

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

**AN ORDER OF THE BOARD**

**NO. P.U. 14(2021)**

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 2020 balance in the 2020  
10 Demand Management Incentive Account  
11 pursuant to sections 58 and 80 of the *Act*.  
12  
13

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  
17

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  
21

22 **WHEREAS** in Order No. P.U. 43(2009) the Board approved continued use of the DMI Account;  
23 and  
24

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  
31

32 **WHEREAS** Newfoundland Power is required to file an application with the Board no later than  
33 the 1<sup>st</sup> day of March each year for the disposition of any balance in the DMI Account for the  
34 previous year; and  
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36 **WHEREAS** on February 26, 2021 Newfoundland Power filed an application for the disposition  
37 of the balance in the DMI Account (the “Application”); and

1 **WHEREAS** under the terms of the DMI Account the Demand Management Incentive is calculated  
2 as \$754,555, which represents the amount of the increased supply costs for 2020 which will be  
3 absorbed by Newfoundland Power; and  
4

5 **WHEREAS** in 2020 Newfoundland Power's Demand Supply Cost Variance, determined in  
6 accordance with the DMI Account definition, exceeded the Demand Management Incentive by  
7 \$1,431,126 and, in accordance with Order No. P.U. 32(2007), resulted in an after-tax debit transfer to  
8 the DMI Account of \$1,001,788; and  
9

10 **WHEREAS** the Application proposes recovery from customers of the 2020 balance in the DMI  
11 Account, as well as the related income tax effects in 2020, through the July 1, 2021 Rate Stabilization  
12 Adjustment by debiting the Rate Stabilization Account (the "RSA") as of March 31, 2021 in the amount  
13 of \$1,431,126, which is the 2020 DMI Account balance of \$1,001,788 plus the related income tax  
14 effects of \$429,338; and  
15


16 **WHEREAS** in Order No. P.U. 6(2008) the Board approved Section II(6) of the Rate Stabilization  
17 Clause which provides for the RSA to be adjusted by any amount upon order of the Board; and  
18

19 **WHEREAS** the Board is satisfied that Newfoundland Power's proposal to dispose of the 2020 balance  
20 in the DMI Account, as well as the related income tax effects, by means of a debit in the amount of  
21 \$1,431,126 to the RSA as of March 31, 2021 is in accordance with previous Board Orders and should  
22 be approved.  
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24  
25 **IT IS THEREFORE ORDERED THAT:**  
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- 27 1. The disposition of the 2020 balance in the Demand Management Incentive Account and related  
28 income tax effects by means of a debit in the amount of \$1,431,126 to the Rate Stabilization  
29 Account as of March 31, 2021 is approved.  
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31 2. Newfoundland Power shall pay the expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador this 13<sup>th</sup> day of April, 2021.



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Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



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Dwanda Newman, LL.B.  
Vice-Chair



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Cheryl Blundon  
Board Secretary