



**NEW BRUNSWICK**  
ENERGY & UTILITIES BOARD

COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS  
**NOUVEAU-BRUNSWICK**

## **DECISION**

**IN THE MATTER OF** an application by New Brunswick Power Corporation pursuant to Section 10 of the *Regulatory Variance Accounts and Deferral Account Regulation – Electricity Act*.

(Matter No. 589)

March 18, 2025

**Matter 589 – NB Power’s 2025-2026 Variance Account Recovery**

**IN THE MATTER OF** an application by New Brunswick Power Corporation pursuant to Section 10 of the *Regulatory Variance Accounts and Deferral Account Regulation – Electricity Act*.

(Matter No.589)

**ORAL HEARING:** February 11, 2025

**NEW BRUNSWICK ENERGY AND UTILITIES BOARD:**

Presiding Chair	Christopher Stewart
Member	Heather Black
Member	Kenneth McCulloch, K.C.

**PARTICIPANTS:**

New Brunswick Power Corporation	John Furey
New Brunswick Association of Community Organizations for Reform Now	John Anderson
New Brunswick Coalition of Persons with Disabilities	Shelley Petit

**PUBLIC INTERVENER:** Alain Chiasson

## Table of Contents

1	Introduction .....	1
2	Determination.....	2
3	Discussion.....	2
3.1	RECOVERY OF VARIANCE .....	2
3.1.1	Recovery Period .....	2
3.1.2	Amount to be Recovered in Fiscal Year Beginning April 1, 2025 .....	3
3.2	RATE RIDERS .....	3
3.2.1	Allocation of Rate Riders .....	3
3.2.2	Recovery through Rate Riders.....	3
3.2.3	Determination of Rate Riders by Rate Class .....	4
3.3	REASONABLENESS OF VARIANCE ACCOUNTS AND RECOVERY .....	4
4	Conclusion.....	5

## 1 Introduction

- [1] In each of its fiscal years, NB Power is required to calculate the actual balance of the Energy Supply Cost Variance Account and the Electricity Sales and Margin Variance Account established pursuant to section 117.4 of the *Electricity Act* and to file the calculation with the Board on or before December 15. With its filed calculation, NB Power is required to propose the period of years over which the balance is to be recovered from or reimbursed to customers, the amount of the balance to be recovered or reimbursed in the fiscal year next following its filing, and a calculation of the rate rider for each rate class in the fiscal year next following the filing necessary to recover or reimburse the portion of the balance to be recovered or reimbursed in that year.
- [2] For purposes of this matter, the Board is required to accept NB Power’s variance account balance calculations as filed, then determine how and over what period any balance is to be recovered or reimbursed, as the case may be, by way of rate riders. The way the Board is to determine when and how the amounts are to be recovered from or reimbursed to customers is strictly prescribed in the *Regulatory Variance Accounts and Deferral Account Regulation – Electricity Act* (the “*Regulation*”). The resulting rate riders are to be implemented by April 1 of the fiscal year next following NB Power’s filing and to remain in effect for the remainder of that fiscal year.
- [3] On December 12, 2024, NB Power filed its calculations of the balances of the two variance accounts as of October 31, 2024, together with its proposal to redress the aggregate positive balance. NB Power’s calculation of the actual balance of the Energy Supply Cost Variance Account and the Electricity Sales and Margin Variance Account as of October 31, 2024, is \$245.5 million, after taking into account the Incentive Thresholds imposed by section 8 of the *Regulation*.
- [4] The matter was heard by video conference on February 11, 2025. In addition to written evidence filed by NB Power, the Public Intervener introduced the opinion evidence of Dustin Madsen, who was qualified, without objection, to give opinion evidence in the field of regulatory accounting and finance for utilities, rate regulation, deferral and variance accounts, revenue requirements, accounting matters and depreciation and expense. The Board also received written submissions from NB Power, the Association for Community Organizations Reform Now and the New Brunswick Coalition of Persons with Disabilities. Finally, the Board heard oral submissions from NB Power, the Public Intervener and Shelley Petit, Chair of the New Brunswick Coalition of Persons with Disabilities.

## 2 Determination

[5] Following the methodology prescribed by the Regulation, the Board has determined that:

- a. The net positive variance accounts balance of \$245.5 million is to be recovered over six fiscal years.
- b. The amount to be recovered in fiscal year beginning April 1, 2025, is \$54.7 million.
- c. The amount to be recovered in fiscal year beginning April 1, 2025, is to be recovered from NB Power’s rate classes in the following proportions:

Residential	43.85%
General Service	17.45%
Streetlights	0.12%
Unmetered	0.33%
Industrial Distribution	5.75%
Wholesale	8.09%
Industrial Transmission	24.41%

[6] The Board accepts NB Power’s methodology for calculating rate riders as consistent with the *Regulation*. However, the approved load forecast to be used for purposes of ss.12(2) of the *Regulation* should be the approved load forecast for the fiscal year ending March 31, 2026, and not that for the fiscal year ending March 31, 2025, as proposed by NB Power in its filing.

## 3 Discussion

### 3.1 RECOVERY OF VARIANCE

#### 3.1.1 Recovery Period

[7] As noted above, the Board is required by regulation to accept that there was a net positive balance of \$245.5 million in the two variance accounts as of October 31, 2024. This being the case, the Board is required to determine the number of fiscal years over which the balance may be recovered from customers by way of rate riders.

[8] NB Power proposes a recovery period of six fiscal years. The proposal is to impose the rate riders that would recover the amount prescribed by regulation in each of the first three

## Matter 589 – NB Power’s 2025-2026 Variance Account Recovery

years of the proposed recovery period followed by two years of minimum recovery based on 40% of the net balance with a final year to collect the remaining net balance. NB Power’s proposal for recovery appropriately accounts for the limits on rate riders imposed by the *Regulation*. The Board accepts the proposed methodology.

### 3.1.2 Amount to be Recovered in Fiscal Year Beginning April 1, 2025

[9] The calculation of the amount to be recovered from customers in the fiscal year next following filing is prescribed by subsection 11(3) of the *Regulation*. Subject to the constraints on rate riders imposed by section 12 of the *Regulation*, the amount to be recovered in the fiscal year beginning April 1, 2025, is 40% of \$245.5 million, or \$98.2 million.

## 3.2 RATE RIDERS

### 3.2.1 Allocation of Rate Riders

[10] Subsection 12(1) of the *Regulation* requires the Board to allocate the amount to be recovered or reimbursed to each rate class through rate riders in the same proportion as energy supply costs are allocated in the most recent Class Cost Allocation Study approved by the Board. In this case, the allocation is to be calculated using the percentages set out in paragraph 5(c) above.

### 3.2.2 Recovery through Rate Riders

[11] Subsection 12(2) of the *Regulation* requires the Board to determine rate riders to apply to energy consumption for each customer class in the first fiscal year following filing.

[12] Paragraph 12(4)(a) of the *Regulation* provides that rate riders in the first fiscal year following the filing shall not exceed three percent of the total in-province revenue forecast approved by the Board for that fiscal year. In Matter 552, the Board approved a total in-province revenue for NB Power of \$1,824.6 million for the fiscal year beginning April 1, 2025. Three percent of that is \$54.7 million. This is the maximum aggregate recovery permissible in the fiscal year beginning April 1, 2025.

**3.2.3 Determination of Rate Riders by Rate Class**

[13] Subsection 12(2) of the *Regulation* requires the Board to determine the rate riders to apply to the energy consumption of each rate class based on the allocations identified in paragraph 10 above and NB Power’s most recent load forecast approved by the Board.

[14] In Matter 552 the Board approved NB Power’s load forecasts for both the fiscal year ending March 31, 2025, and the fiscal year ending March 31, 2026. In proposing rate riders in this matter, NB Power uses the approved load forecast for the year ending March 31, 2025, although in his oral submissions, Mr. Furey acknowledged that there is some logic to using the approved load forecast for the fiscal year ending March 31, 2026, as that is the same fiscal year in which riders are to be applied. While a case could be made for using either forecast, the Board concludes that in the circumstances of this matter, it is reasonable to use approved load forecast for the fiscal year next following the filing: fiscal year ending March 31, 2026.

**3.3 REASONABLENESS OF VARIANCE ACCOUNTS AND RECOVERY**

[15] In her oral submission on behalf of the New Brunswick Coalition of Persons with Disabilities, Ms. Petit urged the Board to consider expanding the remaining recovery period to partially ameliorate the impact of electricity price increases to the persons her organization represents. The Board recognizes that energy prices are rising and that they affect all of NB Power’s customers, some, more profoundly and immediately than others. However, in the present case, the proposed six-year recovery period provides for the smallest allowable recovery in each year of the period and the Board has no discretion under the *Regulation* to reduce the amounts to be recovered.

[16] In his evidence, Mr. Madsen made observations about the consequences of the operation of Part 3 of the *Regulation* and questioned whether it achieves what the legislature intended. The Board is of the view that Part 3 of the *Regulation* read in its entire context and grammatical and ordinary sense is in harmony with the scheme of the *Electricity Act*.

#### 4 Conclusion

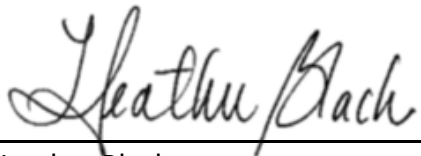
- [17] NB Power is directed to refile Table 4.1 of Exhibit NBP 1.01 using the approved load forecast for the fiscal year ending March 31, 2026
- [18] Subject to its approval of the refiled table, the Board will issue an order approving rate riders to be effective April 1, 2025.

Dated at Saint John, New Brunswick, this 18<sup>th</sup> day of March, 2025.



---

Christopher J. Stewart  
Acting Chairperson



---

Heather Black  
Member



---

Kenneth McCulloch, K.C.  
Member