NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. P. U. 7(2014)

IN THE MATTER OF the Electrical Power
Control Act 1994, SNL 1994, Chapter E-5.1 (the
“EPCA”) and the Public Utilities Act, RSNL 1990,
Chapter P-47 (the “Act”), as amended, and regulations
thereunder; and

IN THE MATTER OF an Application by
Newfoundland Power Inc. for an Order of the
Board providing for disposition of the balance
pursuant to Sections 58 and 80 of the Act.

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

WHEREAS in Order No. P.U. 44(2004) the Board approved, among other things, a demand and
energy rate to be charged to Newfoundland Power effective January 1, 2005 and the
establishment of a reserve mechanism, the Purchased Power Unit Cost Variance Reserve
Account; and

WHEREAS in Order No. P.U. 32(2007) the Board approved the replacement of the Purchased
Power Unit Cost Variance Reserve Account with the Demand Management Incentive Account
(the “DMI Account”) and approved the definition of the DMI Account to be included in
Newfoundland Power’s System of Accounts; and

WHEREAS the approved definition of the DMI Account establishes: (i) a range of ±1% of test
year wholesale demand costs for which no account transfer is required (the “Demand
Management Incentive”); and (ii) the use of test year unit demand costs as the basis for
comparison against actual unit demand costs in determining the purchased power cost variance
(the “Demand Supply Cost Variance”) for comparison to the Demand Management Incentive to
determine if an account transfer is required; and

WHEREAS in Order No. P.U. 43(2009) the Board approved continued use of the DMI Account; and
WHEREAS in 2013 Newfoundland Power’s Demand Supply Cost Variance exceeded the Demand Management Incentive by $383,085 and, in accordance with Order No. P.U. 32(2007), Newfoundland Power debited the amount of $271,990 to the DMI Account; and

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

WHEREAS on February 27, 2014 Newfoundland Power filed an application for the disposition of the balance in the DMI Account (the “Application”); and

WHEREAS the Application proposes recovery of the 2013 balance in the DMI Account, as well as the related income tax effects in 2013, through the July 1, 2014 Rate Stabilization Adjustment by debiting the Rate Stabilization Account (the “RSA”), as of March 31, 2014, in the amount of $383,085, which is the 2013 DMI Account balance of $271,990 plus the related income tax effects of $111,095; and

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

WHEREAS the Board is satisfied that Newfoundland Power’s proposal to recover the 2013 balance in the DMI Account, as well as the related income tax effects, by means of a debit in the amount of $383,085 to the RSA as of March 31, 2014 allows for the timely transfer of this debit to consumers and is appropriate in the circumstances.

IT IS THEREFORE ORDERED THAT:

1. The Board approves, pursuant to Sections 58 and 80 of the Act, the recovery of the 2013 balance in the Demand Management Incentive Account and related income tax effects by means of a debit in the amount of $383,085 to the Rate Stabilization Account as of March 31, 2014.

2. Newfoundland Power shall pay all costs and expenses of the Board arising from this Application.
Dated at St. John’s, Newfoundland and Labrador this 20th day of March, 2014.

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Darlene Whalen, P.Eng.  
Vice-Chair

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James Oxford  
Commissioner

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Colleen Jones  
Assistant Board Secretary