

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

**AN ORDER OF THE BOARD
NO. P. U. 13(2009)**

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act*, RSNL 1994, Chapter E-5.1 (the
3 "*EPCA*") and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the "*Act*") as amended;

5
6 **AND**
7

8 **IN THE MATTER OF** an application by
9 Newfoundland Power Inc. ("Newfoundland
10 Power") for approval of a deferral account
11 to allow the deferred recovery of certain 2009
12 costs associated with an energy conservation
13 program to be implemented in 2009.

14
15 **WHEREAS** Newfoundland Power is a corporation duly organized and existing under the laws
16 of the Province of Newfoundland and Labrador, is a public utility within the meaning of the *Act*,
17 and is subject to the provisions of the *EPCA*; and
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19 **WHEREAS** on October 29, 2008 Newfoundland Power filed an application with the Board
20 requesting approval of the deferred recovery of the actual 2009 costs to be incurred by
21 Newfoundland Power in association with the implementation of an energy conservation program
22 in 2009, which are estimated to be approximately \$1.4 million, net of tax (the "Application");
23 and
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25 **WHEREAS** the Application was circulated to the Consumer Advocate and Newfoundland and
26 Labrador Hydro; and
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28 **WHEREAS** on December 5, 2008 the Board issued requests for information to Newfoundland
29 Power and these questions were answered on December 11, 2008; and
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31 **WHEREAS** Newfoundland and Labrador Hydro confirmed in correspondence dated January 28,
32 2009 that it supports Newfoundland Power's Application; and
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34 **WHEREAS** the Board did not receive submissions from the Consumer Advocate in relation to
35 the Application; and

1 **WHEREAS** the energy conservation program to be implemented by Newfoundland Power in
2 2009 flows from a conservation program initiative which is ongoing jointly with Newfoundland
3 and Labrador Hydro; and
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5 **WHEREAS** on March 20, 2008 Newfoundland Power and Newfoundland and Labrador Hydro
6 jointly filed with the Board a conservation and demand management potential study prepared by
7 Marbek Resource Consultants which identified the potential contribution of specific technologies
8 and measures in reducing forecast electricity consumption (the “Potential Study”); and
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10 **WHEREAS** on June 27, 2008 a Five-Year Energy Conservation Plan: 2008-2013 (the
11 “Conservation Plan”) was filed with the Board which sets out the customer energy conservation
12 programs proposed to be jointly implemented by Newfoundland Power and Newfoundland and
13 Labrador Hydro; and
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15 **WHEREAS** the Potential Study and the Conservation Plan were outstanding at Newfoundland
16 Power’s and Newfoundland and Labrador Hydro’s last general rate applications and in Order No
17 P.U. 8(2007) the Board concluded that these initiatives would be valuable in determining what
18 energy conservation programs should be employed by each utility; and
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20 **WHEREAS** in the Application Newfoundland Power proposes to defer its 2009 costs in relation
21 to the implementation of the Conservation Plan as does Newfoundland and Labrador Hydro in a
22 separate application before the Board; and
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24 **WHEREAS** the Board is satisfied that the 2009 costs to be incurred by Newfoundland Power in
25 connection with the proposed Conservation Plan are reasonable and prudent costs which were
26 not reflected in Newfoundland Power’s 2008 test year costs approved in Order No. P.U.
27 32(2007) and therefore the Board will approve the creation of a deferral account as proposed by
28 Newfoundland Power in the Application (the “Conservation Cost Deferral Account”) to provide
29 for the deferred recovery of Newfoundland Power’s 2009 costs associated with the
30 implementation of the Conservation Plan in 2009.
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32 **IT IS THEREFORE ORDERED THAT:**
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- 34 1. The Board approves the creation of a Conservation Cost Deferral Account as defined in
35 Schedule “A” to this Order to provide for the deferred recovery, until a further Order of
36 the Board, of 2009 costs (net of tax) related to the implementation of the Conservation
37 Plan, estimated to be \$1.4 million.
38
- 39 2. Newfoundland Power shall provide, as part of its 2009 annual report, a report on the
40 implementation of the Conservation Plan in 2009, including a description of specific
41 initiatives, the results and the associated costs.
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- 43 3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

DATED at St. John's, Newfoundland and Labrador, this 25th day of March 2009.

Andy Wells
Chair & Chief Executive Officer

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B
Commissioner

Cheryl Blundon
Board Secretary

Conservation Cost Deferral Account

Proposed Definition

The account shall be charged with the costs incurred in implementing the Customer Program Portfolio. The costs will include such items as detailed program development, promotional materials, advertising, pre and post customer installation checks, application and incentive processing, incentives, trade ally training, employee training, and program evaluation costs associated with programs in the Customer Program Portfolio.

The account will exclude any expenditure properly chargeable to plant accounts. The account shall also exclude conservation expenditures that are general in nature, such as costs associated with providing energy conservation awareness, responding to customer inquiries, planning, research and general supervision that are not associated with a specific program in the Customer Program Portfolio.

Transfers to, and from, the proposed account will be tax effected.

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