

Q. Please provide a copy of Order No P.U. 25 (1999-2000) (*re: excess earnings account*)

A. Attached is a copy of Board Order P.U. 25(1999-2000) issued January 27, 2000.



NEWFOUNDLAND AND LABRADOR

AN ORDER OF THE BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

NO. P.U. 25 (1999-2000)

IN THE MATTER OF THE PUBLIC UTILITIES
ACT, R.S.N. 1990, CHAPTER P-47 ("THE ACT")

AND

IN THE MATTER OF AN APPLICATION OF
NEWFOUNDLAND POWER INC. (THE "APPLICANT")
FOR APPROVAL OF CHANGES TO ITS SYSTEM OF
ACCOUNTS PURSUANT TO SECTION 58 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 in Order No. P.U. 37(1998-99) the Board of Commissioners of Public Utilities (the "Board") approved a revised definition of the Excess Revenue Account and a definition of the Unbilled Revenue Increase Reserve for inclusion in the Applicant's System of Accounts; and

WHEREAS in Order No. P.U. 20 (1999-2000) the Board approved a change in the Applicant's rate of return on rate base and approved a revised schedule of rates, tolls and charges to reflect the change in the rate of return on rate base; and

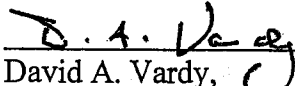
WHEREAS it is appropriate that the definition of the Excess Revenue Account be amended to reflect the upper limit of the revised range of rate of return on rate base approved in Order No. P. U. 20 (1999-2000); and

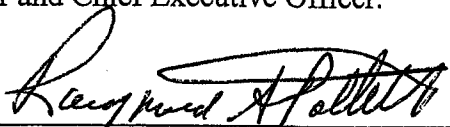
WHEREAS it is appropriate that the definition of the Unbilled Revenue Increase Reserve be amended to reflect the impact of the revenue recognition lag arising from the implementation on January 1, 2000 of the revised schedule of rates, tolls and charges approved in Order No. P.U. 20 (1999-2000); and

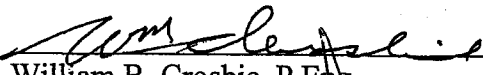
IT IS THEREFORE ORDERED THAT:

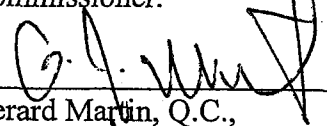
Pursuant to Section 58 of the Act, the Board approves the revised definition of the Excess Revenue Account and the revised definition of the Unbilled Revenue Increase Reserve attached hereto and marked Schedule "A" and Schedule "B" respectively, for inclusion in the Applicant's System of Accounts effective January 1, 2000.

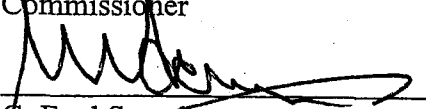
DATED at St. John's, Newfoundland, this 27th day of January, 2000.

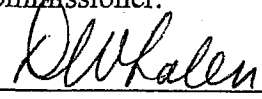

David A. Vardy,
Chair and Chief Executive Officer.


Raymond A. Pollett
Commissioner


William B. Crosbie, P.Eng.,
Commissioner.


Gerard Martin, Q.C.,
Commissioner


G. Fred Saunders,
Commissioner.


Darlene Whalen, M.A.Sc., P.Eng.,
Commissioner.


G. Cheryl Blundon,
Director of Corporate Services and Board Secretary.

SCHEDULE "A" – PAGE 1 of 1
DEFINITION OF EXCESS REVENUE
EFFECTIVE JANUARY 1, 2000

Definition of Excess Revenue**Old Definition****3.05 Excess Revenue Account****284xx**

This account shall be credited with any revenue in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 1998 all earnings in excess of 9.99% rate of return on rate base and for 1999 and subsequent years all earnings in excess of 10.16% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.

New Definition**3.05 Excess Revenue Account****284xx**

This account shall be credited with any revenue in excess of the upper limit of the allowed range of return on rate base as determined by the Board. Disposition of any balance in this account shall be as determined by the Board. For 1998 all earnings in excess of 9.99% rate of return on rate base, for 1999 all earnings in excess of 10.16% rate of return on rate base, and for 2000 and subsequent years all earnings in excess of 10.46% rate of return on rate base shall, unless otherwise ordered by the Board, be credited to this account.

SCHEDULE "B" – PAGE 1 OF 1
DEFINITION OF UNBILLED REVENUE INCREASE RESERVE
EFFECTIVE JANUARY 1, 2000

Definition of Unbilled Revenue Increase Reserve**Old Definition****2.18 Unbilled Revenue Increase Reserve****147xx**

This account shall include the net amount charged to it in connection with Board Order P.U. 36 (1998-99), paragraph 15 (d), which reads as follows:

“The difference between recognizing revenue with the half-month revenue recognition lag, proposed by the company, and recognizing revenue with the changes in the rates, tolls and charges, effective on consumption on and after February 1, 1999, will be established as an unbilled revenue increase reserve and held in a special account until the full implications of revenue recognition have been reviewed at a public hearing. The disposition of the unbilled revenue increase reserve account will be dealt with in the future order arising from the revenue recognition policy review.”

New Definition**2.18 Unbilled Revenue Increase Reserve****147xx**

This account shall include the net amount charged to it in connection with the difference between recognizing revenue with the half-month revenue recognition lag, and recognizing revenue with the changes in the rates, tolls and charges, effective on consumption on and after dates as from time to time ordered by the Board. The balance of the unbilled revenue increase reserve will be held in a special account until the full implications of revenue recognition have been reviewed at a public hearing. The disposition of the unbilled revenue increase reserve account will be dealt with in the future order arising from the revenue recognition policy review.