

1 **Section 3: Finance/Demand Management Incentive Account**

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 3 **Q. References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 4 **December 12, 2023, vol. 1, Evidence, sec. 3.2.2, p. 3-6, Table 3-3 and sec. 3.4.2, p. 3-**  
 5 **54/15–17.**

6 **Page 3-54, lines 15–17 state:**

7 **Newfoundland Power proposes to revise the DMI Account definition to**  
 8 **replace the calculation of the threshold from ± 1% of test year wholesale**  
 9 **demand charges to ± \$500,000 with effect from January 1, 2025.**

10 **a) Please provide Newfoundland Power’s actual Demand Management Incentive**  
 11 **(“DMI”) Account threshold results by year for 2008 through 2023.**

12 **b) In the table provided, please provide each transfer to the DMI Account. Please**  
 13 **provide what the transfer would be if a ± \$500,000 deadband was in effect**  
 14 **during these years.**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Transfer to DMI Account (After Tax)												
Revised Transfer to DMI Account (After Tax) w/± \$500,000 Deadband												

15 A. a) Table 1 provides the annual DMI account threshold for 2008 through 2023.

**Table 1:  
 DMI Thresholds<sup>1</sup> (\$)  
 2008 to 2023**

<b>Year</b>	<b>DMI Threshold</b>
2008	528,907
2009	528,907
2010	545,208
2011	545,208
2012	545,208
2013	582,187
2014	593,990
2015	593,990
2016	660,706
2017	728,010
2018	728,010
2019	758,213
2020	754,555
2021	754,555
2022	750,631
2023	750,631

<sup>1</sup> Annual thresholds were calculated at ±1% of test year wholesale demand charges in accordance with Order No. P.U. 32 (2007).

- 1 b) Table 2 provides the actual annual transfers to the DMI Account. In addition, it  
 2 provides the comparison to the *pro forma* transfers to the DMI Account with the  
 3 proposed deadband of  $\pm$ \$500,000.

**Table 2:**  
**Comparison of DMI Transfers (\$)**  
**2013 to 2023<sup>2</sup>**

Year	Transfers to DMI		Variance
	$\pm$ 1%	$\pm$ \$500,000	
2013	271,990	330,343	58,353
2014	(445,527)	(512,260)	(66,733)
2016	-	(61,633)	(61,633)
2017	1,489,636	1,649,243	159,607
2019	1,880,866	2,061,615	180,749
2020	1,001,788	1,179,977	178,189
2021	1,342,414	1,520,602	178,188
2022	(107,404)	(282,846)	(175,442)
2023	978,391	1,153,832	175,441

4 With the proposed deadband of  $\pm$ \$500,000, the DMI transfers would have increased  
 5 by an average annual amount of approximately \$70,000 from 2013 to 2023.

6  
 7 In Newfoundland Power's view, a  $\pm$ \$500,000 threshold would: (i) reflect that there  
 8 are some limited options for managing peak day demand that are within the  
 9 Company's control; (ii) continue to provide an incentive for Newfoundland Power to  
 10 reduce system demand; and (iii) appropriately limit risks associated with recovery of  
 11 demand costs due to factors outside of Newfoundland Power's control, such as  
 12 increasing cost components of the wholesale rate.

<sup>2</sup> Table 2 excludes 2015 and 2018 as the Company did not exceed its demand threshold in either of these years.