

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

AN ORDER OF THE BOARD

NO. P. U. 11(2012)

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

AND

8 **IN THE MATTER OF** an application by
9 Newfoundland Power Inc. to effect the
10 adoption of United States generally accepted
11 accounting principles for regulatory purposes,
12 pursuant to Section 58 of the *Act*.

14 **WHEREAS** Newfoundland Power Inc. (“Newfoundland Power”) is a corporation duly
15 organized and existing under the laws of the Province of Newfoundland and Labrador, is a public
16 utility within the meaning of the *Act*, and is also subject to the provisions of the *EPCA*; and

18 **WHEREAS** by Order No. P. U. 27(2011), the Board approved Newfoundland Power’s adoption
19 of United States generally accepted accounting principles (“U.S. GAAP”) for general regulatory
20 purposes effective January 1, 2012; and

22 **WHEREAS** in Order No. P. U. 27(2011), Newfoundland Power was also directed to apply to
23 the Board for approval of changes to existing regulatory assets and liabilities and the creation of
24 any new regulatory assets and liabilities, along with appropriate definition of the accounts related
25 to those regulatory assets and liabilities that would be required to effect the adoption of U.S.
26 GAAP; and

28 **WHEREAS** on April 9, 2012 Newfoundland Power filed an application (the “Application”) for
29 approval of:

- 31 (i) the opening balances for regulatory assets and liabilities to be recognized for
32 regulatory purposes under U.S. GAAP as of January 1, 2012 of approximately
33 \$131.2 million; and
34 (ii) the definition for the *Employee Future Benefit Regulatory Assets and Liabilities*
35 *Account* to be included in Newfoundland Power’s System of Accounts; and

1 **WHEREAS** on April 11, 2012 the Board requested that the Consumer Advocate and
2 Newfoundland and Labrador Hydro (“Hydro”) provide any comments they wished to make on
3 the Application to the Board by April 24, 2012; and

4
5 **WHEREAS** the Consumer Advocate and Hydro did not comment on the Application; and

6
7 **WHEREAS** the Board requested that its financial consultants, Grant Thornton, review and
8 report to the Board on the Application; and

9
10 **WHEREAS** on May 4, 2012 Grant Thornton presented the results of its review of the
11 Application to the Board (the “Grant Thornton Report”); and

12
13 **WHEREAS** the Grant Thornton Report concluded that the opening balances for regulatory
14 assets and liabilities for January 1, 2012 were in agreement with the supporting documentation
15 provided by Newfoundland Power’s actuaries; and

16
17 **WHEREAS** the Board is satisfied that it is reasonable and appropriate to approve the
18 Application to establish the opening balances for regulatory assets and liabilities to be
19 recognized for regulatory purposes under U.S. GAAP as of January 1, 2012 and to establish the
20 definition for the *Employee Future Benefits Regulatory Assets and Liability Account* to be
21 included in Newfoundland Power’s System of Accounts.

22
23 **IT IS THEREFORE ORDERED THAT:**

- 24
25 1. Newfoundland Power’s opening balances for regulatory assets and liabilities associated
26 with employee future benefits as at January 1, 2012 totaling approximately \$131,200,000
27 are approved.
28
29 2. Newfoundland Power’s proposed definition for the *Employee Future Benefits Regulatory*
30 *Assets and Liabilities Account* as set out in Schedule A is approved.
31
32 3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Dated at St. John's, Newfoundland and Labrador this 10th day of May, 2012.

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

James Oxford
Commissioner

Barbara Thistle
Assistant Board Secretary

Newfoundland Power Inc.

Employee Future Benefits Regulatory Assets and Liabilities Account

1 This account will reflect unamortized amounts associated with the Company's employee future
2 benefits plans as calculated in accordance with U.S. generally accepted accounting principles
3 ("U.S. GAAP"). The account will include historical amounts, amounts recognized on transition
4 to U.S. GAAP and amounts that arise in the future. For tracking purposes, this account will
5 include segregated sub-accounts for each of the Company's:

- 6
7 (i) Defined Benefit Pension Plan;
8 (ii) Pension Uniformity Plan; and
9 (iii) OPEBs Plan.