

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

AN ORDER OF THE BOARD

NO. P.U. 10(2022)

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 approval of the
9 disposition of the 2021 balance in the Demand
10 Management Incentive Account pursuant to
11 sections 58 and 80 of the *Act*.
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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
16 within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and
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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
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22 **WHEREAS** in Order No. P.U. 43(2009) the Board approved continued use of the DMI Account;
23 and
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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 Management
27 Incentive”); and (ii) the use of test year unit demand costs as the basis for comparison against
28 actual unit demand costs in determining the purchased power cost variance (the “Demand Supply
29 Cost Variance”) for comparison to the Demand Management Incentive to determine if an account
30 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

1 **WHEREAS** on February 28, 2022 Newfoundland Power filed an application for the disposition
2 of the balance in the DMI Account (the “Application”); and

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4 **WHEREAS** under the terms of the DMI Account the Demand Management Incentive is calculated
5 as \$754,555, which represents the amount of the increased supply costs for 2021 which will be
6 absorbed by Newfoundland Power; and

7
8 **WHEREAS** in 2021 Newfoundland Power’s Demand Supply Cost Variance, determined in
9 accordance with the DMI Account definition, exceeded the Demand Management Incentive by
10 \$1,917,733 and, in accordance with Order No. P.U. 32(2007), resulted in an after-tax debit transfer
11 to the DMI Account of \$1,342,414; and

12
13 **WHEREAS** the Application proposes recovery from customers of the 2021 balance in the DMI
14 Account, as well as the related income tax effects, through the July 1, 2022 Rate Stabilization
15 Adjustment by debiting the Rate Stabilization Account (the “RSA”) as of March 31, 2022 in the
16 amount of \$1,917,733, which is the 2021 DMI Account balance of \$1,342,414 plus the related
17 income tax effects of \$575,319; and

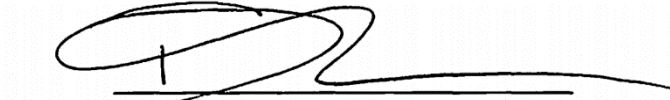
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19 **WHEREAS** in Order No. P.U. 6(2008) the Board approved Section II(6) of the Rate Stabilization
20 Clause which provides for the RSA to be adjusted by any amount upon order of the Board; and

21
22 **WHEREAS** the Board is satisfied that Newfoundland Power’s proposal to dispose of the 2021
23 balance in the DMI Account, as well as the related income tax effects, by means of a debit in the
24 amount of \$1,917,733 to the RSA as of March 31, 2022 is in accordance with previous Board
25 Orders and should be approved.


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28 **IT IS THEREFORE ORDERED THAT:**

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30 1. The disposition of the 2021 balance in the Demand Management Incentive Account and related
31 income tax effects by means of a debit in the amount of \$1,917,733 to the Rate Stabilization
32 Account as of March 31, 2022 is approved.
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34 2. Newfoundland Power shall pay the expenses of the Board arising from this Application.


DATED at St. John's, Newfoundland and Labrador this 12th day of April, 2022.



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary