Q. Further to CA-NP-144, is Mr. Coyne aware of any other Canadian utilities that have a "True-Up Provision" of the sort described by the Company in this reply?

A. The Company's response to Request for Information CA-NP-144 discusses Newfoundland Power's Rate Stabilization Account ("RSA"), which includes a "True-Up Provision". As explained on page 19 of Appendix A of Concentric's report, Newfoundland Power's RSA permits recovery of the difference between the marginal energy supply cost and the average energy supply cost, and effectively limits Newfoundland Power's risk of recovery of supply costs to +/- $640,000, or approximately 25 percent of the range of return on rate base typically approved by the Board. The purpose of the RSA is to ensure that variations in Newfoundland and Labrador Hydro's production costs are recovered in or credited to Newfoundland Power's customer rates in a timely fashion.

As shown in Appendix A, Exhibit JMC-5, Schedule 1, all of the operating utilities in the Canadian and U.S. proxy group are allowed to recover fuel and purchased power costs through an adjustment mechanism that is similar to the RSA. On page 19 of Appendix A, Mr. Coyne concludes that Newfoundland Power has more risk associated with recovery of variations in fuel or purchased power costs than other Canadian investor-owned electric utilities except for Nova Scotia Power. In addition, Newfoundland Power is uniquely dependent on a single source of electric supply, creating greater supply risk than utilities such as FortisBC, Nova Scotia Power, or the Alberta utilities that rely on a more diverse mix of generation and market sources.