

1 **Q. Evidence of Kathleen McShane – Appendix “B”: Newfoundland Power has the**
2 **Weather Normalization Reserve, Rate Stabilization Account, Demand Management**
3 **Incentive Account, Pension Expense Variance Deferral Account, and Other Post-**
4 **Employments costs deferral account. Please name all companies in the U.S. sample**
5 **of low risk utilities that Ms. McShane considers to have more deferral/recovery**
6 **mechanism protection than Newfoundland Power does, less deferral/recovery**
7 **mechanisms protection than Newfoundland Power does and equal deferral/recovery**
8 **mechanism protection as does Newfoundland Power.**
9

10 A. It is virtually impossible to determine with any precision which companies in the sample
11 have more, less or equal regulatory deferral/recovery protection than Newfoundland
12 Power as the companies operate in multiple states and the various deferral/recovery
13 mechanisms differ among the states. Further, some of the mechanisms that are in place
14 for the sample companies are ones that are not applicable to Newfoundland Power.
15 Attached is a summary (CA NP 259 Attachment.xls) by company of the principal areas in
16 which each of the companies has specific mechanisms for recovery of costs or regulatory
17 assurance that costs incurred in the past will be recovered in rates in the future.
18

19 In the context of the Moody’s rating methodology, it is the “Ability to recover costs and
20 earn returns” factor that addresses the existence of specific deferral/recovery
21 mechanisms. On that factor, nine of the 13 companies in Ms. McShane’s sample have
22 ratings of A, the same rating as Newfoundland Power. Those companies are:
23
24

ALLETE
Alliant Energy
Northwest Natural Gas
Piedmont Natural Gas
Southern Co.
Vectren Corp.
WGL Holdings Inc.
Wisconsin Energy
Xcel Energy Inc.

25
26
27 The remainder have Baa ratings (one rating lower) on that factor. On that basis, the
28 utilities rated “A” would be viewed as having similar regulatory protection to
29 Newfoundland Power and the Baa rated companies having somewhat less.

**Summary of Principal Areas of Mechanisms for
or Regulatory Assurance of Cost Recovery**

SUMMARY: PRINCIPAL AREAS OF MECHANISMS FOR OR REGULATORY ASSURANCE OF COST RECOVERY

	<u>AGL Resources</u>	<u>ALLETE</u>	<u>Alliant Energy</u>	<u>Atmos Energy</u>	<u>Consolidated Edison</u>	<u>Integrus Energy Group</u>	<u>Northwest Natural Gas</u>	<u>Piedmont Natural Gas</u>	<u>Southern Company</u>	<u>Vectren Corp.</u>	<u>WGL Holdings</u>	<u>Wisconsin Energy</u>	<u>Xcel Energy</u>
<u>Bad Debt</u>	X			X	X	X		X		X		X	
<u>Conservation</u>		X	X			X		X		X	X		X
<u>Decoupling</u>	X		X		X	X	X	X		X	X		
<u>Electric Transmission Costs</u>		X	X									X	X
<u>Environmental Remediation</u>	X		X	X	X	X	X	X	X	X		X	X
<u>Fixed Cost Recovery Rate Design</u>	X			X					X	X	X		
<u>Generating Plant Outage Costs</u>									X				X
<u>Infrastructure Cost Recovery/ Pipeline Integrity Expense/ CWIP in Rate Base</u>	X			X			X	X	X	X	X		X
<u>Lost and Unaccounted for Gas</u>	X	X	X	X	X	X	X	X	X	X	X	X	X
<u>Gas/Fuel Cost Recovery</u>	X	X	X	X	X	X	X	X	X	X	X	X	X
<u>OPEB</u>	X	X	X	X	X	X	X	X	X	X	X	X	X
<u>Pension</u>	X	X	X	X	X	X	X	X	X	X	X	X	X
<u>Removal Costs</u>	X	X	X	X	X	X	X	X	X	X		X	X
<u>Storm Damage</u>					X		X		X				
<u>Weather Normalization</u>	X			X	X		X	X		X	X		