

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

AN ORDER OF THE BOARD

NO. P.U. 11(2020)

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

7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. for an Order of the
9 Board for disposition of the 2019 balance in the
10 2019 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 organized
15 and existing under the laws of the Province of Newfoundland and Labrador, is a public utility within
16 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 Incentive
19 Account (the “DMI Account”) and approved the definition of the DMI Account to be included in
20 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 year
26 wholesale demand costs for which no account transfer is required (the “Demand Management
27 Incentive”); and (ii) the use of test year unit demand costs as the basis for comparison against actual
28 unit demand costs in determining the purchased power cost variance (the “Demand Supply Cost
29 Variance”) for comparison to the Demand Management Incentive to determine if an account transfer
30 is required; and
31

32 **WHEREAS** Newfoundland Power is required to file an application with the Board no later than the
33 1st day of March each year for the disposition of any balance in the DMI Account for the previous
34 year; and
35

36 **WHEREAS** on February 28, 2020 Newfoundland Power filed an application for the disposition of
37 the balance in the DMI Account (the “Application”); and
38

1 **WHEREAS** under the terms of the DMI Account the Demand Management Incentive is calculated
 2 as \$758,213, which represents the amount of the increased supply costs for 2019 which will be
 3 absorbed by Newfoundland Power; and

4
 5 **WHEREAS** in 2019 Newfoundland Power's Demand Supply Cost Variance, determined in
 6 accordance with the DMI Account definition, exceeded the Demand Management Incentive by
 7 \$2,686,951 and, in accordance with Order No. P.U. 32(2007), resulted in an after-tax debit transfer
 8 to the DMI Account of \$1,880,866; and

9
 10 **WHEREAS** the Application proposes recovery of the 2019 balance in the DMI Account, as well as
 11 the related income tax effects in 2019, through the July 1, 2020 Rate Stabilization Adjustment by
 12 debiting the Rate Stabilization Account (the "RSA") as of March 31, 2020 in the amount of
 13 \$2,686,951, which is the 2019 DMI Account balance of \$1,880,866 plus the related income tax
 14 effects of \$806,085; and

15
 16 **WHEREAS** in Order No. P.U. 6(2008) the Board approved Section II(6) of the Rate Stabilization
 17 Clause which provides for such adjustment to the RSA upon order of the Board; and

18
 19 **WHEREAS** the Board is satisfied that Newfoundland Power's proposal to dispose of the 2019
 20 balance in the DMI Account, as well as the related income tax effects, by means of a debit in the
 21 amount of \$2,686,951 to the RSA as of March 31, 2020 is in accordance with previous Board Orders
 22 and should be approved.

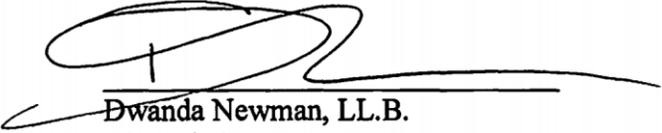
23
 24
 25 **IT IS THEREFORE ORDERED THAT:**

- 26
 27 1. The disposition of the 2019 balance in the Demand Management Incentive Account and related
 28 income tax effects by means of a debit in the amount of \$2,686,951 to the Rate Stabilization
 29 Account as of March 31, 2020 is approved.
 30
 31 2. Newfoundland Power shall pay the expenses of the Board arising from this Application.

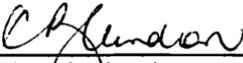
DATED at St. John's, Newfoundland and Labrador this 8th day of April, 2020.



 Darlene Whalen, P. Eng., FEC
 Chair and Chief Executive Officer



 Dwanda Newman, LL.B.
 Vice-Chair



 Cheryl Blundon
 Board Secretary