

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

**AN ORDER OF THE BOARD**

**NO. P.U. 18(2020)**

1 **IN THE MATTER OF** the Electrical Power  
2 Control Act, 1994, SNL 1994, Chapter E-5.1 (the  
3 “*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** an application by  
8 Newfoundland and Labrador Hydro pursuant  
9 to OC2020-081 for the approval of:

- 10 (i) a one-time customer bill credit plan for  
11 Hydro’s Rural customers who are subject  
12 to automatic rate changes based on  
13 Newfoundland Power’s customer rates; and  
14 (ii) the inclusion of the financial impact of the  
15 one-time customer bill credit in the Rate  
16 Stabilization Plan Rural Rate Alteration.  
17  
18

19 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
20 existing under the Hydro Corporation Act, 2007, is a public utility within the meaning of the *Act*,  
21 and is also subject to the provisions of the *EPCA*; and  
22

23 **WHEREAS** on May 12, 2020 the Government of Newfoundland and Labrador issued Order in  
24 Council OC2020-081 directing the Board as follows:

- 25 1) Customer rates shall not change on July 1, 2020 as a result of the operation of Hydro’s  
26 Rate Stabilization Plan (“RSP”) and Conservation and Demand Management  
27 (“CDM”) Cost Recovery Adjustment, or the Newfoundland Power Rate Stabilization  
28 Clause and Municipal Tax Clause.  
29 2) Upon application by Hydro, the dollar value of the change in the total annual amount  
30 for disposition through the RSP adjustment for the period July 1, 2020 to June 30,  
31 2021 be provided to Newfoundland Power Inc. (“Newfoundland Power”) through a  
32 one-time wholesale bill credit as early as practicable.  
33 3) Upon application by Newfoundland Power, the dollar value of the change in the total  
34 annual amount for disposition to customers through the Rate Stabilization  
35 Adjustment and the operation of the Municipal Tax Clause, for the period July 1,  
36 2020 to June 30, 2021, be provided to customers through a one-time bill credit as

1 early as practicable, with the methodology for the determination of the bill credit to  
2 be determined by the Board.

- 3 4) Upon application by Hydro, the same bill credit approach be used for Hydro's Rural  
4 customers who are subject to automatic rate changes based on Newfoundland  
5 Power's customer rates and the financial impact of this adjustment be included in the  
6 RSP Rural Rate Alteration.  
7

8 **WHEREAS** in Order No. P.U. 16(2020) the Board approved an application filed by Hydro in  
9 accordance with OC2020-081 for the continuation of Newfoundland Power's RSP Current Plan  
10 Adjustment, RSP Fuel Rider and CDM Cost Recovery Adjustment as well as a one-time transfer  
11 of \$50,575,999 from Newfoundland Power's RSP Current Plan balance and a one-time bill credit  
12 to Newfoundland Power; and  
13

14 **WHEREAS** in Order No. P.U. 17(2020) the Board approved an application filed by  
15 Newfoundland Power in accordance with OC2020-81 for:

- 16 i) the suspension of the operation of the Rate Stabilization Clause in respect of the  
17 inclusion of a revised Rate Stabilization Adjustment in the rates to be charged by  
18 Newfoundland Power for the period July 1, 2020 to June 30, 2021 and the Rate  
19 Stabilization Adjustment of 0.043 cents per kWh to be continued for the period July  
20 1, 2020 to June 30, 2021;  
21 ii) the suspension of the operation of the Municipal Tax Clause in respect of the  
22 inclusion of a recalculated MTA factor in the rates to be charged by Newfoundland  
23 Power for the period July 1, 2020 to June 30, 2021 and the MTA factor of 1.02398  
24 to be continued for the period July 1, 2020 to June 30, 2021;  
25 iii) the proposed One-Time Customer Bill Credit Plan, as set out in Schedule A to the  
26 Order; and  
27 iv) the proposed amendment to the Rate Stabilization Clause, as set out in Schedule B  
28 to the Order.  
29

30 **WHEREAS** in Order No. P.U. 14(2007) the Board approved Hydro's Policies for Automatic Rate  
31 Changes so that as Newfoundland Power changes its rates Hydro will automatically adjust certain  
32 rates for its customers on the Island Interconnected system and the L'Anse au Loup system and its  
33 Isolated Rural customers; and  
34

35 **WHEREAS** on June 19, 2020 Hydro filed an application in accordance with OC2020-081  
36 requesting approval of a One-Time Customer Bill Credit Plan for its Rural customers who are  
37 subject to automatic rate changes based on Newfoundland Power's customer rates, based on the  
38 same bill credit approach approved for Newfoundland Power, and for approval of the recovery of  
39 the total amount of the one-time customer credits through the RSP Rural Rate Alteration (the  
40 "Application"); and  
41

42 **WHEREAS** the Application was copied to: Newfoundland Power; the Consumer Advocate,  
43 Dennis Browne, Q.C. (the "Consumer Advocate"); Corner Brook Pulp and Paper Limited; NARL

1 Refining Limited Partnership; Vale Newfoundland and Labrador Limited; Praxair Canada Inc.;  
2 and Teck Resources Limited; and

3

4 **WHEREAS** on June 25, 2020 Newfoundland Power advised the Board that it did not have any  
5 comments with regards to the Application; and

6

7 **WHEREAS** the Board did not receive comments from any of the other parties; and

8

9 **WHEREAS** on June 26, 2020 Hydro filed a reply stating that it believes the Application complies  
10 with the directives provided in OC2020-081 and reasonably balances the regulatory principles of  
11 fairness and administrative practicality in the provision of the customer credit, and requesting the  
12 Application be approved as submitted; and

13

14 **WHEREAS** the Board is satisfied that the proposed One-Time Customer Bill Credit Plan for  
15 Hydro's Rural customers who are subject to automatic rate changes based on Newfoundland  
16 Power's customer rates and the recovery of the total amount of the one-time customer credits  
17 through the RSP Rural Rate Alteration is in accordance with the directions of OC2020-081 and  
18 that the Application should be approved.

19

20

21 **IT IS THEREFORE ORDERED THAT:**

22

23 1. The proposed One-Time Customer Bill Credit Plan as set out in Schedule A to this Order is  
24 approved.

25

26 2. The recovery of the total amount of the one-time customer credits through the RSP Rural Rate  
27 Alteration is approved.

**DATED** at St. John's, Newfoundland and Labrador, this 30<sup>h</sup> day of June, 2020.



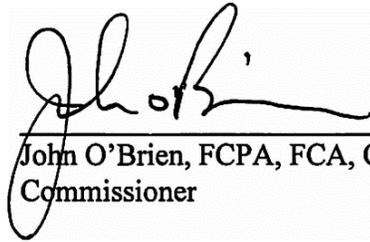
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Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



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Dwanda Newman, LL.B.  
Vice-Chair



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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Christopher Pike, LL.B., FCIP  
Commissioner



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Cheryl Blundon  
Board Secretary

**Newfoundland and Labrador Hydro  
One-Time Customer Bill Credit Plan**

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## **1.0 Interpretation**

### **1.1 Definitions**

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

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

### **1.2 Interpretation**

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

## **2.0 Basis for Customer Bill Credit**

### **2.1 Customers Entitled to a Bill Credit**

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

## **2.2 HST**

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

## **2.3 Provision of Bill Credit**

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

## **3.0 Calculation of the Bill Credit Amount**

### **3.1 The Bill Credit Rate**

The Bill Credit Rate shall be 0.808 cents/kWh.

### **3.2 Calculation of Bill Credits**

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

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

### **3.3 Determination of the Bill Credit Amount**

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

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

$$\mathbf{C \times D = E}$$

Where:

C = the Bill Credit Rate

D = the Customer's energy usage

E = the Bill Credit

**4.0 Plan Administration**

**4.1 Liability**

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

**4.2 Directions**

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

**Appendix A**

**Energy Usage Estimation Methodology**

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

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

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

**Energy Usage Estimation Factors**

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

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

<sup>2</sup> Unless the commencement of Service happens to coincide with the billing date for the Customer’s meter reading route, the first bill will not reflect a complete month’s usage, and would therefore not be appropriate for use in the estimation formula.

<sup>3</sup> For Customers whose class of Service is either Domestic or General Service, and who also receive Street and Area Lighting Service, only the Domestic or General Service estimation factor, as applicable, will be used to estimate the Customer’s energy usage.

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

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

**Average Annual Energy Usage**

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