



*Newfoundland
& Labrador*

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

ANNUAL REPORT
2001-2002



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Mission Statement

Through our skilled staff and an investigative and monitoring process that invites full public participation, we ensure that the public of Newfoundland and Labrador are well served in a changing environment by achieving an equitable balance between the interests of consumers and service providers in the electric utility, automobile insurance and motor carrier industries.





NEWFOUNDLAND AND LABRADOR

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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Robert Noseworthy
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December 31, 2002

The Honourable Kelvin Parsons, Q.C.
Minister of Justice and Attorney General
Department of Justice
Government of Newfoundland and Labrador
4th Floor, East Block, Confederation Building
P. O. Box 8700
St. John's, NL
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Dear Minister:

In accordance with section 18 of *the Public Utilities Act* I respectfully submit the annual report of the Public Utilities Board for the year ended March 31, 2002.

The annual report provides an overview of our regulatory and administrative activities for the year, the Board's Financial Statements and a summary of the Orders issued by the Board.

Yours truly,

Robert Noseworthy,
Chair and Chief Executive Officer

WHO WE ARE

The Board has three full time members including the Chairperson and Chief Executive Officer, and Vice-Chairperson, and up to six part-time Commissioners who are a multifaceted group of professionals consisting of professional engineers, lawyers and business individuals. In addition to the Commissioners, the Board has full time staffing complement of ten who provide professional and support services to the Board

The overall administration of the Board is the responsibility of the Chair and Chief Executive Officer. The internal administration of the organization is divided between the Corporate Services Division and the Regulatory Affairs Division.

The Corporate Services Division, headed by the Director of Corporate Services and Board Secretary, manages the human and financial resources of the Board and its interface with the public. Responsibilities include: policy and planning activities; staffing; training; accounting and financial management; legal services; information systems and technology services; records management; internal and external communications; public interface; inventory control; and physical security. Staff include the Legal Counsel, Executive Secretaries, the Financial Officer, the Information Technology Officer, and a Clerk-Stenographer.

The Director of Regulatory and Advisory Services heads the Regulatory Affairs Division which provides advice and recommendations on applications submitted to the Board; assess regulatory filings; complete compliance and financial audits; provide expertise in the areas of financial and economic regulation; and participate in customer complaint resolution. Staff members include the Economic and Financial Analyst, and the Compliance Auditor.

WHAT WE DO

The Board is an independent, quasi-judicial regulatory agency appointed by the Lieutenant Governor in Council, under the authority of the *Public Utilities Act, R.S.N.1990*. Statutory responsibilities include the administration of:

- i) *The Electrical Power Control Act;*
- ii) *The Public Utilities Acquisition of Lands Act;*
- iii) *The Automobile Insurance Act;*
- iv) *The Motor Carrier Act;*
- v) *The Motor Vehicle Transport Act; and*
- vi) *The Expropriation Act*

The Board is charged primarily with the general supervision of public utilities, as defined by the Act. The two major electric utilities operating in the province are Newfoundland Power Inc. and Newfoundland and Labrador Hydro Corporation. The Board is mandated to ensure that the rates charged are just and reasonable, and that service provided is safe and reliable.

The Board is also charged with the supervision of the rates charged by the 55 registered automobile insurance companies operating in the Province and has limited regulation of the motor carrier industry in relation to specified passenger and ambulance operations.

Regulatory activities include: monitoring compliance with reporting requirements and Board Orders; considering applications; managing complaints and responding to inquiries; conducting hearings on various matters; conducting investigations into particular matters or concerns; and inquiries requested by Government.

Operating at arms length from Government, the Board submits its annual report and budget to the Minister of Justice. Board orders and decisions are independent of any reporting structure. The Board is fully funded by assessments upon the industries it regulates and receives no funding from the consolidated revenue fund.



COMMISSIONERS

April 1, 2000 - March 31, 2001

Chair & CEO



Robert (Bob) Noseworthy was appointed Chair and Chief Executive Officer in January 2001. Before his appointment, he served as a Deputy Minister in the Provincial Government for 12 years. Mr. Noseworthy is a graduate of Memorial University of Newfoundland and holds an Engineering Degree from Nova Scotia Technical College (now Dal Tech) as well as a Master of Business Administration from the University of Western Ontario. Mr. Noseworthy, in his early career, worked in the private sector in the engineering field. Most of his career has been spent in the provincial public service where he has held several senior positions. His most recent responsibilities included Deputy Minister of the Department of Municipal and Provincial Affairs, Chairman/CEO of the Newfoundland and Labrador Housing Corporation and Chair of the Municipal Assessment Agency. His interests lie in areas of public policy, planning and public service reform.

Vice - Chair



Darlene Whalen was a part-time commissioner with the Board since 1997 and was appointed Vice-Chair in May 2000. Prior to joining the Board Ms. Whalen was the Manager of the Co-operative Education Program at the Faculty of Engineering of Memorial University. Ms. Whalen is a registered professional Engineer and holds a Bachelor of Engineering degree (Civil) and a Masters degree in Applied Science and Environmental Engineering, both from Memorial University.



Raymond A. Pollett was appointed as a full time Commissioner on December 17, 1997, after serving four years as a part-time Commissioner. Prior to this full time appointment, he was elected as Mayor of the City of Corner Brook for three consecutive terms (1985-1997). He was also a self-employed Realtor from 1970-1990. He was awarded the Queens 25th Anniversary Medal for Community Service (1952-1977) and is an International Lifetime Member of the Corner Brook Lions Club. Since 1985 he was actively involved in the initial planning and construction of the “Corner Brook Canada Games Centre”, and was a founding member of the “1999 Canada Winter Games” (Host Society) that were held in Corner Brook on behalf of the province of Newfoundland and Labrador.



William Finn was appointed as a part-time Commissioner in May 1997. Mr. Finn is a graduate of St. Mary's University and Dalhousie Law School, Halifax, Nova Scotia. Mr. Finn has been involved in private law practice since 1975. He is a former member of the Board of Regents for Memorial University and was appointed Queen's Counsel in 1997.



Gerard Martin was appointed as a part-time Commissioner in October 1999. Mr. Martin is a graduate of St. Francis Xavier University and Dalhousie Law School, Halifax, Nova Scotia. Mr. Martin has been involved in private law practice since 1974 and was appointed Queen’s Counsel in 1989.



Don Powell was appointed as a part-time Commissioner on June 30, 2000 for a term of three years. Mr. Powell has been a member of the Institute of Chartered Accountants of Newfoundland since September 1965. He practiced Public Accounting in Stephenville from 1970 until he sold his interest in the firm in 1994. He presently provides consulting services to selected businesses and individuals in Western Newfoundland. Mr. Powell has been involved in many community activities and is presently chairing the Rotary Music Festival, the New Enterprise Store Advisory Board and the Kindale Library Building Committee.



Fred Saunders was appointed as a part-time Commissioner in May of 1997. This is Mr. Saunders’ second term with the Board having served in several senior level positions, including that of Commissioner, between 1968 and 1978. Mr. Saunders has held senior management positions in the private sector including that of President and CEO of Day & Ross (Nfld), Ltd. He has also been involved in several community activities having served for five years as Chairperson of the Janeway Children’s Hospital Foundation Board of Directors.



Gary R. Vey was appointed as a part-time Commissioner in 1997. Mr. Vey is currently Executive Director of the Gander International Airport Authority Inc. He has held a number of positions in the financial industry and worked for 14 years as a small business and community development consultant. Mr. Vey is a graduate of the College of Trades and Technology and the University of Waterloo.

REPORT ON REGULATORY ACTIVITIES

This section provides an overview of the Board's regulatory activities for the past year. A complete summary of all orders issued by the Board under its legislative mandate can be found beginning on page 12 of this report. The following is a brief overview of the most significant activities.

ELECTRIC UTILITIES

The two electric utilities operating in the Province of Newfoundland and Labrador regulated by the Board are Newfoundland Power Inc., an investor-owned utility, and Newfoundland and Labrador Hydro, a crown corporation. Over time, through use of Statute and Board Order, the Board has developed a comprehensive reporting process that requires the submission, on a regular basis from the utilities, of a number of reports on their operations. The Board uses these reports in its continued oversight and supervision of the electric utility industry in the Province.

The Board is also responsible for the Contribution in Aid of Construction (CIAC) charges of Newfoundland Power Inc. and Newfoundland and Labrador Hydro as they relate to the provision of line extensions on behalf of commercial and residential customers. The current CIAC Policy approved for use by the Board requires prior approval of all line extensions for seasonal, residential customers, as well as for any line extensions where the construction costs are estimated to exceed \$25,000. During the preceding fiscal year the Board dealt with 12 CIAC applications.

Significant items coming before the Board in the past year include:

Newfoundland & Labrador Hydro

2002 General Rate Review Hearing

Related Orders issued to date: PU 7(2001-2002), PU 8(2001-2002), PU 18(2001-2002), PU 22(2001-2002), PU 23(2001-2002), and PU 31(2001-2002)

Final Order pending

Application for approvals of:

- (1) Changes in rates to be charged for the supply of power and energy to Newfoundland Hydro's Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Rules and Regulations applicable to the supply of electricity to Newfoundland Hydro's Rural Customers;
- (3) Contracts with its Industrial Customers; and
- (4) Its 2002 Capital Budget.

On May 31, 2001, pursuant to Board Orders P.U. 25(2000-2001) and P.U. 38(2000-2001), Newfoundland and Labrador Hydro filed an application for a general rate review, the first since the utility came under the jurisdiction of the Board in January 1996.

The pre-hearing conference was held on July 5, 2001 and the hearing began, with five registered intervenors, on September 24, 2001. A sixth intervenor was registered in early December 2001.

The process, which continued for 61 hearing days, included three motions days, the presentation of evidence and the cross examination of twenty-one witnesses: nine on behalf of the Applicant, ten on behalf of intervenors, and two called by the Board, public presentation days at six locations on the Island and in Labrador where the panel heard presentations from 34 customers of Newfoundland and Labrador Hydro, and the electronic filing of 1425 documents. In addition there were approximately 20,000 pages of evidence and 2,200 pages of daily transcript.

On January 21, 2002 written argument was submitted by Newfoundland and Labrador Hydro and by the registered intervenors and on January 28 and 29, 2002 final oral submissions were presented.

During the process four procedural orders and two interim orders were issued. As of March 31, 2002 the final order was pending.

***Application Approval to Issue Debentures
PU 1(2001-2002)***

On March 31, 2001 Newfoundland and Labrador Hydro applied to the Board for approval to issue Debentures in aggregate not to exceed \$250,000,000 during the year ended December 31, 2001. This application was approved by Board Order P.U. 1(2001-2002).

Newfoundland Power Inc.

***Rate Stabilization and Municipal Tax Adjustment
PU 5(2001-2002)***

On May 25, 2001 Newfoundland Power Inc. applied to adjust its schedule of rates for the impact of the Rate Stabilization Adjustment (RSA) and the Municipal Tax Adjustment (MTA). The RSA is designed to ensure stability in electrical energy costs despite variations in the price of fuel used to produce the electricity. The MTA is a flow through of taxes charged by municipalities in which the company operates. These adjustments are revised annually, and the application of these two adjustments resulted in an overall reduction of energy costs to consumers for the period from July 1, 2001 to June 30, 2002 of .2%.

Aliant Pole Purchase***PU 6(2001-2002), PU 14(2001-2002) and PU 17(2001-2002)***

On May 8, 2001 Newfoundland Power Inc. applied to the Board for approval to purchase both joint use and non-joint use poles of Aliant Telecom Inc. A preliminary hearing into the application was held on May 30, 2001, and the hearing, with the participation of two intervenors, took place on June 7 and 8, 2001. On the basis of the evidence presented the application was denied in Board Order PU 6(2001-2002).

On July 26, 2001 Newfoundland Power Inc. applied to re-open the application for approval of the purchase of the poles. The Board, after requesting notice of objection from the parties to the original application granted, in Board Order PU 14(2001-2002), leave to Newfoundland Power Inc. for the re-opening of the application, which was amended to include only the joint use support structures of Aliant Telecom Inc.

No objections were received regarding the re-opening of the application, and the Board, in Board Order PU 17(2001-2002), approved the purchase by Newfoundland Power Inc. of Aliant's joint use support structures in Newfoundland Power's service territory.

2001 Capital Budget Approval***PU 21(2001-2002)***

On August 14, 2001 Newfoundland Power filed an application, which it amended on September 4, 2001, for approval of its: 2002 Capital Budget with forecasted expenditures of \$54,619,000; average ratebase for 2000 in the amount of \$520,979,000; revised forecast average rate base for 2001 of \$541,496,000; forecast average rate base for 2002 of \$562,983,000; and the relocation of a gas turbine generator. The application was approved following a public hearing.

Automatic Adjustment Formula***PU 28(2001-2002) and PU 29(2001-2002)***

The automatic adjustment formula, approved for use in 1998, was used, for the third time, to set rates for Newfoundland Power customers for 2002. Based on the average of long-term Canada bond rates the deemed rate of return on equity for 2002 was set at 9.05%. The calculated rate of return on rate base decreased from 10.13%, for 2001, to 10.06%, which was determined to be the mid-point of the range of 9.88% to 10.24%. The decrease in the rate of return set by the formula resulted in an overall decrease in rates for 2002 for Newfoundland Power customers of .6%.

Since, as had been set out in Order PU 36(1998-99), the formula had been used for three consecutive years to set rates, the Board also ordered that the company file with the Board on or before March 31, 2002 a review of the performance of the Automatic Adjustment Formula as it had existed since its inception.

AUTOMOBILE INSURANCE

The Board continues to exercise responsibility for the regulation of automobile insurance rates charged by insurance companies operating in the province. During the preceding twelve months, the Board issued 77 orders on insurance matters.

Automobile Insurance Reform

During 2001-2002, the Board was an active participant in the process initiated by the Department of Government Services and Lands in connection with the Minister's Proposals for Automobile Insurance Reform Consultation Paper. The Board responded to the Department with its views and comments on the Minister's proposed reforms. In addition, senior staff of the Board attended meetings between the Minister and his officials with insurance industry representatives and representatives of the legal community and as a member of the panel at the Minister's Town Hall meeting held in St. John's on March 12, 2002.

Facility Association

Board Order No. A. I. 36 (2000-2001) in connection with the Board's review of the surpluses in Revenues over Expenses reported in the Financial Statements of the Facility Association was released March 30, 2001. In May 2001, Facility Association filed for a revised schedule of private passenger and miscellaneous classes automobile insurance rates. In its filing, Facility Association proposed an overall average rate increase of +13.2% for private passenger, +7.7% for snow vehicles and +16.1% for motorcycles and ATV's.

Following a review by the Board's Actuarial Consultant, and on the basis of their report and advice of staff, the Board approved the snow vehicle and miscellaneous classes rate increase as requested. With respect to the private passenger rates, the Board accepted its Actuarial Consultants' Report and approved a 10% increase. The new rates are set to come into effect May 1, 2002.

OTHER REGULATORY ACTIVITIES

In addition to its major responsibilities for regulation of electric utilities and automobile insurance rates, the Board also has certain responsibilities under the Motor Carrier Act and the Expropriation Act. Activities in these areas were limited for this period. Fourteen orders were issued for ambulance motor carrier certificates. The Board had little activity in the area of land arbitration as it did not receive any applications nor hold any hearings under the Expropriation Act.

REPORT ON CORPORATE ACTIVITIES

Personnel

There were minor changes in the Board complement of staff and commissioners for this period.

After two years serving with the Board, the Board's legal counsel Randy Pelletier in June left the Board to take a position with Maritime and Northeast Pipelines in Halifax, Nova Scotia.

Dwanda Newman was hired as the Board's legal counsel in October 2001. The Board welcomes Dwanda to our staff and is confident that her experience with the Workplace Health Safety & Compensation Commission and knowledge of administrative law will be a significant asset to the Board.

Commissioner William (Bill) Crosbie's term with the Board expired in September 2001. This position remains unfilled.

General Administrative Activities

The Board's primary administrative activities for this period focused on preparation for the upcoming public hearing for Newfoundland and Labrador Hydro's general rate application. This application represented a significant challenge for the Board in terms of information management. Significant effort was directed at improving public access to the information and evidence with the Board as part of the application and hearing. The Board's website was enhanced to allow for all evidence and testimony to be accessed through the website. As well transcripts of the public hearing were posted daily.

In addition to improving public access to hearing information the Board undertook significant changes to the hearing room in an effort to improve efficiency and access to information during the hearing itself. Monitors were installed at various locations in the hearing room allowing the electronic documentation to be viewed simultaneously by the Board and the parties during the hearing. The use of this technology is groundbreaking for the Board and resulted in substantial savings of both time and money and, in the end, a more efficient and cost effective hearing. The Board will continue to examine ways in which technology can be used to further improve the hearing process and its record management procedures, especially in terms of enhanced public access.

During the year the Board continued its focus on training and education. In May commissioners and staff attended a training seminar for administrative tribunals in St. John's sponsored by the Canadian Institute for the Administration of Justice (CIAJ) dealing with the hearing process and decision writing.

The initiatives started by the Board last year directed at public communications continued into this year. A Public Awareness Brochure titled "The Public Utilities Board and the Electric Power Consumer" was printed and sent out to all electrical energy consumers in the province through bill inserts. The Board also made public presentations to the Corner Brook Chamber of Commerce and participated in a public town hall meeting on insurance reform in an effort to raise awareness of the Board's role and mandate.

OUTLOOK FOR 2002 - 2003

It is expected that the year 2002-2003 will prove to be another busy regulatory year for the Board. The remainder of 2001 and the beginning of 2002, most Board and staff activities have focused primarily on the hearing and post hearing related activities of Newfoundland and Labrador Hydro's General Rate Review. In the beginning of 2002, the main focus for the Board will be on the finalization of the Board's Order with respect to hearing. The Order to be issued will serve as a foundation for Hydro's regulatory activities as the hearing marked the first full general rate hearing for the crown corporation since becoming fully regulated in 1996. The Board is expecting to release its Decision and Order early in June.

The Board will also be preparing for a hearing relating to Newfoundland Power's Automatic Adjustment Formula. In Order P.U. 36(1998-99) the Board set an Automatic Adjustment formula to be used in the next three consecutive years to set Newfoundland Power's rates. The Board ordered in P.U. 28(2001-2002) that the company file with the Board on or before March 31, 2002 a review of the performance of the Automatic Adjustment Formula since its inception. It is anticipated that a full review of Newfoundland Power's rates as well as the formula will take place. Newfoundland Power's capital structure and rates have been reviewed in previous hearings and therefore issues should be more focused and the hearing shorter than Hydro's recent rate review. Although expected to be shorter in duration, it is expected that the Board will be seized with this matter well into the spring of 2002 with a decision expected early June 2003.

Cost reduction and improved regulatory efficiency are major objectives for the Board. During 2001-2002 the Board made great strides in streamlining and improving the regulatory process. It is the Board's intention to improve on this process during the upcoming year. The Board will work closely with the utilities to enhance the management of information in and outside of the hearing process. All the information filed such as pre-filed evidence, information requests and daily transcripts will be posted on a daily basis on the Board's website so that any interested person can review and research the proceedings on-line. With information being converted into standard Adobe format, Commissioners and parties to the hearing will be able to use the searching capability of the technology to prepare for the hearing and enhance the decision writing process. The Board will be investigating other means of streamlining current regulatory practices including negotiated settlement and alternative dispute resolution.

We will also continue to focus our attention towards communicating the Board's role and mandate as well as providing information on the manner in which the Board regulates. Further enhancements to the Board's website will be made with more information being generated to assist consumers. In addition to our Electrical Power Public Awareness Brochure that was distributed in spring 2002, we also intend to develop similar brochures for insurance ratepayers regarding the Board's role and regulation of the insurance industry. The Board also proposes to make a presentation during Government's Electricity Policy Review consultation process.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2001 - 2002
UNDER
THE PUBLIC UTILITIES ACT**

Newfoundland and Labrador Hydro **P.U. 1 (2001-2002)**
April 9, 2001

Application:

Application for approval to issue Debenture/s in aggregate not to exceed \$250,000,000 during the year ending December 31, 2001, pursuant to Section 91 of the Public Utilities Act.

Decision:

Approval granted, as requested, as a result of a meeting of the Board.

Newfoundland Power Inc. **P.U. 2 (2001-2002)**
May 1, 2001

Application:

Application for approval of a contribution in aid of construction for a line extension to serve the Canadian Coast Guard, pursuant to section 41(5) of the Act.

Decision:

Approval granted, as requested, as a result of a meeting of the Board.

Newfoundland Power Inc. **P.U.3 (2001-2002)**
May 23, 2001

Application:

Application for written consent to abandon a part of its distribution line [Riverhead/Blaketown distribution feeder(s)] pursuant to Section 38 of the Act.

Decision:

Approval granted, as requested, as a result of a meeting of the Board.

Newfoundland Power Inc. **P.U. 4 (2001-2002)**
June 13, 2001

Application:

Application for approval of a contribution in aid of construction for a line extension to serve Mr. Keith Hardy (“the Customer”) pursuant to section 41 (5) of the Act.

Decision:

Approval granted, as requested, as a result of a meeting of the Board.

Newfoundland Power Inc. **P.U. 5 (2001-2002)**
June 13, 2001

Application:

Application for approval of rate stabilization and municipal tax adjustments to be applied to the rates of the Applicant for the period July 1, 2001 to June 30, 2002 pursuant to section 71 of the Act.

Decision:

Approval granted, as requested, as a result of a meeting of the Board.

Newfoundland Power Inc. **P.U. 6 (2001-2002)**
July 6, 2001

Application:

Application (i) for approval of the purchase by Newfoundland Power of certain additions to its property and assets; and (ii) for approval of an agreement concerning the terms and conditions upon which Aliant Telecom Inc. shall jointly use certain facilities of Newfoundland Power.

Decision:

Application denied, as a result of a public hearing.

Newfoundland and Labrador Hydro

P.U. 7 (2001-2002)

Application:

July 11, 2001

Application by Newfoundland and Labrador Hydro ("Hydro") for approvals of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget

Decision:

Procedural order issued as a result of a pre-hearing conference.

Newfoundland and Labrador Hydro

P.U. 8 (2001-2002)

Application:

July 20, 2001

Application by Newfoundland and Labrador Hydro ("Hydro") for approvals of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget

Decision:

In accordance with Section 90 (1) of the Public Utilities Act, the Board will consider the issue of costs for the Island Industrial Customers and other intervenors at the conclusion of the hearing, as a result of a public hearing (Motions day) held on July 18, 2001.

Newfoundland Power Inc.

P.U. 9 (2001-2002)

Application:

July 26, 2001

Application for approval of the balance of the weather normalization reserve as of December 31, 2000 pursuant to Section 69(3) and 78 of the Act

Decision:

NP's weather normalization reserve of a Negative Balance of \$8,739,745 as at December 31, 2000, is hereby approved, as a result of a meeting of the Board.

Newfoundland and Labrador Hydro

P.U. 10 (2001-2002)

Application:

July 26, 2001

Application for approval of a contribution in aid of construction for the supply of single-phase electrical service to eight seasonal residential customers at Milan Arm, near St. Anthony, Newfoundland, pursuant to Section 41(5) of the Act.

Decision:

Approval granted, as requested as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 11 (2001-2002)

Application:

July 26, 2001

Application for approval of a contribution in aid of construction for a line extension to serve seasonal customers, pursuant to Section 41(5) of the Act,

Decision:

Approval granted, as requested as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 12 (2001-2002)

Application:

July 26, 2001

Application to proceed with the construction and purchase of certain improvements to its property pursuant to Section 41(3) of the Act.

Decision:

Approval granted, as requested as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 13 (2001-2002)

Application:

July 26, 2001

Application for approval of a contribution in aid of construction for a line extension to serve Mr. Ron Stevenson, located on Beaver Pond Road, off the Roaches Line, pursuant to Section 41(5) of the Act.

Decision:

Approval granted, as requested as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 14 (2001-2002)

Application:

August 2, 2001

Application to re-open the application to acquire the Support Structures of Aliant Telecom Inc., located in NP's service territory – dated July 26, 2001 – to receive further evidence.

Decision:

Following a Panel Meeting the following Procedural Order was issued:

- 1 Leave is hereby granted to NP for the re-opening of the original application.
- 2 The Board will, in the absence of objection from the parties, re-hear the application on the basis of the original record and the additional information before it.
- 3 Parties should file with the Board any notice of objection and reasons for such objection by August 17, 2001.
- 4 Submissions in reply to the Application should be filed with the Board no later than August 22, 2001.

Newfoundland Power Inc.

P.U. 15 (2001-2002)

Application:

August 21, 2001

Application for approval of a contribution in aid of construction for a line extension to serve Seasonal Customers located on Spruce Brook Road near the community of Gallants.

Decision:

Pursuant to Section 41(5) approval is granted in the amount of \$3,298.20, including HST, as calculated under the Policy, as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 16 (2001-2002)

Application:

August 21, 2001

Application for approval of a contribution in aid of construction for a line extension to serve Seasonal Customers located on Gull Pond near the Town of Stephenville.

Decision:

Pursuant to Section 41(5) approval is granted in the amount of \$1,726.06, including HST, as calculated under the Policy, as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 17 (2001-2002)

Application:

August 28, 2001

Application to re-open the application to acquire the Support Structures of Aliant Telecom Inc., located in NP's service territory – dated July 26, 2001 – to receive further evidence.

Decision:

Approval granted, as follows:

1. The purchase by Newfoundland Power of Aliant's joint use Support Structures in Newfoundland Power's service territory;
2. Pursuant to s.41(3) of the Act, (a) the supplementary capital expenditures for 2001 of \$22,101,584 as set out in Schedule A; and (b) the revised 2001 capital budget of \$63,027,584;
3. All costs and expenses of the Board incurred in connection with this application shall be borne by Newfoundland Power

as a result of a meeting of the Panel.

Newfoundland and Labrador Hydro

P. U. 18 (2001-2002)

Application:

September 7, 2001

Application by Newfoundland and Labrador Hydro ("Hydro") for approvals of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget

Decision:

Procedural Order Issued.

Newfoundland Power Inc.

P. U. 19 (2001-2002)

Application:

September 20, 2001

Application for approval of a contribution in aid of construction for a line extension to serve seasonal customers ("the Customers") pursuant to section 41 (5) of the Act.

Decision:

Approval granted, as requested, in the amount of \$11,329.80, including HST, located at Little Flings Pond near the Town of Carbonear, at a meeting of the Board.

Newfoundland Power Inc.

P.U. 20 (2001-2002)

Application:

September 20, 2001

Application for approval of a contribution in aid of construction for a line extension to serve residential customers (“the Customers”) pursuant to section 41 (5) of the Act.

Decision:

Approval granted, as requested, in the amount of \$17,509.53, including HST, for a CIAC to provide single-phase underground service to the residence of Mr. James Zaleski, located on Mine Drive, Logy Bay, at a meeting of the Board.

Newfoundland Power Inc

P. U. 21 (2001-2002)

Application:

September 21, 2001

Amended application for an Order pursuant to Sections 38, 41, 78 and 80 of the Act:

- a) approving its 2002 Capital Budget
- b) (i) fixing and determining its average rate base for 2000 in the amount of \$520,979,000;
(ii) approving its revised forecast average rate base for 2001 in the amount of \$541,496,000;
(iii) approving its forecast average rate base for 2002 in the amount of \$562,983,000;
- c) approving revised values for rate base and invested capital for use in the automatic adjustment formula (the “Automatic Adjustment Formula”) for the calculation of return on rate base for 2002 pursuant to Orders No. P.U. 16 and 36 (1998-99), No. P.U. 18 (1999-2000) and P.U. 24 (2000-2001);and
- d) consenting to the relocation of a gas turbine generator (“the Generator”)

Decision:

Approval granted, as requested, as a result of a public hearing.

Newfoundland and Labrador Hydro

P.U. 22 (2001-2002)

Application:

September 21, 2001

Application from the Consumer Advocate in relation to a proposed amendment to Procedural Order P.U. 7 (2001-2002). In the matter of an application from Newfoundland and Labrador Hydro for approval of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget.

Decision:

Application denied as a result of a meeting of the Panel.

Newfoundland and Labrador Hydro

P.U. 23 (2001-2002)

Application:

September 24, 2001

Application from the Consumer Advocate in relation to a proposed amendment to Procedural Order P.U. 7 (2001-2002). In the matter of an application from Newfoundland and Labrador Hydro for approval of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget.

Decision:

Order No. P.U. 7 and P.U. 18 (2001-2002) amended as follows:

1. Appendix A, Item 4, Page 7, of Order Nos. P.U. 7 (2001-2002) and P.U. 18 (2001-2002) be and it is hereby amended.
2. Appendix A, Item 2, Page 3 of Order No. P.U. 18 (2001-2002) be and it is hereby amended.
3. Appendix A, Item 2, Page 4 of Order No. P.U. 18 (2001-2002) be and it is hereby amended, as a result of a public hearing.

Newfoundland Power Inc.

P.U. 24 (2001-2002)

Application:

October 24, 2001

Application for an Order rescinding Order No. P.U. 4 (2001-2002) pursuant to section 76 of the Act, and approving a revised contribution in aid of construction for a line extension to serve Mr. Keith Hardy, located on Beachy Cove Road, off the Southern Shore Highway

Decision:

Approval granted, as follows: (1) Pursuant to section 76 of the Act, Order No. P.U. 4 (2001-2002) dated June 13, 2001 is hereby rescinded; (2) pursuant to section 41(5) of the Act, the Board approves the CIAC of \$9,423.10 to provide single-phase service to the residence of Mr. Keith Hardy.

Newfoundland Power Inc.

P. U. 25 (2001-2002)

Application:

November 21, 2001

Application for approval of a contribution in aid of construction (CIAC) for a line extension to serve Atlantic Minerals Limited pursuant to section 41(5) of the Act.

Decision:

Approval granted, as requested, pursuant to Section 41(5) of the Act for approval of the CIAC of \$81,760.40, including HST, as calculated under the Policy to provide Atlantic Minerals Limited with three-phase electrical service, as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 26 (2001-2002)

Application:

November 21, 2001

Application for approval of a contribution in aid of construction (CIAC) for a line extension to serve the Town of Old Perlican pursuant to section 41(5) of the Act.

Decision:

Approval granted, as requested, pursuant to Section 41(5) of the Act for approval of the CIAC of \$18,731.66, including HST, as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 27 (2001-2002)

Application:

November 21, 2001

Application for approval to proceed with a lease of certain additions (colour photocopier from Xerox) to its property pursuant to Section 41(3) of the Act.

Decision:

Approval granted, as requested, pursuant to Section 41(3) of the Act for approval of a leasing arrangement with Xerox Canada Ltd. for a colour photocopier, as a result of a meeting of the Board.

Newfoundland Power Inc.

P.U. 28 (2001-2002)

Application:

November 28, 2001

In the matter of an automatic adjustment mechanism to adjust the rates of Newfoundland Power Inc., based on variations in rate base as established by the Board in Order No. 16 (1998-99) and Order No. P. U. 36 (1998-99).

Decision:

Approval granted, as follows:

1. The allowed range of rate of return on rate base for the Company for the year 2002 shall be 9.88% to 10.24%.
2. The Company shall file a revised schedule of rates, tolls and charges to be effective January 1, 2002 to reflect the change in the allowed rate of return as a result of the operation of the Automatic Adjustment Formula.
3. The Company shall undertake a review of the performance of the Automatic Adjustment Formula as it has existed since its inception in 1998 which review shall be filed with the Board on or before March 31, 2002 and shall include:
 - i) A comparison of the actual rate of return on equity, calculated for regulatory purposes, earned in each year from 1997 to 2001 with the rate of return either ordered or deemed by the Board in each of those years.
 - ii) A comparison of the actual rate of return on equity earned in each year from 1997 to 2001 with the rate of return earned by other utilities used as the basis for the Company's evidence presented in the 1998 Cost of Capital Hearing.
 - iii) A comparison of the rate of return on rate base allowed by the Board with the rate of return actually earned by the Company in each year from 1998 to 2001.
 - iv) The bond rating of the Company for each year from 1997 to 2001.

as a result of a meeting of the Panel.

Newfoundland Power Inc.

P. U. 29 (2001-2002)

Application:

December 20, 2001

In the matter of an automatic adjustment mechanism to adjust the rates of Newfoundland Power Inc., based on variations in rate base as established by the Board in Order No. 16 (1998-99) and Order No. P. U. 36 (1998-99).

Decision:

Pursuant to Section 70(1) of the Act, approval is granted to the Schedule of Rates, Tolls and Charges of the Company attached as Schedule "A", to be effective on all energy consumption on and after January 1, 2002;

Pursuant to Section 58 of the Act, approval is granted to the revised definition of the Excess Revenue Account attached as Schedule "B" for inclusion in the Company's System of Accounts effective January 1, 2002.

Newfoundland and Labrador Hydro**P.U. 30 (2001-2002)****Application:****December 20, 2001**

In the matter of an application by Newfoundland and Labrador Hydro (the "Applicant") for approval of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its retail customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its rules and regulations applicable to the supply of electricity to its Rural Customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget and

An Application for approval of certain projects in its 2002 proposed capital budget filed as part of the May 31, 2001 application and for an order extending the interim rates charged Industrial Customers under Order No. P.U. 25 (2000-2001)

Decision:

Approval be and is hereby granted to: (1) The Applicant's proposed 2002 construction projects and capital purchases in excess of \$50,000, as set out in Appendix "A" and (2) The interim rates for the Industrial Customers approved by Order Nos. P.U. 23 (1999-2000) and P.U. 25 (2000-2001) are hereby extended until such time as the Board issues a final Order revising these rates, as a result of a public hearing.

Newfoundland and Labrador Hydro**P.U. 31 (2001-2002)****Application:****January 14, 2002**

Application by Newfoundland and Labrador Hydro ("Hydro") for approvals of:

- (1) Under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers;
- (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers;
- (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and
- (4) Under Section 41 of the Act, its 2002 Capital Budget

An application for approval of certain projects in its 2002 proposed capital budget filed as part of the May 31, 2001 application.

Decision:

1. The Applicant's proposed capital expenditures of \$731,000 for those projects under \$50,000 as outlined in Appendix "A" attached are approved. As in Order No. P.U. 30 (2001-2002), this approval is also granted without prejudice to the parties' right to address argument on (i) the sufficiency of the documentation supplied to support a capital project generally or the principles and procedures applied in the Capital Budget process and (ii) an adjustment to the 2002 Capital Budget to reflect the Applicant's past capital spending practice.
2. The Applicant's 2002 leases in excess of \$5,000 per calendar year as set out in Appendix "B" are approved.

(As a result of an ongoing public hearing).

Newfoundland Power Inc.**P. U. 32 (2001-2002)****Application:****January 31, 2002**

Application for approval of :

- (i) revised distribution line cost per metre for CIACs;
- (ii) revised distribution plant upgrade cost for CIACs;
- (iii) revised CIAC cost factors.

Decision:

Approval granted, as requested, as a result of a meeting of the Board.

Newfoundland and Labrador Hydro

P.U. 33 (2001-2002)

Application:

March 8, 2002

Application for approval to issue Debenture(s) in aggregate not to exceed \$300,000,000 during the year ending December 31, 2002, pursuant to s 91 of the Act.

Decision:

Approval granted, as requested, as a result of a meeting of the Panel.

Newfoundland Power Inc.

P.U. 34 (2001-2002)

Application:

March 20, 2002

Application for approval of a contribution in aid of construction (CIAC) for a line extension to serve Mr. Melvin Payne pursuant to section 41(5) of the Act.

Decision:

Approval granted, as requested, pursuant to Section 41(5) of the Act for approval of the CIAC of \$12,470.00, including HST, as a result of a meeting of the Board.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2001-2002
UNDER
THE AUTOMOBILE INSURANCE ACT**

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|---|--|
| <p>Dominion of Canada Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 1 (2001-2002) May 1, 2001</p> |
| <p>Royal & Sunalliance Company of Canada Application: Application to implement revised rates for its private passenger class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 2 (2001-2002) May 1, 2001</p> |
| <p>Allianz Insurance Company of Canada Application: Application to implement rates for its private passenger and commercial classes of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 3 (2001-2002) May 1, 2001</p> |
| <p>Trafalgar Insurance Company Application: Application to implement revised rates for its private passenger of business. Decision: Rating program confirmed as a result of a meeting of the Board</p> | <p>A.I. 4 (2001-2002) May 1, 2001</p> |
| <p>Lombard Canada Ltd. on behalf of: Lombard General Insurance Company of Canada, Lombard Insurance Company, & The Tokio Marine & Fire Insurance Company Ltd. Application: Application to implement revised rates for its commercial class of business. Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 5 (2001-2002) May 1, 2001</p> |
| <p>Co-operators General Insurance Company Application: Application to implement revised rates for its commercial class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 6 (2001-2002) May 1, 2001</p> |
| <p>The Halifax Insurance Company of Canada Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 7 (2001-2002) May 1, 2001</p> |

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| <p>The Halifax Insurance Company of Canada Application: Application to implement revised rates for its commercial class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 8 (2001-2002) May 1, 2001</p> |
| <p>Co-Operators General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 9 (2001-2002) May 1, 2001</p> |
| <p>Echelon General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 10 (2001-2002) May 1, 2001</p> |
| <p>Optimum Frontier Insurance Company Application: Application to implement rates for its commercial class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 11 (2001-2002) May 1, 2001</p> |
| <p>RBC Insurance Application: Application to implement revised rates for its private passenger class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 12 (2001-2002) May 1, 2001</p> |
| <p>Axa Canada On behalf of: Axa Pacific Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 13 (2001-2002) May 1, 2001</p> |
| <p>Axa Canada On behalf of: Axa Insurance (Canada) Application: Application to implement revised rates for its private passenger class of business Decision: Approved as a result of a meeting of the Board</p> | <p>A.I. 14 (2001-2002) May 1, 2001</p> |

- CGU Company of Canada** **A. I. 15 (2001-2002)**
Application: **May 16, 2001**
Application to implement revised rates for its private passenger class of business
Decision:
Approved as a result of a meeting of the Board
- Axa Canada** **A. I. 16 (2001-2002)**
on behalf of: **May 16, 2001**
Insurance Corporation of Canada
Application:
Application to implement revised rates for its private passenger class of business
Decision:
Approval denied; rates are established as supported by the actuarial analysis provided by Axa, for ICON, with effective dates for the new rates of June 1, 2001 for new business and July 1, 2001 for renewals.
- The Personal Insurance Company of Canada** **A. I. 17 (2001-2002)**
Application: **May 16, 2001**
Application to implement revised rates for its private passenger class of business
Decision:
Approved as a result of a meeting of the Board
- Scottish & York Insurance Company Limited** **A. I. 18 (2001-2002)**
Application: **May 16, 2001**
Application to implement revised rates for its private passenger of business.
Decision:
Approval granted as a result of a meeting of the Board, with the establishment of the rate for specified perils territory 2 at the upper limit of the benchmark range.
- PricewaterhouseCoopers** **A. I. 19 (2001-2002)**
on behalf of: **May 16, 2001**
Colonial Fire & General Insurance Company Limited
Application:
Application to implement revised rates for its private passenger class of business.
Decision:
Approval granted as a result of a meeting of the Board
- Lombard Canada** **A. I. 20 (2001-2002)**
on behalf of: **May 16, 2001**
Lombard Insurance Company, Lombard General Insurance Company and Tokio Marine & Fire Insurance Company
Application:
Application to implement revised rates for its private passenger class of business
Decision:
Approval granted as a result of a meeting of the Board

- Aon Risconcept Inc.** **A. I. 21 (2001-2002)**
on behalf of: **May 16, 2001**
Metro General Insurance Corporation
Application:
Application to implement revised rates for its private passenger class of business
Decision:
Approval granted as a result of a meeting of the Board
- PricewaterhouseCoopers** **A. I. 22 (2001-2002)**
on behalf of: **May 16, 2001**
Cumis General Insurance Company
Application:
Application to implement revised rates for its private passenger class of business
Decision:
Application deferred pending resolution of issues raised by the Board's Actuarial Consultants; Cumis shall continue use of rates approved in A. I. 11 (1999-2000)
- Traders General Insurance Company** **A.I. 23 (2001-2002)**
Application: **May 16, 2001**
Application to implement revised rates for its private passenger class of business
Decision:
Approval denied; rates are established as supported by the actuarial analysis provided by Traders, with effective dates for the new rates of June 1, 2001 for new business and no later than August 1, 2001 for renewals.
- Royal & Sunalliance Insurance Company of Canada** **A.I. 24 (2001-2002)**
Application: **May 16, 2001**
Application to implement revised rates for its commercial and miscellaneous commercial vehicle class of business
Decision:
Approval granted as a result of a meeting of the Board
- Sovereign General Insurance Company** **A.I. 25 (2001-2002)**
Application: **May 16, 2001**
Application to implement rates for its private passenger and commercial classes of business
Decision:
Approval granted as a result of a meeting of the Board
- Continental Insurance Company and Continental Casualty Company** **A.I. 26 (2001-2002)**
Application: **May 16, 2001**
Application to implement revised rates for its private passenger, commercial and miscellaneous classes of business
Decision:
Approval granted as a result of a meeting of the Board

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| <p>Economical Mutual Group on behalf of: Federation Insurance Company of Canada Application: Application to implement revised rates for its private passenger and commercial classes of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 27 (2001-2002) May 16, 2001</p> |
| <p>Economical Mutual Group on behalf of: Economical Mutual Insurance Company Application: Application to revise rates for its commercial class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 28 (2001-2002) May 16, 2001</p> |
| <p>The Portage La Prairie Mutual Insurance Company Application: Application to implement revised rates for its private passenger and commercial classes of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 29 (2001-2002) May 16, 2001</p> |
| <p>Liberty Mutual Insurance Company and Liberty Insurance Company of Canada Application: Application to implement revised rates for its private passenger and miscellaneous classes of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 30 (2001-2002) May 16, 2001</p> |
| <p>Elite Insurance Company Application: Application to implement rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 31 (2001-2002) May 16, 2001</p> |
| <p>Atlantic Insurance Company Limited Application: Application to implement revised rates for its private passenger and commercial classes of business. Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 32 (2001-2002) May 16, 2001</p> |
| <p>Zurich Insurance Company Application: Application to implement revised rates for its private passenger and commercial classes of business. Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 33 (2001-2002) May 16, 2001</p> |

Zurich Indemnity Company of Canada

A.I. 34 (2001-2002)

Application:

May 16, 2001

Application to implement revised rates for its commercial class of business

Decision:

Approval granted as a result of a meeting of the Board

Meloche Monnex

A.I. 35 (2001-2002)

on behalf of:

May 16, 2001

Canada Life Casualty Insurance Company

Application:

Application to implement revised rates for its private passenger class of business

Decision:

Approval granted as a result of a meeting of the Board

On the Board's Own Initiative

A.I. 36 (2001-2002)

Application:

May 16, 2001

Wellington Insurance Company

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 37 (2001-2002)

Application:

May 16, 2001

Trafalgar Insurance Company of Canada

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 38 (2001-2002)

Application:

May 16, 2001

Sentry Insurance Company

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 39 (2001-2002)

Application:

May 16, 2001

Pembridge Insurance Company

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 40 (2001-2002)

Application:

May 16, 2001

Markel Insurance Company of Canada

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 41 (2001-2002)

Application:

May 16, 2001

Nordic Insurance Company of Canada

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 42 (2001-2002)

Application:

May 16, 2001

Hartford Insurance Company

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

On the Board's Own Initiative

A.I. 43 (2001-2002)

Application:

May 16, 2001

American Home Assurance Company

Decision:

To implement rates as set out by the Board for on, and after, June 1, 2001 for new business, and no later than August 1, 2001 for renewals; requiring filing of revised rate pages by June 15, 2001, and rates not to be varied without application to the Board.

Lloyd's Underwriters

A.I. 44 (2001-2002)

Application:

May 16, 2001

Application to implement revised rates for its private passenger, commercial and miscellaneous classes of business

Decision:

Approval granted application, as adjusted, as a result of a meeting of the Board

Unifund Assurance

A.I. 45 (2001-2002)

Application:

May 16, 2001

Application to implement rates for its private passenger class of business

Decision:

Approval granted as a result of a meeting of the Board

Meloche Monnex **A.I. 46 (2001-2002)**
on behalf of: **May 16, 2001**
Security National Insurance Company

Application:
Application to implement revised rates for its private passenger of business
Decision:
Approval granted as a result of a meeting of the Board

Lloyd's Underwriters **A.I. 47 (2001-2002)**
Application: **June 6, 2001**

Application to implement revised rates for collision coverage for its commercial, and class of business
Decision:
Approval granted as a result of a meeting of the Board

Axa Canada **A.I. 48 (2001-2002)**
on behalf of: **June 6, 2001**
Insurance Corporation of Newfoundland

Application:
Application to amend implementation dates of private passenger auto insurance rates approved in A.I. 16 (2001-2002)
Decision:
Approval granted as a result of a meeting of the Board

Traders General Insurance Company of Canada **A.I. 49 (2001-2002)**
Application: **June 6, 2001**

Application to amend implementation dates of private passenger auto insurance rates approved in A.I. 23 (2001-2002)
Decision:
Approval granted as a result of a meeting of the Board

Pembridge Insurance Company **A.I. 50 (2001-2002)**
Application: **June 13, 2001**

Application to continue using current rates for its private passenger and commercial classes of business
Decision:
Approval granted that A.I. 39 (2001-2002) be rescinded, and requiring a revised filing program by June 27th, 2001

IAO Consulting Services **A.I. 51 (2001-2002)**
on behalf of: **June 13, 2001**
ACE INA

Application:
Application to adopt IAO Advisory Organization rates for its commercial vehicles and interurban truck classes of business
Decision:
Approval granted as a result of a meeting of the Board

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| <p>Royal & SunAlliance Insurance Company Application: Application to continue its rating program for private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 52 (2001-2002) June 13, 2001</p> |
| <p>IAO Consulting Services on behalf of: Travelers Casualty & Surety Company of Canada Application: Application to adopt IAO rates for its private passenger, commercial vehicle and interurban truck classes of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 53 (2001-2002) June 13, 2001</p> |
| <p>On the Board's own initiative Application: Trafalgar Insurance Company of Canada Decision: To rescind A.I. 37 (2001-2002), that had been issued in error</p> | <p>A.I. 54 (2001-2002) June 13, 2001</p> |
| <p>Co-operators General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 55 (2001-2002) June 13, 2001</p> |
| <p>IAO Actuarial Consulting Services on behalf of: Pembridge Insurance IAO Actuarial Consulting Services Company Application: Application to implement rates for increased third party liability limits and SEF44 premiums for its commercial class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 56 (2001-2002) July 26, 2001</p> |
| <p>The Personal Insurance Company of Canada Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 57 (2001-2002) July 26, 2001</p> |
| <p>Economical Insurance Group on behalf of: Federation Insurance Company of Canada Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 58 (2001-2002) July 26, 2001</p> |

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| <p>PricewaterhouseCoopers on behalf of: Coseco Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 59 (2001-2002) July 26, 2001</p> |
| <p>CGU Insurance Company of Canada Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 60 (2001-2002) September 20, 2001</p> |
| <p>CGU Insurance Company of Canada Application: Application to implement revised rates for its commercial class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 61 (2001-2002) September 20, 2001</p> |
| <p>The Personal Insurance Company of Canada Application: Application to amend the implementation dates of the private passenger automobile insurance rates approved by way of A.I. 57 (2001-2002) Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 62 (2001-2002) September 20, 2001</p> |
| <p>Axa Canada on behalf of: Insurance Corporation of Newfoundland Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 63 (2001-2002) September 20, 2001</p> |
| <p>Scottish & York Insurance Company Ltd. Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 64 (2001-2002) September 20, 2001</p> |
| <p>PricewaterhouseCoopers on behalf of: Cumis General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 65 (2001-2002) September 20, 2001</p> |

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| <p>The Guarantee Company of North America Application: Application to implement rates for its commercial class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 66 (2001-2002) September 20, 2001</p> |
| <p>Co-operators General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 67 (2001-2002) September 20, 2001</p> |
| <p>Echelon General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 68 (2001-2002) September 20, 2001</p> |
| <p>Co-operators General Insurance Company Application: Application to implement revised rates for its private passenger class of business Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 69 (2001-2002) October 24, 2001</p> |
| <p>On the Board's own Initiative Application: Axa Canada, on behalf of Insurance Corporation of Newfoundland Decision: Amendment of A.I. 16 (2001-2002) to correct an error in rates; specifically replacing Section 3, of page 4</p> | <p>A.I. 70 (2001-2002) October 24, 2001</p> |
| <p>The Facility Association Application: Application for approval of revised private passenger, snow vehicle, motorcycle and atv rating programs Decision: Approval granted the snow vehicle, motorcycle and atv rating programs, and following review of the Board's Actuarial Consultants' report, approval granted for an overall 10% rate increase for private passenger</p> | <p>A.I. 71 (2001-2002) December 13, 2001</p> |
| <p>Lombard Canada on behalf of: Lombard Insurance Company, Lombard General Insurance Company of Canada, and Tokio Marine & Fire Insurance Company Application: Application to implement revised rates for its private passenger class of business. Decision: Approval granted as a result of a meeting of the Board</p> | <p>A.I. 72 (2001-2002) December 13, 2001</p> |

CGU Insurance Company of Canada **A.I. 73 (2001-2002)**
Application: **January 30, 2002**

Application seeking to introduce rates using a driving-record 3 protector option for its commercial automobile insurance policy

Decision:
Approval granted as a result of a meeting of the Board

Co-operators General Insurance Company **A.I. 74 (2001-2002)**
Application: **January 30, 2002**

Application to implement revised rates for its snow vehicle class of business

Decision:
Approval granted as a result of a meeting of the Board

Metro General Insurance Corporation **A.I. 75 (2001-2002)**
Application: **February 28, 2002**

Application to implement revised rates for its private passenger class of business

Decision:
Approval granted as a result of a meeting of the Board

Co-operators General Insurance Company **A.I. 76 (2001-2002)**
Application: **February 28, 2002**

Application to amend implementation dates of snow vehicle insurance rates approved in A.I. 74 (2001-2002)

Decision:
Approval granted as a result of a meeting of the Board

Lombard Canada **A.I. 77 (2001-2002)**
on behalf of: **March 28, 2002**

Lombard Insurance Company, Lombard General Insurance Company of Canada, and Tokio Marine & Fire Insurance Company Limited

Application:
Application to implement revised rates for their commercial class of business

Decision:
Approval granted as a result of a meeting of the Board

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2001-2002
UNDER
THE MOTOR CARRIER ACT**

| | |
|---|--|
| <p>Gilbert Easton, o/a G & P Enterprises Application: Application for a motor carrier certificate Decision: Approval granted as a result of a meeting of the Board.</p> | <p>M.C. 1 (2001-2002) April 24, 2001</p> |
| <p>Paul Gregory Forward Application: Application for cancellation of Motor Carrier Certificate No. 5634 Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 2 (2001-2002) June 6, 2001</p> |
| <p>10932 NFLD. Ltd. Application: Application for a motor carrier certificate, and notice by 10932 NFLD. Ltd. of a corporate name change to Labrador Ambulance Services Limited and application by Labrador Ambulance Services Limited for transfer of beneficial share ownership of the motor carrier certificate from Aiden B. Beresford to Rex Freake Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 3 (2001-2002) June 7, 2001</p> |
| <p>Town of Happy Valley Application: Application for cancellation of Motor Carrier Certificate No. 4092 Decision: Approval granted as a result of a meeting of the Board.</p> | <p>M.C. 4 (2001-2002) June 6, 2001</p> |
| <p>Eugene L. Delaney Application: Application for cancellation of Motor Carrier Certificate No. 3572 Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 5 (2001-2002) August 22, 2001</p> |
| <p>Delaney's Ambulance Service Inc. Application: Application for a Motor Carrier Certificate (No. 3572) Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 6 (2001-2002) August 22, 2001</p> |
| <p>Young's Funeral Home Limited Application: Application for approval of the transfer of beneficial share ownership of M.C.C. 4003 (Young's Funeral Home Limited) from Haig and Shirley Young to Labrador Ambulance Services Limited Decision: Approval granted as a result of a meeting of the Board.</p> | <p>M.C. 7 (2001-2002) August 21, 2001</p> |

| | |
|--|--|
| <p>Stephen MacKenzie, o/a MacKenzie Ambulance Service Application: Application for cancellation of Motor Carrier Certificate No. 3553 Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 8 (2001-2002) January 11, 2002</p> |
| <p>MacKenzie Ambulance Service Inc. Application: Application for a Motor Carrier Certificate (No. 3553) Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 9 (2001-2002) January 11, 2002</p> |
| <p>Eric Hoyles Application: Application for cancellation of Motor Carrier Certificate No. 5950 Decision: Approval granted as a result of a meeting of the Board.</p> | <p>M.C. 10 (2001-2002) January 11, 2002</p> |
| <p>Hoyles Ambulance Service Ltd. Application: Application for a Motor Carrier Certificate (No. 5950) Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 11 (2001-2002) January 11, 2002</p> |
| <p>Hoyles Ambulance Service Ltd. Application: Application for approval of the transfer of beneficial share ownership of M.C.C. 5950 from Eric Hoyles to Labrador Ambulance Services Limited Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 12 (2001-2002) January 30, 2002</p> |
| <p>Delaney's Ambulance Service Inc Application: Application for an amendment to Motor Carrier Certificate No. 3572 Decision: Approval granted the application, as amended by the applicant, to delete the communities of Trinity, Wareham, and Centreville from the service territory</p> | <p>M.C. 13 (2001-2002) January 11, 2002</p> |
| <p>Town of Gambo Application: Application for approval of the transfer of beneficial share ownership of M.C.C. 5950 from Eric Hoyles to Labrador Ambulance Services Limited Decision: Approval granted as a result of a meeting of the Board</p> | <p>M.C. 14 (2001-2002) March 28, 2002</p> |

FINANCIAL STATEMENTS



Suite 201, 516 Topsail Rd., St. John's, Nfld. A1E 2C5
Tel (709) 364•5600 Fax (709) 368•2146 E-mail: info@nkhk.nf.ca

AUDITORS' REPORT

To: The Members of the Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2002 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2001 were reported on by another firm of Chartered Accountants.

St. John's, Newfoundland
May 16, 2002

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Financial Position****March 31, 2002**

| | 2002 | 2001 |
|------------------------------------|--------------------|-------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 395 | \$ 397,242 |
| Accounts receivable | 17,185 | 159,111 |
| Hearing costs recoverable (Note 3) | 1,454,268 | 26,577 |
| Prepaid expenses | 20,742 | 14,847 |
| | 1,492,590 | 597,777 |
| Designated pension funds (Note 4) | 600,511 | 640,290 |
| | \$2,093,101 | \$1,238,067 |
| LIABILITIES | | |
| Current | | |
| Bank indebtedness (Note 5) | \$ 552,819 | \$ - |
| Accounts payable and accruals | 67,526 | 101,812 |
| | 620,345 | 101,812 |
| Accrued paid leave | 218,289 | 187,139 |
| Accrued severance pay | 130,697 | 122,603 |
| Pension obligations (Note 4) | 375,500 | 392,700 |
| | 1,344,831 | 804,254 |
| ACCUMULATED SURPLUS | | |
| Per statement | 748,270 | 433,813 |
| | \$2,093,101 | \$1,238,067 |

On Behalf of the Board:

Chairperson and CEO_____
Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Operations
Year Ended March 31, 2002**

| | 2002 | 2001 |
|---|--------------------|-------------|
| Revenues | | |
| Assessments | \$1,724,880 | \$1,511,166 |
| Hearings room | 11,100 | 8,525 |
| Interest | 16,082 | 42,462 |
| Pension income (Note 4) | 25,666 | 45,149 |
| | 1,777,728 | 1,607,302 |
| Expenses | | |
| Advertising and transcription | 564 | 16,101 |
| Consulting fees | 145,404 | 176,583 |
| Loan fee | 5,000 | - |
| Office equipment and supplies | 92,568 | 57,519 |
| Pension obligations estimation adjustment (Note 4) | 48,245 | 46,945 |
| Rent and insurance | 131,120 | 131,065 |
| Salaries and associated costs | 930,171 | 1,076,781 |
| Telecommunications | 25,459 | 26,302 |
| Training and membership | 34,647 | 42,531 |
| Travel | 50,093 | 70,205 |
| | 1,463,271 | 1,644,032 |
| Excess of revenues over expenses (expenses over revenues) | \$ 314,457 | \$ (36,730) |

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Accumulated Surplus
Year Ended March 31, 2002**

| | Internally Restricted (Note 6) | 2002 | | 2001 |
|---|--------------------------------------|--------------------|------------------|------------------|
| | | Unrestricted | Total | Total |
| Balance as at beginning of year | \$ - | \$ 433,813 | \$433,813 | \$470,543 |
| Excess of revenues over expenses (expenses over revenues) for the year | - | 314,457 | 314,457 | (36,730) |
| Restricted during the year (Note 6) | 805,850 | (805,850) | - | - |
| Balance as at end of year | \$805,850 | \$ (57,580) | \$748,270 | \$433,813 |

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Cash Flows
Year Ended March 31, 2002**

| | 2002 | 2001 |
|---|--------------|--------------|
| Operating activities | | |
| Cash receipts from assessments and other revenues | \$ 1,919,654 | \$ 1,490,433 |
| Cash paid to suppliers and employees | (1,481,408) | (1,573,654) |
| Cash provided by (used in) operating activities | 438,246 | (83,221) |
| Hearing activities – recoverable (Increase) decrease in hearing costs recoverable and cash (used in) provided by hearing activities – recoverable | (1,427,691) | 89,327 |
| Investing activities | | |
| Decrease in designated pension funds and cash provided by investing activities | 39,779 | 20,296 |
| (Decrease) increase in cash during year | (949,666) | 26,402 |
| Cash position as at beginning of year | 397,242 | 370,840 |
| Cash position as at end of year | \$ (552,424) | \$ 397,242 |
| Represented by: | | |
| Cash | \$ 395 | \$ 397,242 |
| Bank indebtedness | (552,819) | - |
| | \$ (552,424) | \$ 397,242 |

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2002

1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory agency constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include the regulation of automobile insurance rates; limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations and to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act*.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Hearing costs recoverable

Recoverable expenses relating to specific enquiries held by the Board are accrued in hearing costs recoverable accounts until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Capital assets are recorded as an expense in the year the asset is acquired. Capital assets are not recorded on the Statement of Financial Position and amortization is not recorded on the Statement of Operations.

A Statement of Tangible Capital Assets is provided for information purposes on Page 10. Amortization used in the statement is calculated on a straight-line basis over the estimated useful life of the asset:

| Asset | Basis | Rate |
|-------------------------|---------------|-----------|
| Furniture and equipment | Straight-line | 5 Years |
| Leasehold improvements | Straight-line | 5 Years |
| Computer hardware | Straight-line | 3.3 Years |
| Computer software | Straight-line | 1 Year |

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Notes to Financial Statements****March 31, 2002****2. Significant accounting policies (cont'd)**

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes thereto. Actual results may differ from those estimates.

3. Hearing costs recoverable

| | 2002 | 2001 |
|--|--------------------|-----------|
| Hearing costs recoverable, beginning of year | \$ 26,577 | \$115,904 |
| Add - specific enquiry costs incurred during the year: | | |
| Consulting fees | 728,986 | 90,166 |
| Consumer Advocate | 484,496 | - |
| Salaries and associates costs | 131,816 | 31,531 |
| Transcription and printing | 63,076 | 2,100 |
| Travel and accommodations | 57,088 | 2,462 |
| Advertising and notice | 74,064 | 17,965 |
| Other | 48,216 | 7,048 |
| | 1,587,742 | 151,272 |
| | 1,614,319 | 267,176 |
| Less - costs recovered during the year | 160,051 | 240,599 |
| Hearing costs recoverable, end of year | \$1,454,268 | \$ 26,577 |

4. Designated pension funds and pension obligations

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with the Royal Trust Corporation of Canada on behalf of these pensioners and are recorded at market value.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Notes to Financial Statements****March 31, 2002****4. Designated pension funds and pension obligations (cont'd)**

Changes in designated pension funds are as follows:

| | 2002 | 2001 |
|--------------------------------|-----------|-----------|
| Balance, beginning of year | \$640,290 | \$660,586 |
| Add – earnings net of expenses | 25,666 | 45,149 |
| | 665,956 | 705,735 |
| Deduct – benefit payments | 65,445 | 65,445 |
| Balance, end of year | \$600,511 | \$640,290 |

Pension obligations at March 31, 2002 in the amount of \$375,500 (2001 - \$392,700) represent the present value of accrued pension benefits as calculated in an actuarial report dated April 12, 2002. A pension obligations estimation adjustment of \$48,245 (2001 - \$46,945) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of \$40,539 (2001 - \$37,236) with respect to other Commissioners and employees who are members of the *Public Service Pension Fund Act*, 1991 and entitled to benefits under that Act.

5. Bank indebtedness

During the year, the Board established a \$1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. The outstanding balance bears interest at the bank prime rate plus 0.5%.

6. Internally restricted surplus

During the year, the Board adopted a formal policy to accumulate and restrict an amount for expected future obligations. The estimated amount required as at March 31, 2002, as determined in consultation with independent financial advisors, is as follows:

| | |
|------------------------|-----------|
| Working capital | \$280,000 |
| Redundancy pay accrual | 352,250 |
| Payroll contingency | 43,460 |
| Lease commitments | 130,140 |
| | \$805,850 |

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Notes to Financial Statements****March 31, 2002****7. Income taxes**

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to provincial or federal income taxes.

8. Lease commitments

The Board entered into the following leases for the rental of office space:

- a) five-year lease agreement in the amount of \$10,345 per month (\$124,140 per annum) commencing June 1, 1998.
- b) three-year lease agreement in the amount of \$500 per month (\$6,000 per annum) commencing July 1, 1999.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Tangible Capital Assets****March 31, 2002**

| | Original Cost | | | Accumulated Amortization | | | Net Book Value | |
|----------------------------|------------------------------|----------------------------------|------------------------------|------------------------------|----------------------------------|------------------------------|---------------------------------------|------------------------------|
| | Balance March 31, 2001 | Additions Net of Disposals | Balance March 31, 2002 | Balance March 31, 2001 | Additions Net of Disposals | Balance March 31, 2002 | Balance March 31, 2002 | Balance March 31, 2001 |
| Furniture and equipment | \$156,080 | \$ 23,776 | \$179,856 | \$118,485 | \$ 35,971 | \$154,456 | \$ 25,400 | \$ 37,595 |
| Leasehold improvements | 108,256 | 8,289 | 116,545 | 56,172 | 23,309 | 79,481 | 37,064 | 52,084 |
| Computer hardware | 102,136 | 24,559 | 126,695 | 75,432 | 38,392 | 113,824 | 12,871 | 26,704 |
| Computer software | 10,755 | - | 10,755 | 10,755 | - | 10,755 | - | - |
| | \$377,227 | \$ 56,624 | \$433,851 | \$260,844 | \$ 97,672 | \$358,516 | \$ 75,335 | \$116,383 |

STAFF
Year End - March 31, 2002

Director of Corporate Services and Board Secretary *G. Cheryl Blundon*
Director of Regulatory and Advisory Services *Robert Byrne*
Financial and Economic Analyst *Doreen Dray*
Accountant *Leah Keating*
Legal Counsel *Dwanda Newman*
Senior Electrical Engineer *Vacant*
Compliance Auditor *Don Seaward*
Information Technology Officer *Mike McNiven*
Secretary to the Chair *Helen Reddy*
Assistant Board Secretary & Executive Secretary *Barbara Thistle*
Clerk-Steno *Colleen Wood*

For further information regarding the Public Utilities Board, please contact:

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