

1 Q. Further to the response to PUB-NLH-285, is Hydro aware of any Canadian utilities
2 with fuel adjustment provisions? If yes, provide details of such provisions.

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5 A. In its 2013/2014 General Rate Application,¹ Newfoundland Power (NP) noted nine
6 investor-owned utilities in Canada with supply cost deferral mechanisms. NP's list
7 includes Maritime Electric, FortisOntario, FortisBC, GazMetro, Union Gas, Enbridge
8 Gas Distribution, AltaGas Utilities, FortisBC Energy, and Pacific Northern Gas.

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10 In addition to the list prepared by NP, Table 1 shows additional Canadian utilities
11 that also make use of supply cost deferral mechanisms.

¹ Newfoundland Power 2013/2014 General Rate Application, Supporting Material, 7. Supply Cost Mechanisms, Appendix A, Page 1 of 2.

Table 1

Utility	Supply Cost Deferral Mechanism	Corporate Structure	Description
BC Hydro	Yes	Crown Corporation	The purpose of the cost of energy variance accounts is to defer the difference between forecast and actual costs of energy and trade income, for recovery in a future period. For example, the Deferral Accounts are used to smooth net income when energy costs are unexpectedly higher or lower than forecast.
Manitoba Hydro	Yes	Crown Corporation	Purchased gas variance accounts - Accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates charged to customers as approved by the Regulator. The difference between the recorded cost of natural Gas and the actual cost of natural gas is recovered or refunded in future rates.
Ontario Power Generation	Yes	Crown Corporation	Any shortfall or over-recovery of approved balances due to differences between actual and forecast production is recorded in the authorized Nuclear Deferral and Variance Over/Under Recovery Variance Account and Hydroelectric Deferral and Variance Over/Under Recovery Variance Account to be collected from, or refunded to, ratepayers in the future.
Nova Scotia Power	Yes	Investor Owned	The difference between actual Fuel Costs and amounts recovered from customers in the current year. This amount is deferred to a FAM regulatory asset.