

1 **Q. Up until the last GRA Order, Newfoundland Power did not have a Pension Expense**
2 **Variance Deferral Account (PEVDA). Is the PEVDA a new risk reducer for**
3 **Newfoundland Power?**
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5 A. The PEVDA was approved effective January 1, 2010 to address *increased* variability and
6 unpredictability associated with forecasting pension expense. In Order No. P.U. 43(2009)
7 which approved the PEVDA the Board stated:
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9 “The Board accepts that recent financial market conditions have increased the variability
10 and unpredictability associated with forecasting pension expense for 2010. The impact of
11 this uncertainty can be significant.”
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13 By addressing *increased* variability and unpredictability associated with forecasting
14 pension expense, the PEVDA should not be regarded as a risk reducer but a regulatory
15 mechanism that maintains the historic business risk of the Company.