and trade allies, and program evaluation costs.

This account shall also be charged the costs for major CDM studies such as comprehensive customer end use surveys and CDM potential studies that cost greater than \$100,000. This account will include Hydro's program expenditures for 2009 to 2015 which received Board approval for deferral.

Disposition of any Balance in this Account

Balances in the account shall be maintained separately for the Island Interconnected and Other Systems. This account will maintain a linkage of all costs recorded in the account to the year the cost was incurred.

The account balances as at December 31 each year shall be recovered over a period of (7) years using a CDM Cost Recovery Adjustment.

Recovery of annual amortizations of costs in this account shall be through an annual application to the Board.

NEWFOUNDLAND AND LABRADOR HYDRO
HOLYROOD CONVERSION RATE DEFERRAL ACCOUNT

This account shall be charged or credited with the Conversion Rate Cost Variance incurred by Hydro on the Island Interconnected system, in excess of the Cost Variance Threshold in the calendar year, which results from variations from the Test Year fuel conversion rate at the Holyrood thermal generating station.

The *Conversion Rate Cost Variance* will be determined monthly by the following formula:

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

A = Actual quantity of No. 6 fuel consumed (bbl);

B = Calculated quantity of No. 6 fuel consumed using the Cost of Service fuel conversion rate (bbl); and

C = Test Year Cost of Service No. 6 fuel cost (\$/bbl).

Where:

$$B = D/E$$

D = Actual net Holyrood production (kWh); and

E = Test Year Cost of Service fuel conversion rate (kWh/bbl).

The *Cost Variance Threshold* equals \pm \$500,000 in a calendar year.

Disposition of any Balance in this Account

Hydro shall file an Application for the disposition of any balance in this account with the Board no later than the 31st day of March each year.

NEWFOUNDLAND AND LABRADOR HYDRO
EXCESS EARNINGS ACCOUNT

Definition of Excess Earnings Account

This account shall be credited with excess earnings in the event the following formula is greater than zero:

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

Where:

A = Actual return on rate base, calculated as net interest expense, plus net income, plus cost of service exclusions

B = Actual average rate base, December 31

C = Upper limit of return on rate base, defined as Test Year Return on Rate Base + 20 basis points

The disposition of any balance in the account to be determined by the Board.

The upper limit return on rate base for the 2014, 2015, 2016 and subsequent years are presented in the following table.