

P.U. 2 (2002-2003)

IN THE MATTER OF the
PUBLIC UTILITIES ACT,
R.S.N. 1990, c. P-47, as amended
("the Act")

AND

IN THE MATTER OF the application by
Newfoundland Power Inc. ("the Applicant")
for approval of the balance of the weather
normalization reserve as of December 31, 2001
pursuant to Sections 69(3) and 78 of the Act.

WHEREAS the Applicant 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 *Electrical Power Control Act, 1994*; and

WHEREAS by Order No. 1 (1974) the Board ordered the Applicant to provide a reserve out of its revenue to normalize for the average degree days and to combine the balance in this reserve with the balance in the Hydro Production Equalization Reserve established pursuant to Order No. 32 (1968); and

WHEREAS the Board, by previous Orders, approved the Applicant's weather normalization reserves up to and including December 31, 2000, at which time there was a Negative Balance in the reserve of \$8,739,745; and

WHEREAS the Applicant has reported to the Board that its combined weather normalization reserve as at December 31, 2001 is a Negative Balance of \$9,899,796; and

WHEREAS the Board is satisfied from the Application and Affidavit that the reserve at December 31, 2001, properly reflects the effect that degree days and hydro equalization have had on the operation of the Applicant from January 1, 2001 to December 31, 2001.

IT IS THEREFORE ORDERED THAT:

1. The Applicant's weather normalization reserve of a Negative Balance of \$9,899,796 as at December 31, 2001, be and the same is hereby approved.
2. At the next general rate review, the function and methodology of the Weather Normalization Reserve will be reviewed by the Board whereby the Applicant shall present its views on the function and methodology of the reserve and its proposal for the disposition of the deficit balance contained in the reserve account.

DATED at St. John's, Newfoundland and Labrador, this 2nd day of May 2002.

Robert Noseworthy,
Chair & Chief Executive Officer.

Darlene Whalen, P.Eng.,
Vice-Chairperson

G. Fred Saunders,
Commissioner.

Barbara Thistle,
Assistant Board Secretary.