



## **INTERIM DECISION**

**IN THE MATTER OF** an application by New Brunswick Power Corporation pursuant to subsection 103(1) of the *Electricity Act*, S.N.B. 2013, c.7, for approval of the schedules of the rates for the fiscal year commencing April 1, 2015.

(Matter No. 272)

September 10, 2015

## **Interim Decision**

- [1] New Brunswick Power Corporation (NB Power) filed an application and supporting evidence with the New Brunswick Energy and Utilities Board (Board) on November 21, 2014 for the approval of new rates.
- [2] In its evidence, NB Power proposed a budgeted revenue requirement of \$1,740.2 million. To meet this revenue requirement, NB Power has proposed a uniform rate increase of 2% for all rate classes. In addition, NB Power has also proposed an increase in pole attachment rates, which would provide an increase in revenue of approximately \$1 million.
- [3] The Board dealt with this application in two discrete parts. Evidence and argument related to the general rate application were presented from June 15 to June 22, 2015. From June 23 to June 26, the Board dealt with the issue of setting a pole attachment rate.
- [4] During final arguments, all parties were asked if there would be any objection should the Board decide to issue two separate decisions. There was no objection from any party.

### **General Rate Application**

- [5] With respect to the general rate application, a written decision with reasons will be issued shortly. That decision will include changes to NB Power's proposed revenue requirements.
- [6] This interim decision, dealing with the general rate application, is being rendered to allow NB Power sufficient time to calculate precise rates prior to October 1, 2015.
- [7] With respect to the revenue requirements, the Board makes the following findings:

The operations, maintenance and administration expense is set at \$436.3 million. This represents a reduction of \$4 million from the amount proposed by NB Power, as follows:

- a) Corporate costs are to be reduced by \$1 million, which relates to the contribution to the riverbank restoration project. Insufficient information was provided to support this expense related to the project, and it is therefore disallowed.

b) Hired services expense is to be reduced by \$3 million. This is to be achieved by increasing the cost reductions related to continuous improvement opportunities to \$13 million.

[8] The revised total budgeted revenue requirement is now \$1,736.2 million.

[9] NB Power is directed to reduce its revenue requirements accordingly, recalculate the necessary rates using a uniform rate increase for all classes, and refile this information along with a proof of revenue with the Board as soon as possible. Following a review of the documents required above, the Board will approve the revised rates and set the time at which the revised rates are to take effect.

### **Pole Attachment Rates**

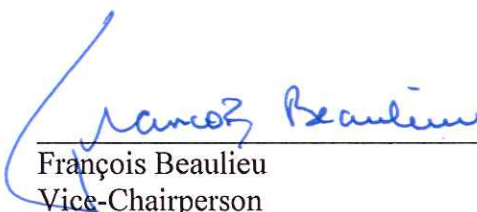
[10] Pole attachment rates will be addressed in a separate written decision.

Dated in Saint John, New Brunswick, this 10<sup>th</sup> day of September, 2015.



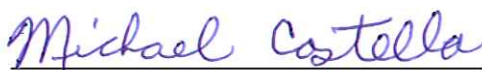
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Raymond Gorman, Q.C.  
Chairman



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François Beaulieu  
Vice-Chairperson



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Michael Costello  
Member



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Patrick Ervin  
Member



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John Patrick Herron  
Member