

1 **Q. Exhibit 2, Appendix A – NPV Analysis**  
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3 **Is Newfoundland Power proposing a deferral account each year to be amortized**  
4 **over a period of time, similar to the CDM Deferral Account? If so, will there be any**  
5 **changes to the proposed definition of the Deferral Account beyond 2021?**  
6

7 A. The Application proposes the Board approve the creation of the Electrification Cost  
8 Deferral Account to provide for the deferred recovery (net of tax) of actual program  
9 delivery costs associated with implementing customer electrification programs in 2021.<sup>1</sup>  
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11 The proposed definition of the Electrification Cost Deferral Account provides that “*the*  
12 *disposition of any balance in this account will be subject to a future order of the*  
13 *Board.*”<sup>2</sup>  
14

15 The amortization of year-end balances and the continued use of the Electrification Cost  
16 Deferral Account beyond 2021 would be addressed in Newfoundland Power’s next  
17 general rate application (“GRA”). The Company’s next GRA will be filed by  
18 June 1, 2021, in accordance with Order No. P.U. 2 (2019). Changes to the Electrification  
19 Cost Deferral Account would be made following conclusion of that proceeding.  
20

21 Addressing the amortization of previously approved deferred cost recovery in the context  
22 of a GRA is consistent with past practice of the Board. For example, in Order No.  
23 P.U. 43 (2009), the Board approved the continued use of the Conservation Cost Deferral  
24 Account and the amortization of the deferred recovery of 2009 program costs over a  
25 4-year period.<sup>3</sup>

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<sup>1</sup> Permitting the deferred recovery of 2021 electrification program costs in this manner is consistent with the Board’s approval of deferred recovery of 2009 CDM program costs in Order No. P.U. 13 (2009).

<sup>2</sup> Exhibit 1 to the Application provides the definition of the Electrification Cost Deferral Account.

<sup>3</sup> See Order No. P.U. 43 (2009), page 4, paragraphs 11 and 13. In Order No. P.U. 13 (2013), the Board subsequently approved the amortization of annual CDM program costs over 7 years with recovery through the Rate Stabilization Account.