

1 **Q. In its Electrification, Conservation and Demand Management application,**
2 **Newfoundland and Labrador Hydro proposes to combine the costs related to the**
3 **electrification programs with its CDM program costs in its proposed Electrification**
4 **CDM Cost Deferral Account. What are the advantages and disadvantages of this**
5 **approach and are there issues which would need to be addressed before determining**
6 **whether Newfoundland Power should take a similar approach?**
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8 A. There would be no material advantage or disadvantage if Newfoundland Power combined
9 its electrification and conservation and demand management (“CDM”) program costs in
10 one account.
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12 From a deferred cost perspective, the Company could maintain sub-accounts within the
13 combined deferral account to track electrification and CDM costs for analysis and
14 reporting purposes.
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16 From a cost recovery perspective, Newfoundland Power has proposed to recover deferred
17 electrification costs over 10 years in its *2022/2023 General Rate Application*
18 (the “2022/2023 GRA”).¹ In the 2022/2023 GRA, the Company has also proposed
19 increasing the amortization period for its customer CDM programs from 7 to 10 years.²
20 Both of these amortization periods are based on the average life of the technologies of the
21 respective programs.
22

23 If both electrification and CDM program costs are amortized over the same period,
24 Newfoundland Power cannot envisage any issues with the combined account approach.
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26 If it were determined by the Board that separate amortization periods were appropriate
27 for electrification and CDM programs, it may likewise be appropriate to maintain
28 separate accounts in that circumstance.

¹ See Newfoundland Power’s *2022/2023 GRA*, Volume 1, Company Evidence, Section 3.4.2 Customer Program Costs, page 3-56, *et. seq.*

² See Newfoundland Power’s *2022/2023 GRA*, Volume 1, Company Evidence, Section 3.4.2 Customer Program Costs, page 3-54, *et. seq.* CDM program costs incurred in prior years would continue to be amortized over 7 years in accordance with Order No. P.U. 13 (2013).