

NOTICE OF APPLICATION
And
PRE-HEARING SCHEDULE



BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**NEWFOUNDLAND AND LABRADOR HYDRO
GENERAL RATE APPLICATION**

**IN THE MATTER OF AN APPLICATION FROM NEWFOUNDLAND AND LABRADOR
HYDRO, PURSUANT TO THE PUBLIC UTILITIES ACT,
FOR APPROVAL OF RATES TO BE CHARGED ITS CUSTOMERS**

On May 21, 2003 the Board received a general rate application (the “Application”) from Newfoundland and Labrador Hydro (“Hydro”) for approval, among other things, of:

1. The rates to be charged, as of January 1, 2004, for the supply of power and energy to its Customers.
2. The rules and regulations applicable to the supply of electricity to its Rural Customers; and
3. Other such matters as may appear just and reasonable upon the hearing of the Application.

TAKE NOTICE that any or all customers of Hydro may be affected by the outcome of the Application. The specific impacts upon customers will vary depending on electricity consumption and rate classification. If the Application is approved as filed, it will result in average rate increases of approximately 14% to Hydro’s Industrial Customers and Newfoundland Power Inc., and approximately 7.5% to residential and commercial customers in the Province, including customers of Newfoundland Power Inc. **Schedule A** below details the proposals Hydro has requested the Board to consider and approve in the Application.

PUBLIC HEARING

The Board will hold a public hearing to consider the Application. Notice of the start date of the public hearing will be published once the Board sets the date. In advance of the public hearing the Board will convene a pre-hearing conference to:

1. Provide focus to the issues to be heard;
2. Set specific dates and locations for public hearings, which may include setting of dates at other locations, both on the Island and in Labrador;
3. Establish the procedures to be followed during the public hearing;
4. Set the timetable for the hearing process; and
5. Settle any other matters which come before the Board in connection with the hearing of the Application.

PRE-HEARING SCHEDULE

The Board has set the following dates:

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| 1 | Wednesday, June 25, 2003 | <p>Intervenor Submissions
Intervenor submissions must be filed with the Board and provided to other parties by 12:00 Noon</p> |
| 2. | Thursday July 10, 2003 | <p>Pre-hearing Conference
A pre-hearing conference will be held in the Board's Hearing Room, Prince Charles Building, 120 Torbay Road, St. John's beginning at 2:00 PM.</p> |
| 3. | Wednesday, July 16, 2003 | <p>Information Requests to Hydro
Requests for Information to Hydro must be forwarded to Hydro, filed with the Board and provided to other parties by 12:00 Noon</p> |

HOW TO PARTICIPATE

The Application will be heard in accordance with the procedures established by the Board, and as set out in *Newfoundland Regulation 39/96* ("the Regulations") with respect to the filing of evidence, requests for information, and other matters. An interested person or organization can participate in the hearing of the Application in one of the following three ways:

- 1) **Intervenor Submission** - Any person wishing to be made a party to the hearing must apply to the Board by way of an Intervenor's Submission. As set out in section 9 of the Regulations, the submission shall:
- a) be signed or executed by the intervenor or an agent for 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 that information and support documents that may be useful in explaining the intervenor's representation;
 - c) if the intervenor proposes to confine the representation to the cross examination of an argument at the public hearing, so state; and
 - d) be endorsed with the name, address, telephone and fax numbers of the intervenor or the intervenor's agent to whom communication may be sent.

Copies of all Intervenor's Submissions and supporting documents must be filed with the Board and provided to other parties by **Wednesday, June 25, 2003**. A list of all parties upon whom documents are to be served is available by contacting the Board Secretary.

- 2) **Oral Presentation** - Any person or organization who does not wish to formally intervene in the Application and thereby become a party in the proceeding, but who wishes to make a presentation to the Board, may request the opportunity to make an Oral Presentation. Persons or organizations interested in making an Oral Presentation must write to the Board outlining their interest in the proceeding, along with their address and telephone number. **The Board will publish a further notice of the filing requirements and dates for Oral Presentations after the hearing schedule has been set.**
- 3) **Letter of Comment** - Any interested person or organization who does not wish to intervene or make an Oral Presentation may file a Letter of Comment for the consideration of the Board. All Letters of Comment must clearly state the person's interest in the proceeding, and the person's views regarding the proceeding, together with any relevant information that may be useful in explaining or supporting those views.

The Board will accept all Letters of Comment received before the closing day of the hearing.

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.nf.ca. A copy of the Application can also be viewed at any of Hydro's regional offices located throughout the Province.

HOW TO CONTACT THE BOARD

All correspondence and requests for further information should be addressed 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.nf.ca

Copies of the Board's legislation and regulations are available for viewing on the Board's website at www.pub.nf.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.nf.ca

Dated at St. John's, Newfoundland and Labrador, this 4th day of June 2003.

Cheryl Blundon
Board Secretary

SCHEDULE A**NEWFOUNDLAND & LABRADOR HYDRO
PROPOSALS AS SET OUT IN ITS APPLICATION****Hydro proposes:**

- (1) that the rate charged Newfoundland Power be increased, no later than January 1, 2004 to 54.60 mills per kWh;
- (2) that the rate charged Newfoundland Power as of January 1, 2004, for firming up secondary energy purchased from Corner Brook Pulp and Paper Limited and re-sold to Newfoundland Power as firm energy be decreased to 6.45 mills per kWh;
- (3) that the rates charged to Industrial Customers for firm service be increased, no later than January 1, 2004, to a demand charge of \$6.54 per kW per month, an energy charge of 27.65 mills per kWh and the relevant annual specifically assigned charges;
- (4) that the rates charged to Industrial Customers for non-firm service be, as of January 1, 2004, \$1.50 per kW per month and a variable energy charge based on the calculation on Page 3 of the Rates Schedules attached to this Application;
- (5) that the rate for wheeling energy for Abitibi-Consolidated Company of Canada be decreased to 4.52 mills per kWh as of January 1, 2004;
- (6) that the existing policy be continued of allowing the Applicant, as Newfoundland Power changes its rates, to automatically adjust the rates which it charges its Island Interconnected Rural Customers, its customers served from the L'Anse au Loup System, and its non- Government Isolated Domestic Rural Customers for the first 700 kWh per month of consumption, so that such rates are the same as the rates charged by Newfoundland Power to its customers;
- (7) that the existing policy be continued of allowing the Applicant to change the rates charged for consumption over 700 kWh per month of electricity sold to non-Government Isolated Domestic Rural Customers (the "lifeline block"), by the average rate of change (i.e. increase or decrease) granted to Newfoundland Power from time to time;
- (8) that the preferential rates charged certain Rural Customers be phased out, as directed by Order No. P.U. 7 (2002-2003) and as outlined in the Rates and Customer Service Evidence filed with this Application;
- (9) 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;
- (10) that the rates charged schools and hospitals in Isolated Rural Systems be based on full cost recovery with this being phased in over a multi-year period as outlined in the Rates and Customer Services Evidence filed with this Application;

- (11) that the lifeline block be phased out for Isolated General Service Customers and that a demand energy rate structure be implemented for these customers as directed by Order No. P.U. 7 (2002-2003) and as outlined in the Rates and Customer Services Evidence filed with this Application;
- (12) 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 phased in over a five-year period as outlined in the Rates and Customer Service Evidence filed with this Application;
- (13) that the following financial targets be approved by the Board as appropriate for Hydro:
 - Return on Equity (ROE) - 10.75%
 - Debt to Capital Structure - 80%
 - Return on Rate Base - 8.25%
- (14) that the estimated 2004 average Rate Base be \$1,485,468,000;
- (15) that the just and reasonable Rate of Return on the estimated average Rate Base for 2004 be 8.25% ;
- (16) certain minor amendments to the Rules and Regulations which govern the provision of service to Rural Customers be made to eliminate the statement preparation fee; to reduce the fee applicable for customer name changes from \$14 to \$8; and to extend the application of the reconnection fee to circumstances where customers request reconnection of service following a request for a landlord to disconnect;

Furthermore Hydro requests that the Board make an Order as follows:

- (1) fixing and determining the 2004 Rate Base of the Applicant at \$1,485,468,000;
- (2) determining a just and reasonable rate of return for 2004 on average Rate Base of 8.25%;
- (3) Approving, pursuant to Section 70 of the Act, the rate of 54.60 mills per kWh to be charged Newfoundland Power as set out in the Rates Schedules 2004 p. 1 of 45 attached to this Application;
- (4) Approving, pursuant to Section 70 of the Act, the firming up charge of 6.45 mills per kWh for secondary energy supplied by Corner Brook Pulp and Paper Limited to the Applicant and delivered as firm power and energy to Newfoundland Power as set out in the Rates Schedules 2004 p.1 of 45 attached to this Application;

- (5) Approving, pursuant to Section 70 of the Act, the rate of \$6.54 per kW per month demand charge and an energy charge of 27.65 mills per kWh to be charged Island Industrial Customers for firm power and energy, plus the annual specifically assigned charge as follows;

Abitibi-Consolidated Company of Canada -Grand Falls \$ 2,059
Abitibi-Consolidated Company of Canada -Stephenville 111,420
Corner Brook Pulp and Paper Limited 177,953
North Atlantic Refining Limited 184,526

as set out in the Rates Schedules 2004 p. 2 of 45 attached to this Application;

- (6) Approving, pursuant to Section 70 of the Act, the rate for non-firm service to Industrial Customers as set out in the Rates Schedules 2004, p. 3 attached to this Application;
- (7) Approving, pursuant to Section 70 of the Act, the rate of 4.52 mills per kWh as a wheeling fee to be charged Abitibi-Consolidated Company of Canada as set out in the Rates Schedules 2004, p. 4 of 45 attached to this Application;
- (8) Approving, pursuant to Section 70 of the Act, the rates for 2004 to 2008 for Rural Customers set out in the Rates Schedules attached to this Application;
- (9) Approving, pursuant to Section 70 of the Act, changes to the Rules and Regulations applicable to providing service to Rural Customers outlined in paragraph 6 (16) hereof;
- (10) Granting such alternative, additional or further relief as the Board shall consider fit and proper in the circumstances.