

P.U. 22(2002-2003)

**IN THE MATTER OF SECTIONS 58, 70(1)
AND 80(2) OF THE PUBLIC UTILITIES
ACT, 1990, CHAPTER P-47(THE “ACT ”)**

AND

**IN THE MATTER OF AN AMENDED
APPLICATION BY NEWFOUNDLAND
POWER INC. (“NEWFOUNDLAND POWER”)**

to revise its schedule of rates, tolls and charges to permit recovery of additional costs payable to Newfoundland and Labrador Hydro for the supply of power as a result of Order No. P.U. 21 (2002-2003), for approval of an amendment to Newfoundland Power’s Rate Stabilization Clause, and for approval of an amendment of the definition of the Rate Stabilization Account within Newfoundland Power’s System of Accounts.

WHEREAS by Order No. P.U. 36 (1998-1999), issued on January 15, 1999, the Board approved rates for the test year 1999 and determined that the rate of return on rate base would be set for three consecutive years, by application of an automatic adjustment formula; and

WHEREAS the automatic adjustment formula has now been used to set rates for 2000, 2001 and 2002;
and

WHEREAS by Order No. P.U. 29 (2001-2002), the Board approved a schedule of rates, tolls and charges for Newfoundland Power to be effective January 1, 2002; and

WHEREAS by Order No. P.U. 21 (2002-2003) (the “Hydro Rate Order”) the Board approved, *inter alia*, a Schedule of Rates charged by Newfoundland and Labrador Hydro (“Hydro”) to its customers, including Newfoundland Power, effective September 1, 2002; and

WHEREAS the effect to Newfoundland Power of the Hydro Rate Order is an increase in purchased power costs of 6.5%; and

WHEREAS Newfoundland Power filed an Application on August 12, 2002 (the “Application”), which was amended on August 23, 2002 following receipt of Hydro’s final cost of service (the “Amended Application”), seeking recovery of additional purchased power costs payable by Newfoundland Power as a result of the Hydro Rate Order by, *inter alia*, approval of a proposed schedule of rates, tolls and charges effective September 1, 2002 and amendments to Newfoundland Power’s Rate Stabilization Clause and the definition of the Rate Stabilization Account to permit adjustment for any under or over recovery of increased purchased power costs in 2002; and

WHEREAS Section 80(2) of the *Act* allows Newfoundland Power to recover the cost of power purchased from Hydro as a reasonable and prudent expense properly chargeable to Newfoundland Power’s operating account; and

WHEREAS pursuant to Section 70(1) of the *Act*, the Board may approve a revised schedule of rates, tolls and charges, including a revised Rate Stabilization Clause, for Newfoundland Power to effectively allow an increase in revenues for Newfoundland Power to offset the increase in purchased power costs flowing from the Hydro Rate Order; and

WHEREAS the Board has considered the matters raised in Newfoundland Power's Application and Amended Application and confirmed that:

- (a) an increase of 3.68% in Newfoundland Power's rates is required to offset the annual increase in Newfoundland Power's purchased power costs as a result of the Hydro Rate Order; and
- (b) it is appropriate that:
 - (i) any under-recovery or over-recovery of increased purchased power costs in 2002 be debited or credited, as appropriate, to Newfoundland Power's Rate Stabilization Account to be recovered from, or credited to, customers over the period July 1, 2003 to June 30, 2004; and
 - (ii) Newfoundland Power's Rate Stabilization Clause be amended to give effect to the proposal set forth in (b)(i) above and that the definition of the Rate Stabilization Account contained within its Systems of Accounts be amended to accommodate the proposed amendment to the Rate Stabilization Clause.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to Section 70(1) of the Act, the Board hereby approves the schedule of rates, tolls and charges of Newfoundland Power attached hereto and marked Schedule "A", to be effective on all energy consumed on and after September 1, 2002 as well as other charges which are billed on and after that date.
2. The rates hereby approved by the Board shall be in effect until December 31, 2002.
3. Pursuant to Section 70(1) of the Act, the Board hereby approves the Rate Stabilization Clause attached hereto and marked Schedule "B", effective September 1, 2002.
4. Pursuant to Section 58 of the Act, the Board hereby approves the proposed definition of the Rate Stabilization Account attached hereto and marked Schedule "C", for inclusion in Newfoundland Power's System of Accounts, effective September 1, 2002.
5. Newfoundland Power shall by 4:00 P.M. on October 11, 2002, file a general rate application for a full review of Newfoundland Power's 2003 costs, including cost of capital.
6. All costs and expenses incurred by the Board in connection with the Application and the Amended Application shall be borne by Newfoundland Power.

DATED at St. John's, Newfoundland and Labrador, this 28th day of August, 2002.

Robert Noseworthy,
Chair and Chief Executive Officer.

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

G. Fred Saunders,
Commissioner.

G. Cheryl Blundon,
Director of Corporate Services
and Board Secretary.

SCHEDULE A

**NEWFOUNDLAND POWER INC.
RATE #1.1
DOMESTIC SERVICE**

Availability:

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

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$16.42 per month

Energy Charge:
All kilowatt-hours@ 6.616 ¢ per kWh

Minimum Monthly Charge\$16.42

Discount:

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

General:

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

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

Availability:

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

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$18.69 per month

Energy Charge:

All kilowatt-hours@ 8.710 ¢ per kWh

Minimum Monthly Charge, Single Phase\$18.69

.....Three Phase \$37.38

Discount:

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

General:

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

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

Availability:

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

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$20.35 per month

Demand Charge:

\$7.75 per kW of billing demand in the months of December, January, February and March and \$7.02 per kW in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kW of billing demand.....@ 6.928 ¢ per kWh
All excess kilowatt-hours@ 4.225 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 14.3 cents per kWh plus the Basic Customer Charge of \$20.35 per month, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to \$2.41 per kW of maximum demand occurring in the 12 months ending with the current month, but not less than \$37.38 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 does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.3
GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$91.61 per month

Demand Charge:

\$6.72 per kVA of billing demand in the months of December, January, February and March and \$5.99 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 150 kilowatt-hours per kVA of billing demand,

up to a maximum of 30,000 kilowatt-hours@ 6.593 ¢ per kWh

All excess kilowatt-hours@ 4.120 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 14.3 cents per kWh plus the Basic Customer Charge of \$91.61 per month, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to \$2.41 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 does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND POWER INC.
RATE #2.4
GENERAL SERVICE 1000 kVA AND OVER

Availability:

For Service where the maximum demand occurring in the 12 months ending with the current month is 1000 kilovolt-amperes or greater.

Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Basic Customer Charge:\$183.23 per month

Demand Charge:

\$6.41 per kVA of billing demand in the months of December, January, February and March and \$5.68 per kVA in all other months. The billing demand shall be the maximum demand registered on the meter in the current month.

Energy Charge:

First 100,000 kilowatt-hours@ 5.416 ¢ per kWh

All excess kilowatt-hours@ 4.026 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 14.3 cents per kWh plus the Basic Customer Charge of \$183.23 per month, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to \$2.41 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 does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND POWER INC.
RATE #4.1
STREET AND AREA LIGHTING SERVICE**

Availability:

For Street and Area Lighting Service where the electricity is supplied by the Company and all fixtures, wiring and controls are provided, owned and maintained by the Company.

Monthly Rate: (Excludes Municipal Tax and Rate Stabilization Adjustments)

Mercury Vapour	Sentinel/Standard	Post Top
175W (7,000 lumens)	\$13.16	\$14.54
250W (9,400 lumens)	16.09	-
400W (17,200 lumens)	21.44	-
700W (29,600 lumens)	33.67	-
1000W (48,000 lumens)	50.15	-

High Pressure Sodium*

100W (8,600 lumens)	\$13.16	\$14.54
150W (14,400 lumens)	16.09	17.77
250W (23,200 lumens)	21.15	-
400W (45,000 lumens)	27.84	-

* For all new installations and replacements.

Special poles used exclusively for lighting service**

Wood	\$ 6.10
30' Concrete or Metal, direct buried	9.95
45' Concrete or Metal, direct buried	14.35
25' Concrete or Metal, Post Top, direct buried	8.67

Underground Wiring (per run)**

All sizes and types of fixtures	\$14.55
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** Where a pole or underground wiring run serves two fixtures paid for by different parties, the above rates for such poles and underground wiring may be shared equally between the two parties.

General:

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

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

Curtailment Credit = Contracted Demand Reduction x \$29 per kVA

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

Maximum Demand Curtailed = (Maximum Winter Demand - Firm Demand)

Peak Period Load Factor =
$$\frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

Curtailment Credit = ((Maximum Demand Curtailed x 50%) + (Maximum Demand Curtailed x 50% x Peak Period Load Factor)) x \$29 per kVA

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.

SCHEDULE B

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

The Company shall include a rate stabilization adjustment in its rates. This adjustment shall be recalculated on July 1 of each year, to reflect the accumulated balance in the Company's Rate Stabilization Account ("RSA") as of December 31st of the previous year and any change in the rates charged to the Company by Newfoundland and Labrador Hydro ("Hydro") as a result of the operation of its Rate Stabilization Plan.

I. RATE STABILIZATION ADJUSTMENT ("A")

The Rate Stabilization Adjustment ("A") shall be recalculated annually, effective the first day of July in each year, to amortize over the following twelve (12) month period the annual amount designated to be billed by Hydro to the Company, and the balance in the Company's RSA. The adjustment expressed in cents per kilowatt-hour and calculated to the nearest 0.001 cent shall be calculated as follows:

$$\frac{B + C}{D}$$

Where:

- B = the annual amount designated to be billed by Hydro during the next twelve (12) months commencing July 1 as a result of the operation of Hydro's Rate Stabilization Plan.
- C = the balance in the Company's RSA as of December 31st of the previous year.
- D = the total kilowatt-hours sold by the Company in the previous calendar year.

II. RATE STABILIZATION ACCOUNT ("RSA")

The Company shall maintain a RSA which shall be increased or reduced by the following amounts expressed in dollars:

1. At the end of each month the RSA shall be:
 - (i) increased (reduced) by the amount actually charged (credited) to the Company by Hydro during the month as the result of the operation of its Rate Stabilization Plan calculated as follows:

$$\frac{B \times F}{E}$$

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

Where:

B = corresponds to the B above

E = the total kilowatt-hours of energy (including secondary energy) sold by Hydro to the Company during the calendar year preceding the date the Rate Stabilization Adjustment is recalculated.

F = the total kilowatt-hours of energy (including secondary energy) sold by Hydro to the Company during the month.

(ii) increased (reduced) by the excess cost of fuel used by the Company during the month calculated as follows:

$$(G/H - P) \times H$$

Where:

G = the cost in dollars of fuel and additives used during the month in the Company's thermal plants to generate electricity other than that generated at the request of Hydro.

H = the net kilowatt-hours generated in the month in the Company's thermal plants other than electricity generated at the request of Hydro.

P = The base rate in dollars per kilowatt-hour paid during the month by the Company to Hydro for firm energy.

(iii) reduced by the price differential of firmed-up secondary energy calculated as follows:

$$(P - J) \times K$$

Where:

J = The price in dollars per kilowatt-hour paid by the Company to Hydro during the month for secondary energy supplied by Deer Lake Power and delivered as firm energy to the Company.

K = The kilowatt-hours of such secondary energy supplied to the Company during the month.

P = corresponds to P above.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

II. RATE STABILIZATION ACCOUNT ("RSA") (Cont'd)

- (iv) reduced (increased) by the amount billed by the Company during the month as the result of the operation of the Rate Stabilization Clause calculated as follows:

$$\frac{L \times A}{100}$$

Where:

L = the total kilowatt-hours sold by the Company during the month.

A = the Rate Stabilization Adjustment in effect during the month expressed in cents per kilowatt-hour.

- (v) increased (reduced) by an interest charge (credit) on the balance in the RSA at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base.

2. On the 31st of December in each year, commencing in 1989, the RSA shall be increased (reduced) by the amount that the Company billed customers under the Municipal Tax Clause for the previous calendar year is less (or greater) than the amount of municipal taxes for that year.
3. The RSA shall, from time to time, be reduced by the amount of any refund to the Company from Hydro resulting from the operation of the coverage cap provision in Hydro's Rate Stabilization Plan.
4. The annual kilowatt-hours used in calculating the Rate Stabilization Adjustment to the monthly streetlighting rates are as follows:

	Fixture Size (watts)						
	<u>100</u>	<u>150</u>	<u>175</u>	<u>250</u>	<u>400</u>	<u>700</u>	<u>1000</u>
Mercury Vapour	-	-	840	1,189	1,869	3,175	4,473
High Pressure Sodium	546	802	-	1,273	1,995	-	

5. On December 31st, 2002, the RSA shall be reduced (increased) by the amount that the increase in the Company's revenue for the year resulting from the rate increase to customers, implemented September 1, 2002, is greater (or less) than the amount of the increase in the Company's purchased power expense for the year resulting from the change in the base rate charged by Hydro effective September 1, 2002.

NEWFOUNDLAND POWER INC.

RATE STABILIZATION CLAUSE

III. RATE CHANGES

The energy charges in each rate classification (other than the energy charge in the "Maximum Monthly Charge" in classifications having a demand charge) shall be adjusted annually effective the first day of July in each year, to reflect the changes in the Rate Stabilization Adjustment. The new energy charges shall be determined by subtracting the previous Rate Stabilization Adjustment from the previous energy charges and adding the new Rate Stabilization Adjustment. The new energy charges shall apply to all bills based on meter readings taken on and after the first of July.

SCHEDULE C

NEWFOUNDLAND POWER INC.

2002 FLOW THROUGH APPLICATION

System of Accounts - Rate Stabilization Account Definition

Existing Definition

2.12 Rate Stabilization Account 14500

This account shall be charged with fuel costs in excess of fuel base costs incurred by the Company on its own account in its generating plants and interest on opening balances and with the rate stabilization adjustment made to the Company by Newfoundland Hydro and the transfer of any balance remaining in the Municipal Tax Account at year end and shall be credited and operations charged when customers are billed through application of the rate stabilization adjustment.

Proposed Definition

2.12 Rate Stabilization Account 14500

This account shall be increased (charged) or reduced (credited) with amounts as defined by the Rate Stabilization Clause in the Company's Schedule of Rates, Rules and Regulations as approved from time to time by the Board of Commissioners of Public Utilities.