

1 **Q. Up until the Board's Order in Order No. P.U. 31 (2010) Newfoundland Power did**  
2 **not have the other post-employment benefit variation account (OPEBVA). Is this**  
3 **OPEBVA a new risk reducer for Newfoundland Power?**  
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5 A. The OPEBs Cost Variance Deferral Account (the "OPEVDA") was approved effective  
6 January 1, 2011 to address *increased* variability and unpredictability associated with  
7 forecasting OPEBs cost. The increased variability occurred due to the 2010 adoption, for  
8 regulatory purposes, of accrual accounting for OPEBs. The adoption of accrual  
9 accounting introduces variability due to uncertainty regarding assumptions used to  
10 determine OPEBs costs.<sup>1</sup>  
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12 By addressing *increased* variability and unpredictability associated with forecasting  
13 OPEBs cost, the OPEVDA should not be regarded as a risk reducer but a regulatory  
14 mechanism that maintains the historic business risk of the Company.

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<sup>1</sup> See Order No. P.U. 43(2009), page 32.