



Newfoundland and Labrador Hydro  
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December 4, 2023

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau  
Executive Director and Board Secretary

**Re: Application for Approval of a Proposed Electrification Cost Deferral Account**

Newfoundland and Labrador Hydro ("Hydro") filed its application for the Electrification, Conservation and Demand Management Plan 2021–2025 with the Board of Commissioners of Public Utilities ("Board") on June 16, 2021.<sup>1</sup> In relation to this application, in Board Order No. P.U. 33(2022),<sup>2</sup> the Board indicated that Hydro should request approval of an electrification cost deferral account separate from its existing Conservation and Demand Management Cost Deferral Account, to be consistent with Newfoundland Power Inc.

Please find enclosed Hydro's legal application and account definition for the establishment of an Electrification Cost Deferral Account effective January 1, 2023 to enable Hydro to recover the applicable costs from 2023 onwards. As this application is time sensitive, Hydro respectfully requests an Order from the Board prior to the end of the year.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/nk

Encl.

ecc:

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<sup>1</sup>"Application for Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025," Newfoundland and Labrador Hydro, rev. July 8, 2021 (originally filed June 16, 2021). <[http://www.pub.nl.ca/applications/NLH2021Capital/NLH2021Capital\\_SUPP\\_ExecuteProgram/apps/From%20NLH%20-%20Approvals%20Required%20to%20Execute%20Programming%20Identified%20in%20the%20Electrification%20Conservation%20and%20Demand%20Management%20Plan%202021-2025%20-%20REVISION%201%20-%202021-07-08.PDF](http://www.pub.nl.ca/applications/NLH2021Capital/NLH2021Capital_SUPP_ExecuteProgram/apps/From%20NLH%20-%20Approvals%20Required%20to%20Execute%20Programming%20Identified%20in%20the%20Electrification%20Conservation%20and%20Demand%20Management%20Plan%202021-2025%20-%20REVISION%201%20-%202021-07-08.PDF)>.

<sup>2</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 33(2022), Board of Commissioners of Public Utilities, November 10, 2022.

Board of Commissioners of Public Utilities

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
Cheryl Blundon  
Maureen Greene, KC  
PUB Official Email

**Island Industrial Customer Group**

Paul L. Coxworthy, Stewart McKelvey  
Denis J. Fleming, Cox & Palmer  
Dean A. Porter, Poole Althouse

**Iron Ore Company of Canada**

Gregory A.C. Moores, Stewart McKelvey

**Labrador Interconnected Group**

Senwung F. Luk, Olthuis Kleer Townshend LLP  
Nicholas E. Kennedy, Olthuis Kleer Townshend LLP

**Consumer Advocate**

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Teck Resources Limited**

Shawn Kinsella

**Linde Canada Inc.**

Sheryl E. Nisenbaum  
Peter Strong

**Newfoundland Power Inc.**

Dominic J. Foley  
Lindsay S.A. Hollett  
Regulatory Email

# Request for Approval of a Proposed Electrification Cost Deferral Account

December 4, 2023

An application to the Board of Commissioners of Public Utilities



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“EPCA”) and the *Public Utilities Act, RSNL 1990*, Chapter P-47 (“Act”) and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”), pursuant to Subsection 58 of the *Act*, for the approval of the creation of a deferral account to provide for recovery of costs incurred beginning in 2023 for electrification programs under its Electrification, Conservation and Demand Management Plan.

**To: The Board of Commissioners of Public Utilities (“Board”)**

**THE APPLICATION OF HYDRO STATES THAT:**

**A. Background**

1. Hydro, a corporation continued and existing under the *Hydro Corporation Act, 2007*,<sup>1</sup> is a public utility within the meaning of the *Act* and is also subject to the provisions of the *EPCA*.
2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.
3. Section 58 of the *Act* requires a public utility to keep its books, accounts, papers, and records and make its returns in the manner and form prescribed by the Board.
4. Section 80 of the *Act* requires that a public utility be entitled to earn annually a just and reasonable return as determined by the Board on the rate base as fixed and determined by the Board for each type or kind of service supplied by the public utility.
5. Hydro filed its application for the Electrification, Conservation and Demand Management Plan 2021–2025 with the Board of Commissioners of Public Utilities on June 16, 2021.<sup>2</sup> In

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<sup>1</sup> *Hydro Corporation Act, 2007*, SNL 2007 c H-17.

<sup>2</sup> “Application for Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025,” Newfoundland and Labrador Hydro, rev. July 8, 2021 (originally filed June 16, 2021).

September 2021, the Board advised that to ensure a timely decision, the proposed 2021 supplemental electric vehicle (“EV”) charging station capital expenditures would be separated from the other proposals in the applications and would be considered on a stand-alone basis.<sup>3</sup> In Board Order No. P.U. 30(2021),<sup>4</sup> the Board approved Hydro’s proposed supplemental capital expenditure of \$1.6 million for the construction of six EV charging stations on the Island and allowed for recovery of costs of same.<sup>5</sup>

6. In subsequent Board Order No. P.U. 33(2022), the Board stated:

The Board believes that a similar approach should be taken for the deferral and recovery of CDM and electrification costs for both utilities. Newfoundland Power’s separate deferral account for CDM and electrification initiatives would, in the Board’s view, enhance transparency and allow for different treatment of these costs where appropriate.<sup>6</sup>

The Board noted that to be consistent with Newfoundland Power Inc.’s (“Newfoundland Power”) approach, Hydro should request approval of a cost deferral account for electrification initiatives that is separate from the existing Conservation and Demand Management Cost Deferral Account.

**B. Electrification Cost Deferral Account**

7. In compliance with Board Order No. P.U. 33(2022), Hydro is proposing the creation of an Electrification Cost Deferral Account specifically for the deferral of costs relating to electrification initiatives. This is consistent with Newfoundland Power’s approach.
8. Hydro is proposing that the Electrification Cost Deferral Account is intended to allow for the recovery of costs incurred in 2023 and onwards. Hydro is proposing to transfer the net book value of \$1.0 million and unamortized contributions of \$0.3 million, as of January 1, 2023, for

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<sup>3</sup> “Newfoundland and Labrador Hydro – Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025 Application; and Newfoundland Power Inc. – 2021 Electrification, Conservation and Demand Management Application – To Parties – Response to Board’s correspondence of August 30, 2021, September 9, 2021 and September 13, 2021 – Request for Technical Conference,” Board of Commissioners of Public Utilities, September 17, 2021, p. 4, para. 2.

<sup>4</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 30(2021), Board of Commissioners of Public Utilities, September 29, 2021.

<sup>5</sup> As further noted in supplemental document “*Reasons for Decision – Order No. P.U. 30(2021)*,” Board of Commissioners of Public Utilities, September 29, 2021.

<sup>6</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 33(2022), Board of Commissioners of Public Utilities, November 10, 2022, p. 18/7–10.

the EV charging stations approved for recovery in Board Order No. P.U. 30(2021) to the Electrification Cost Deferral Account<sup>7</sup> along with the annual operating costs and revenue beginning January 1, 2023 for these charging stations.

**C. Order Sought**

9. Hydro requests that the Board approve:

- (i) The proposed Electrification Cost Deferral Account definition provided in Schedule 1 to allow for the deferral of costs associated with electrification programs for Hydro customers effective January 1, 2023.
- (ii) The transfer of the net book value and unamortized government grants as of January 1, 2023 for the EV charging stations approved for recovery in Board Order No. P.U. 30(2021) to the Electrification Cost Deferral Account.

**D. Communications**

10. Communications with respect to this Electrification Cost Deferral Account Application should be forwarded to Shirley A. Walsh, Senior Legal Counsel, Regulatory, for Hydro.

**DATED** at St. John's in the Province of Newfoundland and Labrador this 4th day of December 2023.

**NEWFOUNDLAND AND LABRADOR HYDRO**




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Shirley A. Walsh  
 Counsel for the Applicant  
 Newfoundland and Labrador Hydro,  
 500 Columbus Drive, P.O. Box 12400  
 St. John's, Newfoundland, A1B 4K7  
 Telephone: (709) 685-4973

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<sup>7</sup> International Financial Reporting Standards ("IFRS") requires the EV chargers to be included with Property Plant and Equipment. The deferral account for regulatory purposes will include the undepreciated cost and contributions of the chargers, while the regulatory asset reported under IFRS will report the net difference between the undepreciated capital costs under regulatory reporting and the net book value of assets and contributions under IFRS reporting requirements.

# Schedule 1

## Electrification Cost Deferral Account Definition



**Newfoundland and Labrador Hydro  
Electrification Cost Deferral Account**

This account shall be charged with the costs incurred in implementing the Customer Electrification Program Portfolio in accordance with Board of Commissioners of Public Utilities (“Board”) Orders and approved electric vehicle charging infrastructure capital costs until otherwise ordered by the Board.

Electrification program costs include: detailed program development, promotional materials, advertising, pre- and post-customer installation checks, incentives, processing applications and incentives, training of employees and trade allies, program evaluation costs and the costs to operate Company-owned charging stations that have been approved for recovery by the Board.

This account shall also be charged with the costs of major studies such as pilot programs, comprehensive customer surveys and potential studies that cost greater than \$100,000.

This account shall be credited with the receipt of funding, contributions or grants, related to deferred electrification program costs and electric vehicle charging infrastructure capital costs, as well as any revenues associated with the operation of Company-owned charging stations that have been approved for recovery by the Board.

The account shall exclude electrification expenditures that are general in nature and not associated with a specific electrification program, such as costs associated with providing electrification awareness, and general planning, research and supervision costs.

The account shall be increased (reduced) by an interest charge (credit) on the balance in the account at the beginning of the month, at a monthly rate equivalent to the mid-point of the Company's allowed rate of return on rate base. The account will not be included in the Company's calculation of rate base until otherwise ordered by the Board.

This account will maintain a linkage of all costs recorded in the account to the year the cost was incurred.

The disposition of the balance in this account will be subject to a further Order of the Board.



# Affidavit



**IN THE MATTER OF** the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (“EPCA”) and the *Public Utilities Act, RSNL 1990*, Chapter P-47 (“Act”), and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”), pursuant to Subsection 58 of the *Act*, for the approval of the creation of a deferral account to provide for recovery of costs incurred beginning in 2023 for electrification programs under its Electrification, Conservation and Demand Management Plan.

**AFFIDAVIT**

I, Dana Pope, of St. John’s in the province of Newfoundland and Labrador, make oath and say as follows:

- 1) I am Vice President, Regulatory Affairs and Stakeholder Relations (Acting), Newfoundland and Labrador Hydro, the applicant named in the attached application.
- 2) I have read and understand the foregoing application.
- 3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this application are true.

**SWORN** at St. John’s in the )  
province of Newfoundland and )  
Labrador this 4th day of )  
December 2023 before me: )



Barrister, Newfoundland and Labrador



Dana Pope, CPA (CA), MBA