



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

**NOTICE OF APPLICATION**  
**and**  
**PRE-HEARING CONFERENCE**

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**2006 GENERAL RATE APPLICATION**

On August 3, 2006 the Board of Commissioners of Public Utilities ("the Board") received a General Rate Application (the "Application") from Newfoundland & Labrador Hydro ("Hydro") for approval, among other things, of:

1. The rates to be charged as of January 1, 2007 for the supply of power and energy to its customers;
2. The Rules and Regulations applicable to the supply of electricity to its customers; and
3. Such other matters as may appear just and reasonable upon hearing of the Application.

Any and all electrical consumers in the Province may be affected by the outcome of this Application.

While all aspects of Hydro's regulated activities are subject to review, the specific proposals contained in the Application are set out in Schedule A below.

**RATE IMPACTS**

Hydro is requesting that the Board approve increases in rates as follows:

- i) an average increase of approximately 6.6% to Newfoundland Power Inc., which will result in an approximate 4.6% average increase to Newfoundland Power's Island Interconnected customers and Hydro's customers served from the Island Interconnected System and from the L'Anse au Loup system;
- ii) an average increase of approximately 8.2% to Hydro's Island Industrial Customers;
- iii) an average increase of approximately 8.5% to Hydro's Labrador Interconnected customers; and
- iv) an average increase of approximately 13.5% to Hydro's customers on the isolated diesel systems.

The specific impacts on customers' rates will vary depending on individual circumstances, including electrical consumption and rate classification.

## **PRE-HEARING CONFERENCE**

The Board will hold a public hearing to consider the Application. In advance of the public hearing the Board will convene a pre-hearing conference at **10:00 A.M. on Thursday September 7, 2006** in the Board's hearing room, Prince Charles Building, 120 Torbay Road, St. John's to identify intervenors and to set the schedule and procedures for the public hearing. The Board will publish further notice of the dates and schedule for the public hearing of the Application following the pre-hearing conference.

## **HOW TO SEE THE APPLICATION**

Copies of the Application are available for public viewing at the offices of the Board between the hours of 8:30 a.m.- 12:30 p.m. and 1:30 p.m. - 4:00 p.m. or upon request from the Board Secretary at (709) 726-8600 or on the Board's website at [www.pub.nl.ca](http://www.pub.nl.ca). A copy of the Application can also be viewed at any of Hydro's regional offices located throughout the Province as well as on Hydro's website at [www.nlh.nf.ca](http://www.nlh.nf.ca).

## **HOW TO PARTICIPATE**

The Application will be heard in accordance with the procedures established by the Board in accordance with applicable legislation. An interested person or organization can participate in the Application in one of three ways, either by becoming an intervenor in the hearing, by making an oral submission, or by submitting a letter of comment to the Board.

Interested person(s) wishing to be made a party to the hearing and become a registered intervenor must apply to the Board by way of an intervenor's submission. Intervenor submissions shall:

- a) be signed or executed by the intervenor or representative of the intervenor;
- b) contain a concise statement of :
  - i) the intervenor's interest in the matter;
  - ii) the disposition of the proceedings which the intervenor advocates, if any;
  - iii) the facts the intervenor proposes to show in evidence;
  - iv) the reasons why the intervenor believes the Board should decide in the manner advocated;
  - v) the qualification of expert witnesses, if any, whose opinions are to be relied upon; and
  - vi) a list of the information and support documents that may be useful in explaining the intervenor's representation; and
- c) be endorsed with the name, address, telephone and fax numbers of the intervenor or the intervenor's representative to whom communications may be sent.

**Copies of all intervenor submissions and supporting documents must be filed with the Board and provided to other identified participants by 3:00 P.M., Tuesday, September 5, 2006. A list of other participants is available by contacting the Board Secretary.**

Following the pre-hearing conference the Board will publish a further notice of the filing requirements, schedule for public presentations and deadline for receipt of letters of comments.

### **HOW TO CONTACT THE BOARD**

All correspondence and requests for further information should be submitted to the Board Secretary at the address set out below. The Board encourages the electronic filing of documents and the Board's Information Technology Officer, Mr. Mike McNiven, is available to support this type of filing at 709-726-1158, toll free 1-866-782-0006, or by e-mail at [ito@pub.nl.ca](mailto:ito@pub.nl.ca)

Copies of the Board's legislation and regulations are available for viewing on the Board's website at [www.pub.nl.ca](http://www.pub.nl.ca) or at the Board's office.

#### Board Contact Information:

Office: Suite E210, Prince Charles Building, 120 Torbay Road, St. John's

Mail: P.O. Box 21040, St. John's, NL, A1A 5B2

Telephone: 709-726-8600 or 1-866-782-0006 (toll free)

Facsimile: 709-726-9604

E-mail: [ito@pub.nl.ca](mailto:ito@pub.nl.ca)

Dated at St. John's, Newfoundland and Labrador, this 15<sup>th</sup> day of August 2006.

Cheryl Blundon  
Board Secretary

## SCHEDULE A

### **In its application, Newfoundland & Labrador Hydro proposes:**

- (1) Hydro's forecast 2007 test year costs (before return on rate base) of \$329,608,000;
- (2) forecast average rate base for 2007 of \$1,491,183,000;
- (3) that the methodology approved by the Board for calculating the allowed rate of return on equity (for purposes of determining weighted average cost of capital) in Order No. P.U. 14 (2004) be continued;
- (4) that (consistent with this methodology) Hydro be allowed a rate of return on equity of 5.20% (or such other rate as results from the application of the long-term marginal cost of new debt to Hydro in the methodology referred to above, at the conclusion of the hearing);
- (5) that (consistent with this methodology) Hydro be allowed a rate of return on forecast average rate base of 7.63% (or such other rate as results from the application of the long-term marginal cost of new debt to Hydro in the methodology referred to above, at the conclusion of the hearing);
- (6) that effective January 1, 2007, the Board approve
  - (a) that the demand and energy rates charged to Newfoundland Power be increased to \$7.49 per kW per month, with a first block energy rate of 19.17 mills per kWh and an end block energy rate of 89.07 mills per kW;
  - (b) that the total generation credit for Newfoundland Power be reduced to 117,930 kW ;
  - (c) that the Rate Stabilization Plan Adjustment rate charged to Newfoundland Power be decreased to 6.78 mills per kWh, with the fuel rider set to zero;
  - (d) that the rate charged to Newfoundland Power for firming up secondary energy purchased from Corner Brook Pulp and Paper Limited and re-sold to Newfoundland Power as firm energy be increased to 8.19 mills per kWh;
  - (e) that the rates charged to Industrial Customers for firm service be increased to a demand charge of \$6.72 per kW per month, an energy charge of 38.11 mills per kWh and the respective annual specifically assigned charges;
  - (f) that the rates charged to Industrial Customers for non-firm service continue to be calculated in the manner set out in Order No. P.U. 7 (2002), with the average system losses decreased to 2.68%, as stated on page 6 of the Rates Schedules attached to this Application;
  - (g) that the rate for wheeling energy for non-utility customers remain at 3.93 mills per kWh and that the average system losses be decreased to 2.68%;
  - (h) that the rates for Isolated Rural General Service Customers, excluding Government departments, be increased by the average change (forecast to be 17.2%) in base rates that has occurred since rates were flowed through and approved for Newfoundland Power to charge its customers following Hydro's last general rate application;

- (i) that the policy outlined in Order No. P.U. 7 (2002-2003) of charging rates based on full cost recovery for Government departments and agencies, excluding hospitals and schools, in Isolated Rural Systems, be continued;
- (j) that the rates for Labrador Interconnected Customers be based on a uniform rate structure, as approved in Order No. P.U. 7 (2002-2003) and confirmed in Order No. P.U. 14 (2004), and that the phasing in of that uniform rate structure over a five-year period continue as outlined in the Rates Evidence filed with this Application;
- (k) that the Rules and Regulations which govern the provision of service to Rural Customers be confirmed with the exceptions that:
  - a) the rate for the Burgeo School and Library be deleted; and
  - b) a proposed clarifying footnote to section 16, Policies for Automatic Rate Changes, be added;
- (l) that the Automatic Adjustment Mechanism proposed by Hydro filed herewith in Exhibit MGB-2 in response to the Board's direction in Order No. P.U. 14 (2004) be approved;
- (m) that the Rate Stabilization Plan be amended to reflect the impact of changes that may arise from time to time from the operation of the proposed Automatic Adjustment Mechanism, as set out in the Rate Schedules 2007, p. 10 of 53, attached to this Application;
- (n) that the Rate Stabilization Plan be amended to provide that, for Newfoundland Power, the revenue collected from secondary sales to CFB Goose Bay, less the cost of those sales, be included as a component of the Rate Stabilization Plan as set out in the Rates Schedules 2007, p. 11 of 53, attached to this Application;
- (o) that the straight line and equal life group depreciation methodology set out in the Gannett Fleming Inc. Depreciation Study, filed by Hydro on December 22, 2005, be approved in principle with implementation of the methodology deferred;
- (p) that Hydro continue to use regulated equity in the calculation of Hydro's capital structure; and
- (q) that the changes to the Rate Stabilization Plan proposed in the report filed by Hydro on June 30, 2006, the Review of the Operation of the Rate Stabilization Plan, be approved.