

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

AN ORDER OF THE BOARD

NO. P.U. 10(2018)

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 1990,
4 Chapter P-47 (the “*Act*”), as amended, and regulations
5 thereunder; and
6

7 **IN THE MATTER OF** an Application by
8 Newfoundland Power Inc. for an Order of the
9 Board providing for disposition of the 2017 balance
10 in the 2017 Demand Management Incentive Account
11 pursuant to sections 58 and 80 of the *Act*.
12
13

14 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly
15 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
16 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
17

18 **WHEREAS** in Order No. P.U. 32(2007) the Board approved the Demand Management
19 Incentive Account (the “DMI Account”) and approved the definition of the DMI Account to be
20 included in Newfoundland Power’s System of Accounts; and
21

22 **WHEREAS** in Order No. P.U. 43(2009) the Board approved continued use of the DMI Account;
23 and
24

25 **WHEREAS** the approved definition of the DMI Account establishes: (i) a range of $\pm 1\%$ of test
26 year wholesale demand costs for which no account transfer is required (the “Demand
27 Management Incentive”); and (ii) the use of test year unit demand costs as the basis for
28 comparison against actual unit demand costs in determining the purchased power cost variance
29 (the “Demand Supply Cost Variance”) for comparison to the Demand Management Incentive to
30 determine if an account transfer is required; and
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32 **WHEREAS** Newfoundland Power is required to file an application with the Board no later than
33 the 1st day of March each year for the disposition of any balance in the DMI Account for the
34 previous year; and
35

36 **WHEREAS** on February 16, 2018 Newfoundland Power filed an application for the disposition
37 of the balance in the DMI Account (the “Application”); and

1 **WHEREAS** under the terms of the DMI Account the Demand Management Incentive is
2 calculated as \$728,010, which represents the amount of the increased supply costs for 2017
3 which will be absorbed by Newfoundland Power; and
4

5 **WHEREAS** in 2017 Newfoundland Power's Demand Supply Cost Variance, determined in
6 accordance with the DMI Account definition, exceeded the Demand Management Incentive by
7 \$2,128,052 and, in accordance with Order No. P.U. 32(2007), resulted in an after-tax debit
8 transfer to the DMI Account of \$1,489,636; and
9

10 **WHEREAS** the Application proposes recovery of the 2017 balance in the DMI Account, as well
11 as the related income tax effects in 2017, through the July 1, 2018 Rate Stabilization Adjustment
12 by debiting the Rate Stabilization Account (the "RSA") as of March 31, 2018 in the amount of
13 \$2,128,052, which is the 2017 DMI Account balance of \$1,489,636 plus the related income tax
14 effects of \$638,416; and
15

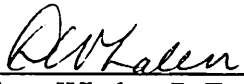
16 **WHEREAS** in Order No. P.U. 6(2008) the Board approved Section II(6) of the Rate
17 Stabilization Clause which provides for such adjustment to the RSA upon order of the Board;
18 and
19

20 **WHEREAS** the Board is satisfied that Newfoundland Power's proposal to dispose of the 2017
21 balance in the DMI Account, as well as the related income tax effects, by means of a debit in the
22 amount of \$2,128,052 to the RSA as of March 31, 2018 is in accordance with previous Board
23 Orders and should be approved.
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25

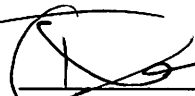
26 **IT IS THEREFORE ORDERED THAT:**
27

- 28 1. The disposition of the 2017 balance in the Demand Management Incentive Account and
29 related income tax effects by means of a debit in the amount of \$2,128,052 to the Rate
30 Stabilization Account as of March 31, 2018 is approved.
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- 32 2. Newfoundland Power shall pay all costs and expenses of the Board arising from this
33 Application.

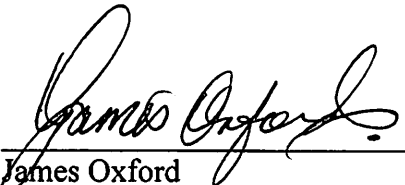
Dated at St. John's, Newfoundland and Labrador this 3rd day of April, 2018.



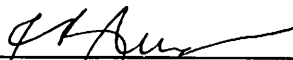
Darlene Whalen, P. Eng.
Chair and CEO



Dwanda Newman, LL.B.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary