

1 Q. In its Electrification, Conservation and Demand Management application, Newfoundland Power
2 is proposing a new account for the deferral of costs relating to its electrification programs. This
3 account would be in addition to the current CDM Cost Deferral Account used for the deferral of
4 its CDM program costs. What are the advantages and disadvantages of this approach and are
5 there issues which would need to be addressed before determining whether Hydro should take
6 a similar approach?

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9 A. In Newfoundland and Labrador Hydro's ("Hydro") opinion, there are no clear advantages or
10 disadvantages to creating a new deferral account for the electrification programs or combining
11 the costs with the existing Conservation and Demand Management ("CDM") Cost Deferral
12 Account. The accounts are intended to operate in the same manner and costs being deferred
13 are related to managing electricity consumption on the system.

14 The administration of a deferral account(s) is normally done by utilizing a combination of
15 supporting schedules and general ledger accounts that ensure only eligible costs are deferred
16 and are properly allocated to customers for collection. In this case, one or two deferral accounts
17 do not impact the level of support or the accounting effort required for the costs being
18 deferred.

19 Should the Board of Commissioners of Public Utilities determine separate accounts are
20 appropriate, Hydro would have no concerns with such an approach.