

1 **Q. Please confirm that Newfoundland Power intends to apply for approval to include**
2 **the Electrification Cost Deferral Account in its regulated rate base.**
3

4 A. This is confirmed.
5

6 The Electrification Cost Deferral Account proposed in the *2021 Electrification,*
7 *Conservation and Demand Management Application* would provide for the inclusion of
8 the 2021 year-end deferred balance in the account (net of tax) in the calculation of
9 Newfoundland Power's 2021 regulated rate base.
10

11 The inclusion of deferred charges in the Company's regulated rate base is consistent with
12 the Asset Rate Base Method. In Order No. P.U. 32 (2007), the Board approved
13 Newfoundland Power's calculation of regulated rate base in accordance with the Asset
14 Rate Base Method.
15

16 For example, by Order No. P.U. 13 (2009), the Board approved a Conservation Cost
17 Deferral Account to provide for the deferred recovery of the Company's 2009
18 conservation and demand management program costs. Newfoundland Power included
19 the balance of the Conservation Cost Deferral Account as of December 31, 2009 (net of
20 tax) in the calculation of its 2009 regulated rate base.¹ The Board approved the
21 Company's calculation of 2009 rate base in Order No. P.U. 28 (2010).

¹ See Newfoundland Power's *2011 Capital Budget Application*, Schedule D, page 1 of 1.