

Q. 2013-2014 General Rate Application, Company Evidence

Please provide a table showing all regulatory assets and liabilities, approved by the Board, that are currently being used by Newfoundland Power. Please include the Board Order number, the effective date, the length of the period of amortization, the forecast balance as of December 31, 2012, and the planned manner of disposition.

A. Table 1 provides, for each of the regulatory assets and liabilities approved by the Board and currently in use by Newfoundland Power, the Board Order number and the effective date.

Table 2 provides, for each of the regulatory assets and liabilities approved by the Board and currently in use by Newfoundland Power, the forecast balance as of December 31, 2012, the length of the period of amortization and the planned manner of disposition.

Table 1
2012 Regulatory Assets and Liabilities¹

Account	Board Order	Effective Date
Weather Normalization Reserve		
Hydro Production Equalization	P.U. 32 (1968)	January 1, 1967
Degree Day Normalization	P.U. 1 (1974)	January 1, 1974
Rate Stabilization Account (“RSA”) ²	P.U. 34 (1985)	January 1, 1986
Early Retirement Program Deferral	P.U. 49 (2004)	April 1, 2005
Demand Management Incentive	P.U. 32 (2007)	January 1, 2008
Pension Expense Variance Deferral	P.U. 43 (2009)	January 1, 2010
2009 Conservation Costs Deferral	P.U. 43 (2009)	January 1, 2010
2010 Hearing Costs Deferral	P.U. 43 (2009)	January 1, 2010
2011 Cost Recovery Deferral	P.U. 30 (2010)	January 1, 2011
2012 Cost Recovery Deferral	P.U. 22 (2011)	January 1, 2012
Optional Seasonal Rate Recovery	P.U. 8 (2011)	July 1, 2011
2012 Cost of Capital Deferral	P.U. 17 (2012)	January 1, 2012
Employee Future Benefits Account	P.U. 11 (2012)	January 1, 2012
Excess Earnings Account	P.U. 17 (2012) ³	January 1, 2012
OPEBs Transitional Balance	P.U. 31 (2010)	January 1, 2011
OPEBs Cost Variance Deferral	P.U. 31 (2010)	January 1, 2011
Future Removal and Site Restoration Provision ⁴	P.U. 32 (2007)	January 1, 2008

¹ For financial reporting purposes, the Company includes future income taxes as a regulatory asset. The Board has not issued an order approving future income taxes as a regulatory asset.

² In Order No. P.U. 32 (2007), the Board approved a change to the Rate Stabilization Clause to permit recovery through the RSA of the difference between the marginal energy supply cost and the average energy supply cost (the “Energy Supply Cost Variance”).

³ Originally approved by the Board in Order No. P.U. 37 (1998-99).

⁴ Future removal and site restoration provision reflects the depreciation rates in the 2006 Depreciation Study approved by the Board in Order. No. P.U. 32 (2007).

Table 2
2012 Regulatory Assets and Liabilities

Account	Dec. 31 2012 Balance (\$000s)	Amortization Period	Manner Of Disposition
Weather Normalization Reserve	(6,375)	-	⁵
RSA	14,004	1 year	Rate Adjustment July 1
Early Retirement Program Deferral	2,537	10 years	Straight Line Amortization
Demand Management Incentive	(842)	-	Annual transfer to the RSA
Pension Expense Variance Deferral	-	-	Annual transfer to the RSA
2009 Conservation Costs Deferral	227 ⁶	4 years	Straight Line Amortization
2010 Hearing Costs Deferral	- ⁷	3 years	Straight Line Amortization
2011 Cost Recovery Deferral	1,642 ⁸	⁹	⁹
2012 Cost Recovery Deferral	1,678 ¹⁰	⁹	⁹
Optional Seasonal Rate Recovery	118 ¹¹	-	Annual transfer to the RSA
2012 Cost of Capital Deferral	1,766 ¹²	⁹	⁹
Employee Future Benefits Account	147,155	Various ¹³	Various ¹³
Excess Earnings Account	-	-	¹⁴
OPEBs Transitional Balance	45,552	15 years	Straight Line Amortization
OPEBs Cost Variance Deferral	-	-	Annual transfer to the RSA
Future Removal and Site Restoration Provision	(49,646)	-	¹⁵

⁵ In this Application, Newfoundland Power is proposing that annual balances outstanding in the Weather Normalization Reserve be recovered from, or credited to, customers as part of the RSA adjustment to customer rates on July 1 annually. To accommodate the implementation of this proposal, the Company is also proposing a 3-year amortization, beginning January 1, 2013, of the year-end 2011 \$5 million credit balance in the Weather Normalization Reserve.

⁶ This is the after-tax balance. The before tax deferral was \$339,000.

⁷ In Order No. P.U. 43 (2009), the Board approved a 3-year amortization ending in 2012 of \$750,000 in hearing costs related to the 2010 General Rate Application.

⁸ This is the after-tax balance. The before tax deferral was \$2,363,000.

⁹ In this Application, Newfoundland Power is proposing a 3-year amortization, beginning January 1, 2013, of the balances in the 2011 and 2012 Cost Recovery Deferral accounts and the 2012 Cost of Capital Deferral account.

¹⁰ This is the after-tax balance. The before tax deferral was \$2,363,000.

¹¹ This is the after-tax balance. The before tax deferral was \$166,000.

¹² This is the after-tax balance. The before tax deferral was \$2,487,000.

¹³ Amortization period and manner of disposition are in accordance with the Company's evidence filed on November 10, 2011 related to adoption of U.S. GAAP, as approved by the Board in Order No. P.U. 27 (2011).

¹⁴ Excess Earnings Account is subject to the Board's determination as to disposition.

¹⁵ This regulatory liability represents amounts collected in customer electricity rates over the life of certain property, plant and equipment which are attributable to removal and site restoration costs that are expected to be incurred in the future. Actual removal and site restoration costs, net of salvage provision, are recorded against the regulatory liability when incurred.