

**Newfoundland and Labrador
Board of Commissioners of Public Utilities**

ANNUAL REPORT

Year ending March 31, 2024

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Message From the Chair

I am pleased to report on the achievements and annual performance of the Board of Commissioners of Public Utilities (the Board) for the fiscal year from April 1, 2023 to March 31, 2024 required under the **Transparency and Accountability Act**. On behalf of the Board, I am accountable for the results as outlined in the report. This past year was one of transition with the retirement of two long-term leaders Darlene Whalen, Chair and CEO of the Board and Cheryl Blundon, Director of Corporate Services and subsequent appointment of a new Chair and CEO and the hiring of a new Executive Director and Board Secretary.

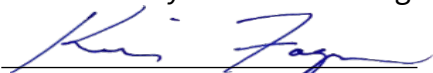
For the 2023-2026 period, the Board's strategic priorities are focused on improving communications while continuing to strive for increased efficiency in completing regulatory processes. Effective communication is essential so that all stakeholders understand the role of the Board and its decisions. Improved clarity in Board decisions will contribute to increased trust amongst its stakeholders.

The Board continued its ongoing regulatory duties in the past year which included performance monitoring of the Labrador-Interconnected Link and other Muskrat Falls assets, as part of its review of the reliability and resource adequacy of the province's power supply. The Board is currently engaged in a number of significant applications including the: proposed construction of Newfoundland and Labrador Hydro's (Hydro) Long-term Supply Plan for Southern Labrador; Newfoundland Power's 2024 Return on Rate Base Application; and Newfoundland Power's 2024-2025 General Rate Application. The Provincial Government recently announced the details of its rate mitigation plan. Additional regulatory process will be required to reflect rate mitigation funding in the customer rates of Hydro and Newfoundland Power to support stability and predictability of electricity rates to the island residents of the province.

Petroleum products pricing regulation activities continue to present challenges. While volatility in global market prices for refined fuels, and the associated adjustments to maximum prices have moderated this past year, increased motor fuel costs associated with federal Clean Fuel Regulations continued to heighten public concerns about fuel prices. The Board is now in its final stages of completing its consultation document relating to the regulation of petroleum product pricing. The completion of the report has been delayed due to challenges in obtaining cost information from the industry, requiring the Board to take additional time to gather additional data to enable informed decision making by the Board. Upon completion of its stakeholder consultation over the coming months, the Board will issue its final report to Government.

It was another busy year with respect to its automobile insurance activities. Rate filing volume was high as the Board received 91 filings and issued 86 orders during the reporting period. For private passenger automobile business, which represents approximately 80 percent of the entire market, the overall average rate level change approved across all filing types was less than +1 percent. This indicates automobile insurance rate stability in the province over the past year.

I commend the Vice-Chair, the Commissioners and Board staff for their contributions during this transitional year with a full regulatory calendar.



Kevin Fagan, Chair and Chief Executive Officer

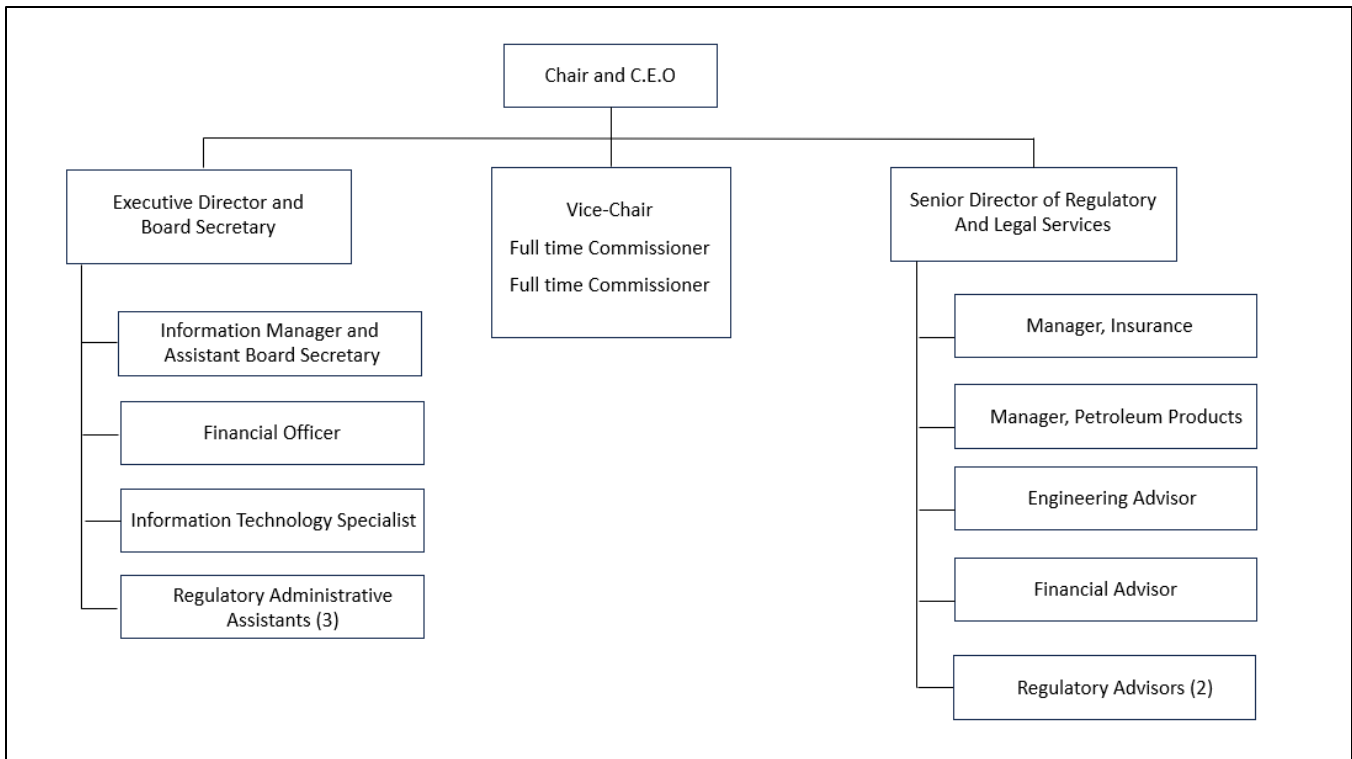
Overview

Organization

The Board is an independent, quasi-judicial regulatory body constituted under the **Public Utilities Act** created by statute in 1949. The Board is composed of four full-time Commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer and the Vice-Chair. The **Public Utilities Act** gives the Chair and Chief Executive Officer the full authority for the operation, management and financial administration of the Board and the Vice-Chair the authority to exercise the powers of the Chair in their absence. The Board has a professional staff of 14 excluding Commissioners.

The Senior Director of Regulatory and Legal Services oversees the Board's regulatory mandate and has responsibility for coordination and management of applications, research, investigations, compliance monitoring, financial and technical reviews and public enquiries. The Executive Director and Board Secretary is responsible for corporate services including finance, communications, media, stakeholder relations, records management, information technology and human resources. Gender-Based Analysis Plus (GBA+) is achieving a society in which all people are equally valued and in which one's life choices are not limited because of their gender, ethnicity, social position and/or any other characteristics. The Board strives for inclusivity in fulfilling its mandate and will consider GNL's commitment to GBA+ in its human resource planning in the future.

Figure 1
Board of Commissioners of Public Utilities
Organizational Chart
at March 31, 2024



Mandate and Lines of Business

The Board is an independent, quasi-judicial regulatory body constituted under the **Public Utilities Act**.

The Board is responsible for the regulation of electric utilities in the province to ensure that the rates charged are just and reasonable and that the service provided is safe and reliable. The Board is also responsible for the supervision of rates charged by automobile insurers in the province. Since 2004 the Board has been responsible for petroleum products pricing in the province. The Board also has limited responsibilities with respect to the motor carrier industry and setting compensation under the Expropriation Act. The Board's jurisdiction is defined by the following legislation:

- i) **Public Utilities Act**
- ii) **Electrical Power Control Act, 1994**
- iii) **Petroleum Products Act**
- iv) **Automobile Insurance Act**
- v) **Insurance Companies Act**
- vi) **Motor Carrier Act**
- vii) **Expropriation Act**
- viii) **Public Utilities Acquisition of Lands Act**

These statutes fall under the responsibility of various departments of Government, including the Departments of Justice and Public Safety, Digital Government and Service NL and Industry, Energy and Technology.

In fulfilling its regulatory responsibilities, the Board conducts public hearings, technical conferences, stakeholder meetings, compliance monitoring, audits, technical/financial reviews and investigations. Hearings held by the Board in the discharge of its mandate are quasi-judicial in nature and are conducted in accordance with the provisions of the **Public Utilities Act, Public Inquiries Act** and **Board of Commissioners of Public Utilities Regulations, 1996**. Orders issued by the Board have the force of law and can only be appealed to the Supreme Court of Newfoundland or the Court of Appeal.

Vision

The vision of the Board of Commissioners of Public Utilities is excellence in regulation which engenders the trust and confidence of the people of the province.

Key Statistics

The Board's work is diverse and has broad implications for most residents of Newfoundland and Labrador including:

- regulating and overseeing Hydro and Newfoundland Power, with a combined customer base of approximately 313,000 residential and general service customers, 5 industrial customers and 2 Labrador Transmission customers;
- regulating automobile insurance rates, risk classification systems and underwriting guidelines for insurance companies operating in the province, with total direct premiums written of approximately \$512,000,000;
- setting maximum prices for regulated petroleum products sold in the province; and,
- administering 65 active ambulance certificates and 56 active bus service certificates.

Financial Information

The Board's operating expenses for 2023-24 were \$3,482,385. The largest variance in operating expenditures over the reporting period was due to an increase in professional services.

The comparative expenditures for the previous five-year period are shown below:

Table 1
Expenditures, Year End-March 31

	2020	2021	2022	2023	2024
Operating Total	\$2,453,206	\$3,090,117	\$2,549,690	\$3,063,997	\$3,482,385
Hearings: Board	\$5,373,499	\$1,157,858	\$781,145	\$509,512	\$648,811
Hearings: Consumer Advocate	\$525,615	\$261,893	\$679,000	\$254,158	\$459,777
Hearings - Total	\$5,899,114	\$1,419,751	\$1,460,145	\$763,670	\$1,108,588
Total Expenditures	\$8,352,320	\$4,506,868	\$4,009,835	\$3,827,667	\$4,590,973

The Board is funded through assessments charged to regulated industries/companies or on a cost recovery basis from applicants and/or parties involved in specific proceedings and/or investigations. In accordance with Sections 13 and 14 of the **Public Utilities Act**, the Board levies an annual assessment to regulated entities to cover its estimated general operating expenses for that year. Assessments to each regulated industry/company vary depending on the actual allocation of work performed by the Board in the year. For 2023-24 the Board assessed 63.16 per cent (\$2,028,232) of its annual operating budget to electrical utilities, 24.25 per cent (\$778,860) to automobile insurance companies and 12.59 per cent (\$404,274) to the petroleum products industry.

Hearings and investigations are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. Section 90 of the **Public Utilities Act** details the costs which may be recovered incidental to a matter. During 2023-24 the Board's accumulated hearing costs totaled \$1,108,588. Further details regarding the Board's recoverable costs can be found in Note 6 to the Board's Financial Statements (Appendix I).

Highlights and Partnerships

The Board's primary focus is to ensure that it effectively and efficiently responds to matters which arise in the context of its regulatory mandate. During 2023-24 the Board issued 39 orders under the **Public Utilities Act**, 86 orders under the **Automobile Insurance Act**, 72 orders under the **Petroleum Products Act**, and 2 orders under the **Motor Carrier Act**, a complete list of these orders can be found on the Board's website (www.pub.nl.ca). Highlights for 2023-24 follow.

Public Utility Regulation

During 2023-24 the Board issued 39 orders as part of its public utility regulation mandate related to the following:¹

- 7 Capital Budget and Expenditures;
- 8 Customer Rates;
- 6 Deferrals, Accounts and Reserves (Financial and Accounting Matters);
- 3 Rules and Regulations (Service Agreements);
- 11 Contribution in Aid of Construction;
- 1 Abandonment of Plant;
- 1 Security Issues;
- 3 Rules and Regulations (Service Agreements); and,
- 1 Stakeholder Costs Award.

The Board's supervision of the utilities also included monitoring of various aspects of utility operations and the review of compliance filings throughout the year.

The significant matters that were brought before by the Board during 2023-24 are summarized below.

Customer Rates

The Board approved Hydro's application for July 1, 2023 Utility Rate adjustments and the associated flow through rate adjustments for other customers of Hydro and Newfoundland Power.²

The Board also approved Hydro's applications for the July 1, 2023 CDM rate adjustments and January 1, 2024 rate adjustments for the Island Industrial Customers.³

The Board approved Hydro's application to implement a non-firm rate for the Labrador Interconnected System reflecting export market prices (as non-firm energy sales reduce the energy available for export). In the same proceeding, the Board also approved proposed revisions to the Island Industrial customer non-firm rate.⁴ BlockLab Labrador Corporation filed a Notice of Appeal in relation to the Board's order with the Court of Appeal of Newfoundland and Labrador on December 29, 2023.

The Board commenced and progressed its review of Newfoundland Power's 2025-2026 General Rate Application, which was filed with the Board on December 12, 2023. The Board and intervenors have asked extensive written questions, filed expert reports and will participate in settlement discussions. The public hearing for this matter is scheduled to begin June 13, 2024.

Capital Approvals

The Board approved the utilities' 2024 annual capital budgets for Newfoundland Power in the amount of \$122,869,000 and Hydro in the amount of \$90,828,700.⁵ The Board also approved supplemental

1 Orders are available on the Board's website at http://www.pub.nl.ca/PU_orders2023.php.

2 Orders P.U. 17(2023), P.U. 18(2023), and P.U. 19(2023).

3 Orders P.U. 15(2023) and P.U. 4(2024) respectively.

4 Order P.U. 34(2024).

5 The Board also approved Newfoundland Power's 2021 average rate base of \$1,202,946,000 and Hydro's 2021 average rate base of \$2,321,756.

capital applications filed by the utilities which included significant capital expenditures for the refurbishment of Penstock 1 at the Bay d'Espoir Hydroelectric Generating Facility. The Board is nearing completion of its regulatory process on Hydro's supplemental capital application for the construction of a large regional diesel generating station interconnecting four communities in Southern Labrador.⁶

The Board will continue to use provisional Capital Budget Application Guidelines for the 2025 Capital Budget Applications and supplemental Capital Budget Applications which will be filed during the next fiscal year. The Board will finalize these guidelines after further review.

Reliability and Resource Adequacy

The Board's review of Hydro's Reliability and Resource Adequacy study initially filed in November 2018 has continued with regular reporting during 2023-24. The Board has also continued to receive regular monitoring reports from Hydro on the status of integrating the Muskrat Falls Project with the Island Interconnected System, including the status of the Labrador-Island Link and near-term generation adequacy before and after the integration of the Muskrat Falls Project. Reliability and resource adequacy review in the province will continue to be an active file for the Board for the foreseeable future. An application for additional generation on the Island is expected in 2024-25.

Government Review

On May 10, 2022, the Provincial Government announced a review of the Board and the legislation under its mandate. On May 25, 2023 amendments to the **Public Utilities Act** and the **Electrical Power Control Act, 1994** received Royal Assent.

The province's power policy, as set out in the **Electrical Power Control Act, 1994** was extended to require the Board to consider ensure that power is delivered to consumers at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service.

The **Public Utilities Act** amendments resulted in increased thresholds at which a public utility must secure the Board's approval for capital expenditures from \$50,000 to \$750,000. This change reduces the regulatory burden on public utilities and frees the Board's capacity to focus on more significant spending plans presented in annual capital budget proposals. As well, water and sewer services were removed from the definition of public utility.

The **Public Utilities Act** amendments also expanded the complement of full-time Commissioners from four to six and authorized the appointment of temporary Commissioners. The Board expects that over time implementation of operational change will enable it to address applications more efficiently and expeditiously.

In late August 2023, The Liberty Consulting Group advised it was planning to transition away from its consulting role with the Board. The Reliability and Resource Adequacy Review is a key component of the Board's work in ensuring reliable electric service in this province. After a thorough search, the

⁶ The review of this application is ongoing. The estimated cost of the proposed long-term supply plan for Southern Labrador was \$49,200,000 in Phase One, \$15,200,000 in Phase Two and \$7,500,000 in Phase 3. On March 31, 2023, Hydro filed an Integrated Resource Plan for Southern Labrador completed by its consultant Midgard Consulting Inc.

Board is very pleased to have procured the services of Bates White’s Economic Consulting who brings a wealth of experience and expertise in this important file. Bates White had a transitional period with Liberty Consulting and are now actively involved in the Reliability and Resource Adequacy Review and the reports that were submitted as part of the review in 2023-24.

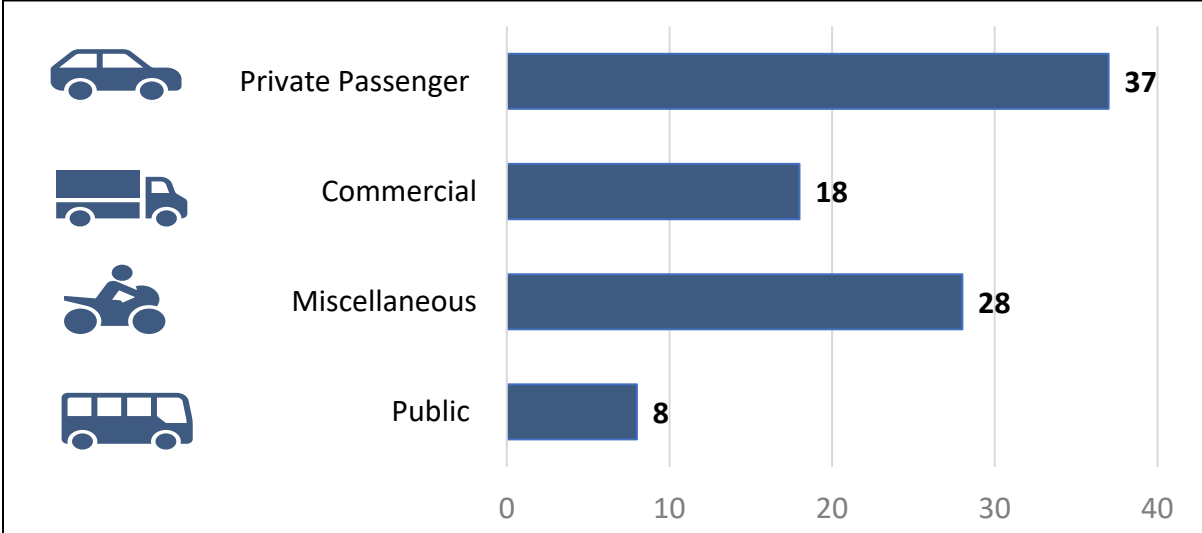
Automobile Insurance Regulation

During 2023-24 the Board received 91 automobile insurance rate filings summarized as follows:⁷

- 56 mandatory filings made in accordance with the statutory 3-year timeline;
- 31 optional filings for minor changes between mandatory filings; and
- 4 optional filings in accordance with the statutory expedited approval option.

The average turnaround time for Board decision was 64 days, which in all cases was within the legislated time period of 180 days.⁸ A breakdown of rate filings by vehicle type is provided as follows:

Figure 2
Rate Filings by Vehicle Type- April 1, 2023- March 31, 2024



Rates remained stable throughout the year as approximately 90% of all filings approved included an overall average rate level change of +3% or less. For private passenger automobile business, which represents approximately 80% of the entire market, the overall average rate level change approved by the Board across all filing types was less than +1%.

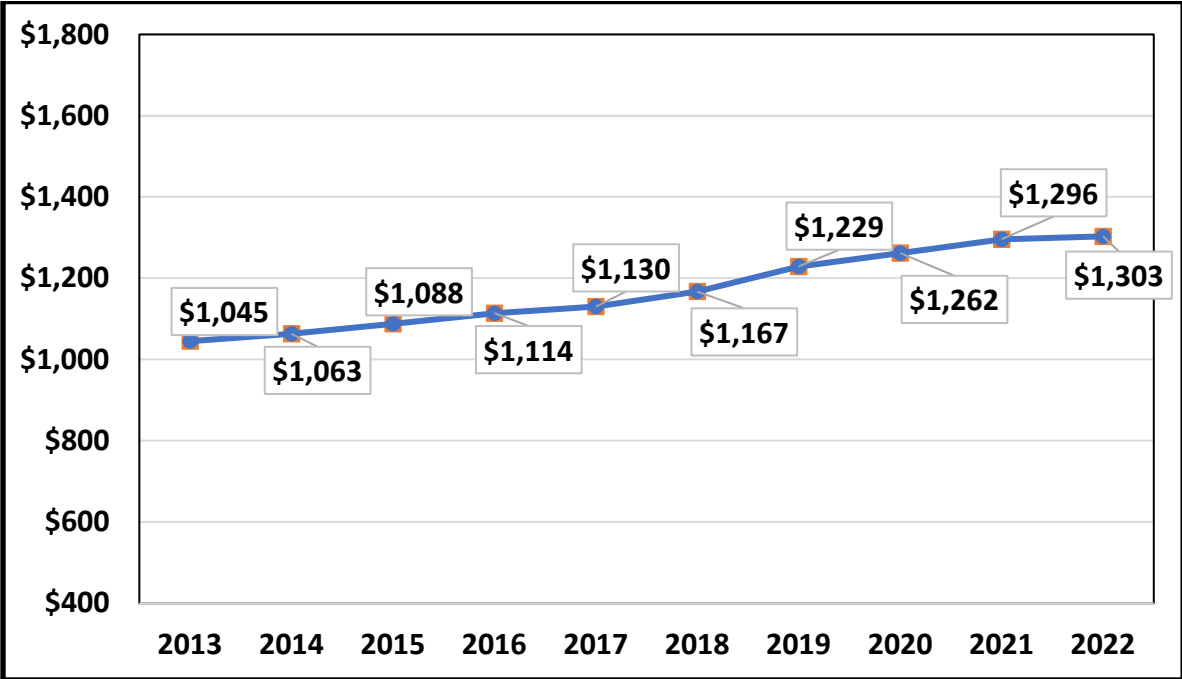
Private Passenger Premiums

The average private passenger premium level reported by the General Insurance Statistical Agency (GISA) increased by 0.5 percent to \$1,303 during the year. Premiums have remained fairly stable in the

⁷ The Board issued 86 orders during the period. The number of Board orders issued does not match the number of filings received as some orders were issued after the March 31, 2024 cut-off for this report.
⁸ Section 10 of NLR 56/19 states that the Board shall approve, deny or vary a filing within 90 days and may extend the time period to a maximum of 90 additional days when required to do so (i.e. 180 days total).

province increasing at a rate of approximately 2.5 percent annually over the last 10 years and 1.9 percent annually over the last 3 years. A table of the average premiums paid by consumers over the period 2013 to 2022 is provided as follows:

Figure 3
 NL Total Average Written Premium- Private Passenger Automobiles



Source: GISA Data

Marketplace Changes

Based on the most recently available data from the Office of the Superintendent of Financial Institutions (OSFI), the written premium total for the automobile insurance market in the province was \$512 million for all vehicle types combined in 2022. This is an increase of approximately 2.0 percent compared to the 2021 written premium total of \$502 million.

The number of available options for consumers decreased in recent years with only 38 automobile insurers reporting positive written premiums in 2022. This is a decrease from 58 insurers in the early 2000s and 49 insurers as recent as 2015. Market consolidation due to mergers and acquisitions is the primary reason for the drop in available insurers.

The market shows a high level of concentration with 10 insurers writing approximately 89 percent of all automobile insurance business in the province. When common ownership among companies is considered, there are five insurer groups writing approximately 94 percent of all business.

Facility Association Profit Provision

On October 17, 2023 the Newfoundland and Labrador Government introduced Bill 47 to amend the **Insurance Companies Act** and prohibit Facility Association (FA) from including a profit provision in its automobile insurance rates in the province. On November 16, 2023, Bill 47 received Royal Assent and came into effect for all of FA’s mandatory rate filings moving forward.

FA rates for Private Passenger Automobiles, Motorcycles, Snow Vehicles, All-Terrain Vehicles and Taxis currently include a profit provision of 6% of premium as rates for these vehicles were approved by the Board prior to the introduction of Bill 47. The profit provision will be removed upon the approval and implementation of new FA rates filed in accordance with the mandatory timelines summarized as follows:

Table 2
Deadline for Next Mandatory Filing by Vehicle Type

Vehicle Type	Deadline for Next Mandatory Filing
Private Passenger Automobiles	December 3, 2024
Motorcycles	July 12, 2025
Snow Vehicles	July 12, 2025
ATVs	July 12, 2025
Taxis	September 22, 2025

Rates for FA’s remaining classes of business including Motorhomes, Campers and Trailers, Antiques, Public Vehicles and Garage Vehicles do not currently include a profit provision.

Petroleum Products Pricing Regulation

Price Adjustment Information

For the period April 1, 2023 to March 31, 2024 there were a total of 59 maximum price adjustments for regulated petroleum products, 7 of which were extraordinary maximum price adjustments.^{9, 10}

A summary of the regular weekly maximum price adjustments and the extraordinary maximum price adjustments are provided in the tables below:¹¹

⁹ An extraordinary adjustment of maximum prices outside of the scheduled weekly adjustment may be made by the Board where it is warranted in the circumstances. These adjustments occur when the Board determines that it is necessary to change maximum prices to provide for the recovery of the costs of supply, to ensure that consumers do not pay more than necessary to provide for recovery of these costs, or to reflect changes to other pricing components such as taxation.

¹⁰ An extraordinary adjustment of maximum prices may not include all fuel products.

¹¹ Directional changes and ranges of maximum prices noted in the table are for the base zone for each regulated petroleum product (i.e., Zone 1 for gasoline and diesel motor fuels, Zone 1ANE for furnace oil and stove oil heating fuels, and Zone 2 for propane heating fuel). Information may vary for other pricing zones.

Table 3
Summary of Regular Weekly Maximum Price Adjustments
April 1, 2023 to March 31, 2024

Fuel Product	Change in Maximum Price	Maximum Price Range (cents per litre)
Gasoline Motor Fuel	29 Increases, 22 Decreases, 1 No Change	158.5 – 194.0
Diesel Motor Fuel	28 Increases, 22 Decreases, 2 No Change	157.9 – 216.4
Furnace Oil Heating Fuel	28 Increases, 23 Decreases, 1 No Change	109.69 – 148.48
Stove Oil Heating Fuel	27 Increases, 24 Decreases, 1 No Change	114.70 – 153.49
Propane Heating Fuel	23 Increases, 27 Decreases, 2 No Change	96.0 – 112.2

Table 4
Summary of Extraordinary Maximum Price Adjustments
April 1, 2023 to March 31, 2024

Fuel Product	Change in Maximum Price
Gasoline Motor Fuel	1 Increase, 4 Decreases
Diesel Motor Fuel	2 Increases, 1 Decrease
Furnace Oil Heating Fuel	1 Increase, 2 Decreases
Stove Oil Heating Fuel	1 Increase, 2 Decreases

It is also notable that the number of extraordinary price adjustments materially decreased to 7 in 2023-24 from the 49 that occurred during the 2022-23 fiscal year. This reflects less volatility in the commodity markets for 2023-24.

Maximum prices for regulated motor fuels and heating fuels are plotted in Figures 4 and 5.

Figure 4
 Motor Fuel
 Maximum Prices- Zone 1- Avalon Peninsula 2023-2024

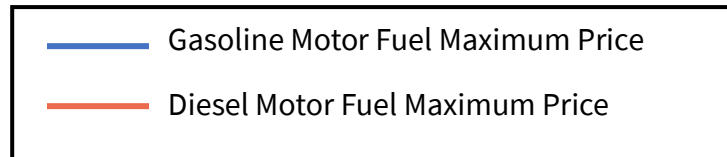
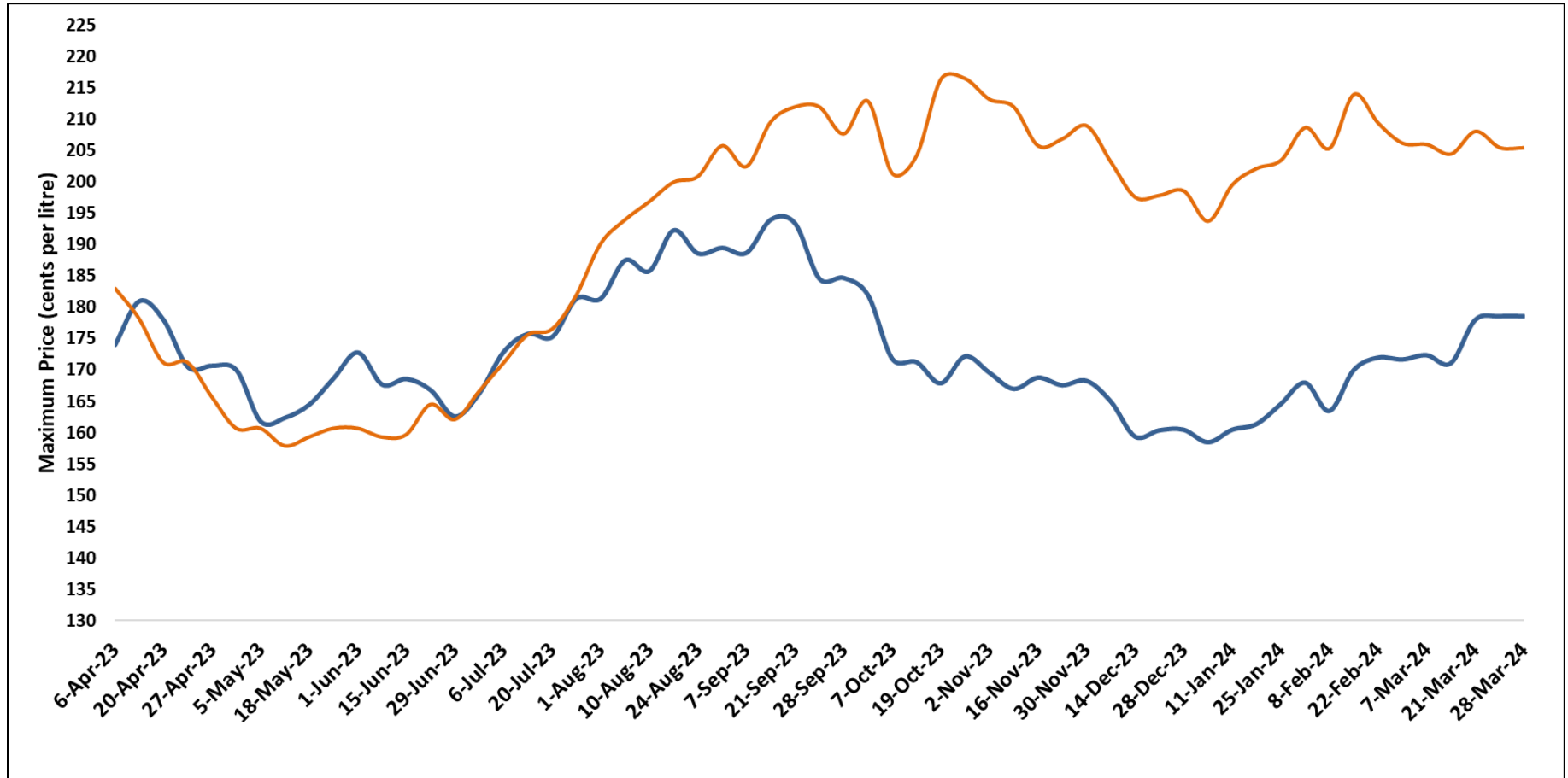
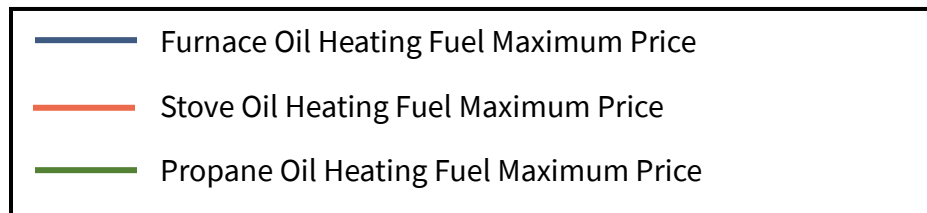
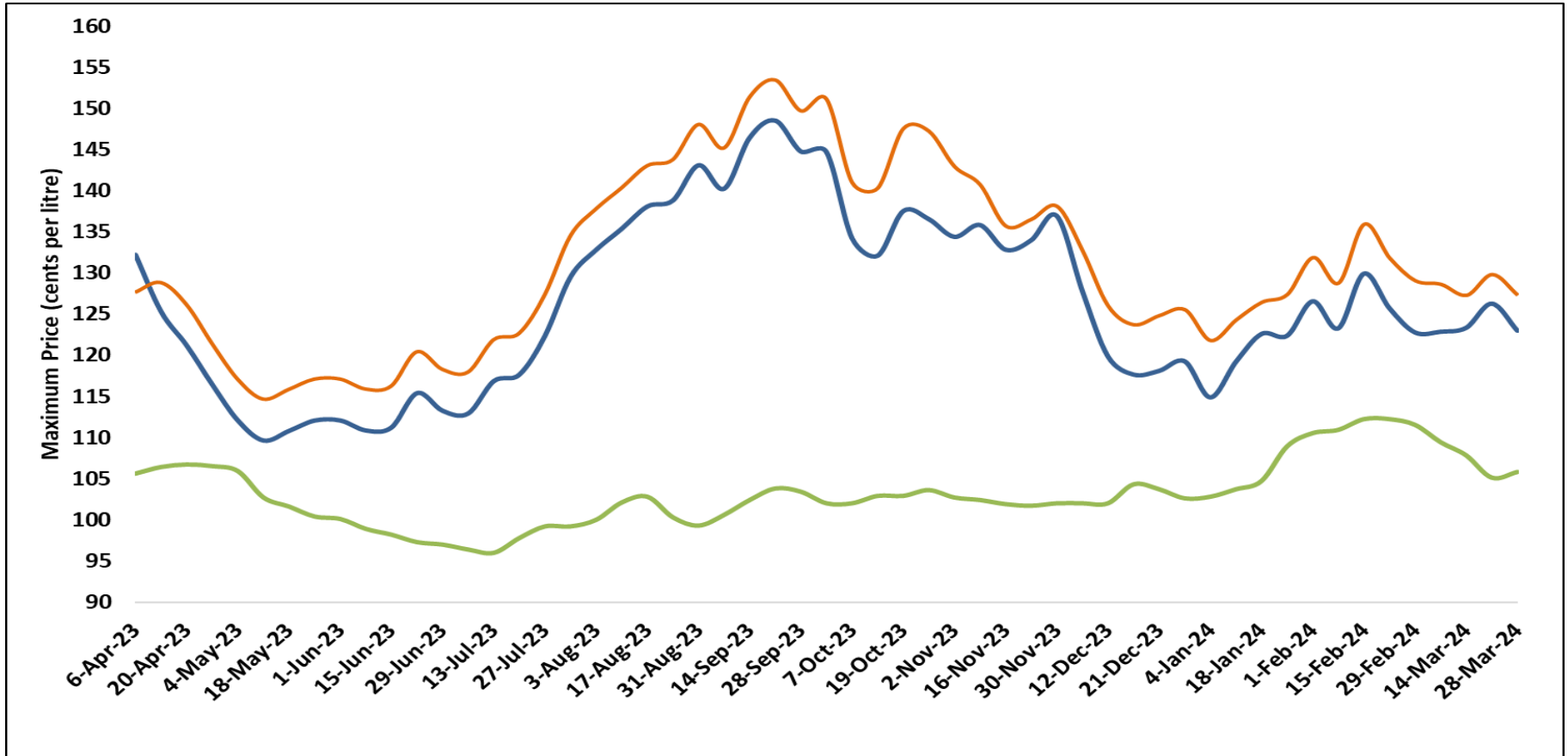


Figure 5
Heating Fuel Maximum Prices (Ex-Tax)- Base Zones 2023-2024



Changes to Taxation Applicable to Regulated Petroleum Products

Effective July 1, 2023 the Government of Canada mandated provinces to update carbon tax rates and remove exemptions to align with federally proposed changes for 2023. As a result, Federal Fuel Charge rates, rather than Provincial carbon taxation rates, were applied to all fuels sold in the province of Newfoundland and Labrador.¹² The table below summarizes the changes to taxation applicable to the Board's maximum pricing:

Table 5
Summary of Changes to Carbon Taxation
Applicable to Regulated Petroleum Products (cents per litre)

Fuel Product	Provincial Carbon Tax Rate Effective May 1, 2022 to June 30, 2023	Federal Fuel Charge Rate Effective July 1, 2023 to November 8, 2023.	Federal Fuel Charge Rate Effective July 1, 2023 to March 31, 2024
Gasoline	11.05	14.31	14.31
Diesel	13.41	17.38	17.38
Furnace Oil	n/a	17.38	
Stove Oil	n/a	17.38	
Propane	n/a	10.06	10.06

The provincial fuel tax rates for gasoline and diesel motor fuels introduced on June 2, 2022 were extended to March 31, 2025.

Carbon Price Adjustment Introduction and Updates

Pursuant to the federal Clean Fuel Regulations, the Government of Canada directed carbon intensity reduction requirements in respect to gasoline and diesel motor fuels produced or imported into Canada effective July 1, 2023. The carbon intensity reduction requirements do not apply to heating fuels.

On June 23, 2023 the **Petroleum Products Regulations** in Newfoundland and Labrador were amended to require that the Board include a Carbon Price Adjustment in maximum prices for motor fuels and heating fuels to mitigate the costs incurred for wholesalers and retailers associated with the federal Clean Fuel Regulations. The Board engaged Grant Thornton to review and report on the potential impact of the federal Clean Fuel Regulations on the Board's maximum prices. The report prepared by Grant Thornton can be found [here](#).

¹² Department of Finance Bulletin No. RAA-CARBON-004 provides additional information in relation to the tax changes implemented.

Effective July 1, 2023 the Board implemented, on an interim basis, a Carbon Price Adjustment in its calculation of maximum prices for gasoline and diesel motor fuels to reflect additional costs for suppliers associated with the carbon intensity reduction requirements within the federal Clean Fuel Regulations.

No Carbon Price Adjustments were implemented for heating fuels as the carbon intensity reduction requirements of the federal Clean Fuel Regulations do not apply to heating fuels.

The Board determined that the Carbon Price Adjustment for gasoline and diesel motor fuels should be based on the maximum credit price of \$300 per tonne for transfers through the compliance credit clearing mechanism under the federal Clean Fuel Regulations, adjusted for inflation. Effective July 1, 2023, the Carbon Price Adjustment was set at 3.74 cents per litre for gasoline motor fuel and 4.17 cents per litre for diesel motor fuel for all zones, other than Labrador Zones 10, 11, 11a, 11b, 12 and 14 where a suspension of maximum price adjustments was in effect for the spring and summer season during this period. These Carbon Price Adjustments were made on an interim basis as the Board expected further changes would be appropriate as market conditions continued to develop under the new federal Clean Fuel Regulations.

Upon resupply of petroleum products to the Labrador region, effective on December 21, 2023, the Board implemented Carbon Price Adjustments of 3.74 cents per litre for gasoline motor fuels and 4.17 cents per litre for diesel motor fuels on an interim basis in Labrador Zones 10, 11, 11a, 11b, 12 and 14.

On January 1, 2024 the federal Clean Fuel Regulations mandated further carbon-intensity limit reductions of 1.5 CO₂e per megajoule of energy for gasoline and diesel motor fuels. As a result, effective January 11, 2024, the Board approved new Carbon Price Adjustments to provide suppliers an opportunity to recover the estimated additional costs they were incurring to comply with the additional reduction requirements. The Board implemented updated Carbon Price Adjustments of 5.40 cents per litre for gasoline motor fuels and 6.02 cents per litre for diesel motor fuels for all zones, other than Labrador Zones 10, 11, 11a, 11b, 12 and 14 where maximum price adjustments had been suspended for the winter season. Labrador Zones 10, 11, 11a, 11b, 12 and 14 will continue to pay the Carbon Price Adjustments implemented on December 21, 2023 until such time that the Board determines it reasonable to change the Carbon Price Adjustments based on new cost information.

Petroleum Products Pricing Review

On June 7, 2022 the Minister of Digital Government and Service NL, the Honourable Sarah Stoodley, directed the Board, pursuant to subsection 8.1(3) of the **Petroleum Products Act**, to review the following matters:

- i) the suitability of the pricing mechanism for benchmark prices; and
- ii) the maximum mark-up between the wholesale price to the retailer and the retail price to the consumer for all regulated fuels (both of which comprise the total allowed mark-up).

The Minister also directed, pursuant to subsection 8.1(5) of the **Petroleum Products Act**, that the Board hold a hearing as part of the review to enable direct public input from residents throughout Newfoundland and Labrador, through in-person, written and electronic correspondence.

The Petroleum Products Review (the Review) has continued throughout 2023-24 and is organized into three phases as follows:

- Phase I – Background and issue identification
- Phase II – Benchmarking and wholesale mark-ups
- Phase III – Retail mark-ups and other issues

Phase I concluded in March 2023 and included the identification of prevalent issues and the issuance of key preliminary documentation for the Review. Work for Phase II and Phase III of the Review continued throughout 2023-24. As of March 31, 2024 the Board was in the final stages of data collection and document preparation. The completion of the report has been delayed due to challenges in obtaining cost information from the industry, requiring the Board to take additional time to gather additional data to enable informed decision making by the Board.

Report on Planned Activities

As we move away from the 2020-2023 activity planning cycle, the Board still remains committed to regulatory responsiveness. The Board continued to build upon previously identified priority action areas to further strengthen the efficiencies realized. While the Board manages its regulatory processes, the Board's work is responsive in nature and circumstances beyond the Board's control can significantly impact the Board's regulatory calendar and work.

The Board's information management capacity saw further improvement through the reporting period by implementing various measures. Notably, there has been collective effort to digitalize historical paper records, aiming to enhance accessibility and records retrieval efficiency. Furthermore, the Board is actively incorporating both corporate and operational records within its electronic information management system allowing the Board heightened control over its entire repository of records. These initiatives have streamlined the management of information, improved archival preservation, and cross-referencing capabilities. Continuously enhancing and broadening our corporate classification plan ensures consistent application of retention and disposition protocols, thereby promoting organizational coherence and regulatory compliance.

Internal capacity continued to be a focus during the reporting period with Commissioners and staff participating in education and training opportunities enhancing their skills to meet ongoing regulatory challenges. The Board recently hired an additional legal counsel in preparation for the retirement of its long-serving external legal counsel. As well, the Board is engaged in strategic planning in terms of succession planning as some Commissioners and staff are nearing retirement. This is a critical component of the Board's long-term stability given the important role of the Board and the applications for new generation that are expected in the next number of years.

The Board has identified improved communications as an area of focus this year, building on the work already completed with the implementation of the Board's new website which now provides accessible information about all its mandates. In the next reporting period, the Board will focus on implementing its new communications strategy and plan promoting the trust and confidence of stakeholders and the public.

ISSUE:	Enhanced Communications and Public Transparency
Objective	By March 31, 2024 the Board will have reviewed its Communications Strategy and Plan
Indicator	Communications firm hired.
<p>The Board contracted Pilot^o Communications to develop a three-year communication plan, including an initial research and analysis report and a final set of recommendations. This communication plan provided strategies to increase transparency and accessibility for the Board’s stakeholders.</p>	
Indicator	GAP analysis determining desired outcomes for the Communications Strategy and Plan completed.
<p>The initial audit studied the current communication practices of the Board including a legislative mandate review including Board orders, guidelines, and compliance reports. An assessment was completed of the Board’s information-rich website, media releases, public notices, direct phone calls, and media strategy. The Board’s staff are experts in the regulatory profession and the depth of online resources support a mandate of transparency, but the dense and technical subject matter creates barriers to access and understanding for members of the public.</p> <p>Because of changes in public trust in institutions, media landscapes, and social media communications practices, other regulatory boards across Canada have adopted best practices including promoting trust and consumer confidence, prioritizing plain language material, engaging community members, developing social media presences, and educating consumers in the areas they regulate.</p> <p>For a quasi-judicial entity, operating in the public sector with no competitors and no profit or market share motivations, the role and value of strategic communications may be unclear. Information released by the Board is highly technical and informative mostly using legal and industry jargon. Public-facing documents using plain language and visual resources provide relatively more digestible language built with strategies for engaging readers or viewers in mind. The gap analysis was completed in Q1 of 2024.</p>	
Indicator	Communications Strategy and Plan reviewed.
<p>The Board has started to review the initial Communications Plan and Recommendations in March 2024 and is in its beginning stages to prioritize next steps for implementation for the next reporting period. Beyond simply fulfilling a mandate or providing transparency to the public, employing strategic communications will serve to support business and operational goals.</p> <ul style="list-style-type: none"> • Strong communications and stakeholder outreach leads to better and more-valuable public engagement and encourages more equitable participation in key processes. • Effective communications reduce future threats or challenges caused by mistrust, misunderstanding, and inaccuracies. <p>An empowered audience creates a safer, more fruitful public discussion and democratic process, leading to a stronger province.</p>	

ISSUE:	Enhanced Communications and Public Transparency
Objective	By March 31, 2025 the Board will have determined its Communications Strategy and Plan
Indicator	Implement new PUB brand and focus on key messages to enhance the public understanding of the Board mandate.
Indicator	Optimize Underutilized Channels.
Indicator	Expand the use of infographics and visual content.

Opportunities and Challenges Ahead

The Board expects this next year to be demanding with a number of major filings including:

- Issuing a decision on Hydro’s proposal for Approval of the Construction of Hydro’s Long-term Supply Plan for Southern Labrador;
- Issuing a decision on Newfoundland Power’s Return on Base Rate Application;
- Holding a public hearing and issuing a decision on Newfoundland Power’s General Rate Application;
- Hydro’s filing to reflect the provincial governments’ rate mitigation plan in customer rate development; and
- The ongoing review of the reliability and resource adequacy of the power supply in the province and Hydro’s applications for new generation to support reliable service and deal with the system load growth resulting from decarbonization initiatives of the provincial and federal governments and increased immigration.

Many of these proceedings will be lengthy and complex and are expected to attract significant public interest considering the potential impact on reliability, available supply and future electricity prices.

Petroleum products pricing is also expected to attract public attention as the Board’s review is concluding and industry and public engagement will be reflected in the final report submitted to Government expected early in the Fourth Quarter of 2024.

With respect to the Board’s automobile insurance work, the Board plans to conduct a review of its filing guidelines and profit provision benchmarks in the year ahead to seek improvements and ensure its processes continue to be in accordance with best practices. The Board is also reviewing its compliance audit program to ensure it remains practical, yet thorough, in light of ongoing market changes and innovations which have increased the complexity of the automobile insurance product (e.g. new rating factors and increased risk segmentation).

The Board continues to work diligently with its consulting actuaries and industry stakeholders to navigate the uncertain claims experience in the post-pandemic market. New influencing factors such as high inflation levels and increased vehicle thefts have now emerged to create new challenges for the Board in the rate setting process. The Board will continue to monitor developing industry trends and economic influences in its efforts to ensure rates are just and reasonable in the province.

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Appendix I – Financial Statements

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2024**

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Index to Financial Statements Year Ended March 31, 2024

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MANAGEMENT'S REPORT

Management's Responsibility for Board of Commissioners of Public Utilities Financial Statements

The accompanying financial statements are the responsibility of the management of Board of Commissioners of Public Utilities (the Board) and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Association of Chartered Professional Accountants of Canada. Management is responsible for the integrity and objectivity of these statements, all the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Chair and CEO, or in the absence of Chair, the Vice-Chair is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The internal financial statements are reviewed by management on a quarterly basis and external audited financial statements on an annual basis.

Noseworthy Chapman, as Board of Commissioners of Public Utilities appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Chair and appears on the following page. Their opinion is based upon examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and the results of the Board of Commissioners of Public Utilities in accordance with Canadian public sector accounting standards.

On behalf of the Board of Commissioners of Public Utilities.



Chair



INDEPENDENT AUDITOR'S REPORT

To the Chair of the Board of Commissioners of Public Utilities

Opinion

We have audited the financial statements of Board of Commissioners of Public Utilities (the Board), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2024, and the results of its operations and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)



Independent Auditor's Report to the Chair of the Board of Commissioners of Public Utilities *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nosworthy Chapman

Chartered Professional Accountants
St. John's, NL
May 16, 2024


BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position Year Ended March 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	\$ 2,388,928	\$ 2,550,883
Receivables (Note 4)	9,623	10,025
HST receivable (Note 5)	31,510	16,032
Recoverable costs (Note 6)	428,440	511,000
	\$ 2,858,501	\$ 3,087,940
LIABILITIES		
Payables and accruals	337,998	100,868
Government remittances payable	1,785	1,565
Payroll accruals	500,420	695,983
	840,203	798,416
NET FINANCIAL ASSETS	\$ 2,018,298	\$ 2,289,524
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	\$ 174,388	\$ 42,644
Prepaid expenses	1,644	28,084
	176,032	70,728
ACCUMULATED SURPLUS	\$ 2,194,330	\$ 2,360,252
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	\$ 174,388	\$ 42,644
Internally restricted (Note 10)	1,703,362	1,670,735
Unrestricted	316,580	646,873
	\$ 2,194,330	\$ 2,360,252

Commitments (Note 13)

On Behalf of the Board:





Chair

Executive Director

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations Year Ended March 31, 2024

	Budget 2024 (Note 14) (Unaudited)	2024	2023
REVENUES			
Regulatory assessments	\$ 3,211,396	\$ 3,211,366	\$ 3,066,733
Interest and other income	15,000	105,093	79,621
	3,226,396	3,316,459	3,146,354
EXPENDITURES			
Amortization	\$ -	\$ 51,253	\$ 26,898
Consulting fees	415,000	593,951	294,632
Office equipment, supplies, and services	104,901	149,301	87,028
Rent and insurance	347,914	329,949	321,070
Salaries and associated costs (Note 12)	2,242,689	2,273,633	2,257,949
Telecommunications	46,380	43,541	42,191
Training and membership	49,840	24,936	27,711
Travel	19,672	15,817	6,518
	3,226,396	3,482,381	3,063,997
Excess (deficiency) of revenues over expenditures	\$ -	\$ (165,922)	\$ 82,357

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Financial Assets Year Ended March 31, 2024

	Budget 2024 (Note 14) (Unaudited)	2024	2023
Annual (deficit) surplus	\$ -	\$ (165,922)	\$ 82,357
Changes in tangible capital assets			
Acquisition of tangible capital assets		(182,997)	(11,893)
Amortization of tangible capital assets		51,253	26,898
	-	(131,744)	15,005
Change in other non-financial assets			
Net decrease (increase) of prepaid expenses		26,440	(26,303)
	-	26,440	(26,303)
Increase (decrease) in net assets	-	(271,226)	71,059
Net financial assets, beginning of year	2,289,524	2,289,524	2,218,465
Net financial assets, end of year	\$ 2,289,524	\$ 2,018,298	\$ 2,289,524

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Cash Flows
Year Ended March 31, 2024**

	2024	2023
Operating transactions		
Cash receipts from assessments and other revenues	\$ 3,301,383	\$ 4,076,509
Cash paid to suppliers and employees	(3,362,901)	(3,183,556)
Cash (used in) from operating transactions	(61,518)	892,953
Hearing and review transactions		
Decrease (increase) in recoverable costs	82,560	(150,958)
Cash from (used in) in hearing and review transactions	82,560	(150,958)
Capital transactions		
Purchase of tangible capital assets	(182,997)	(11,893)
Cash used in capital transactions	(182,997)	(11,893)
Increase (decrease) in cash during year	(161,955)	730,102
Cash position, beginning of year	2,550,883	1,820,781
Cash position, end of year	\$ 2,388,928	\$ 2,550,883

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

1. GENERAL

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are just and reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of maximum fuel prices pursuant to the *Petroleum Products Act*; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) establishing 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* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are addressed by that statement.

Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, receivables, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The Board's carrying value of cash, receivables, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

Cash

Cash includes cash in bank and balances with financial institutions, net of overdrafts.

Recoverable costs

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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Capital assets are recorded on the Statement of Financial Position at cost net of accumulated amortization and are amortized as follows:

Furniture and equipment	20%	declining balance method
Computer hardware	35%	declining balance method
Computer software	50%	declining balance method
Leasehold improvements		the lesser of five year straight-line or remaining term of the lease

Capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenditures in the statement of operations.

Prepaid expenses

Prepaid expenses include amounts paid in advance for services, insurance, and workers compensation and are charged to expense over the periods expected to benefit from them.

Non-financial assets

Non-financial assets are not available for discharge to existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sales in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the change in net financial assets for the year.

Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Operating leases

An operating lease is a lease whereby substantially all of the benefits and risks incidental to ownership of the property are not transferred to the Board.

Employee future benefits

(i) Severance pay

On May 31, 2018, the Province of Newfoundland and Labrador enacted legislation affecting severance pay for employees. As a result of the legislation, employees with at least one year of service were entitled to one week of salary for each complete year of service, up to a maximum of 20 weeks. No additional severance is to be accrued beyond May 31, 2018. Employees impacted by this change could elect to either receive all of their entitlement by March 31, 2019 or defer receiving their entitlement to a later date. As of January 31, 2024 there are not any employees remaining who are eligible for severance pay. The final remaining employee retired January 31, 2024.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

(ii) Pension fund

Employees and Commissioners of the Board are subject to the *Public Service Pension Act 1991*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. Contributions of the Board to the plan are recorded as expenses in the year the contributions are made.

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Expenditures

Expenditures are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

Cost allocations to/from commonly controlled entities are recorded on a gross basis.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statement and are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2024:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its floating interest rate bank credit agreement.

4. RECEIVABLES

	2024		2023
Revenues receivable	\$ 9,623	\$	10,025

5. HST RECEIVABLE

	2024		2023
HST receivable from federal government	\$ 31,510	\$	16,032

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

6. RECOVERABLE COSTS

	2024	2023
Recoverable costs, beginning of year	\$ 511,000	\$ 360,042
Add - specific enquiry costs incurred during the year:		
Consumer Advocate	459,777	254,158
Consulting fees	504,303	449,510
Legal	140,170	56,973
Advertising and notice	3,805	2,870
Other	533	159
	1,108,588	763,670
	1,619,588	1,123,712
Less - costs recovered during the year	(1,191,148)	(612,712)
Less - costs deemed non recoverable	-	-
Recoverable costs, end of year	\$ 428,440	\$ 511,000

See also Note 11.

7. BANK CREDIT AGREEMENT

The Board has 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. Any outstanding balance bears interest at the bank prime rate plus 0.5%. As at March 31, 2024, the balance outstanding was \$Nil (2023 - \$Nil).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

8. TANGIBLE CAPITAL ASSETS

	2024			
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 284,991	\$ 351,944	\$ 239,488	\$ 876,423
Additions	6,236	11,366	165,395	182,997
Disposals	8,649	-	-	8,649
Closing balance	282,578	363,310	404,883	1,050,771
Accumulated amortization				
Opening balance	267,432	326,859	239,488	833,779
Amortization	4,759	13,415	33,079	51,253
Disposals	8,649	-	-	8,649
Closing balance	263,542	340,274	272,567	876,383
Net book value	\$ 19,036	\$ 23,036	\$ 132,316	\$ 174,388
2023				
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 284,991	\$ 340,051	\$ 239,488	\$ 864,530
Additions	-	11,893	-	11,893
Disposals	-	-	-	-
Closing balance	284,991	351,944	239,488	876,423
Accumulated amortization				
Opening balance	263,042	311,330	232,509	806,881
Amortization	4,390	15,529	6,979	26,898
Disposals	-	-	-	-
Closing balance	267,432	326,859	239,488	833,779
Net book value	\$ 17,559	\$ 25,085	\$ -	\$ 42,644

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2024

9. NON-VESTED SICK LEAVE PAYOUTS

Prior to a change in government policy, several employees were permitted to accumulate unused sick day credits. As of March 31, 2024, there are no employees who can accumulate sick-leave payout balances. The final employee permitted to accumulate retired January 31, 2024. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

10. INTERNALLY RESTRICTED SURPLUS

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2024 are as follows:

	2024	2023
Redundancy pay contingency	\$ 1,074,838	\$ 1,139,786
Working capital	628,524	530,949
	\$ 1,703,362	\$ 1,670,735

11. INTER-ENTITY TRANSACTIONS

The Board incurs costs in relation to hearings held to deliver on its mandate which are recoverable from industry participants at cost. A portion of these costs are recoverable from Newfoundland and Labrador Hydro, an entity under common control.

	2024	2023
Beginning balance	\$ 236,273	\$ 277,031
Costs incurred	552,772	472,187
Costs recovered	(714,148)	(512,945)
Ending balance	\$ 74,897	\$ 236,273

The Board has also charged Newfoundland and Labrador Hydro assessment fees in the amount of \$917,798 (2023: \$891,693).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2024

12. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Employees and Commissioners of the Board are subject to the *Public Service Pension Act 1991*. Pension contributions deducted from Commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to Commissioners and employees when they retire. The Board's share of pension expense for the year in the amount of \$178,007 (2023 - \$183,481) is included in salaries and associated costs.

13. COMMITMENTS

The Board leases premises under a long-term lease that expires on May 31, 2028. Under the lease, the Board is required to pay a base rent of \$25,718 plus HST per month for the period June 2023 to May 2025, \$26,790 plus HST per month for the period June 2025 to May 2027, and \$27,961 plus HST per month for the period June 2027 to May 2028. In addition, the Board must pay for its proportionate share of real estate tax and water tax for the leased premises. Future minimum lease payments as at year end are as follows:

2025	\$327,905
2026	\$338,620
2027	\$340,764
2028	\$351,479
2029	\$58,937

14. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from estimates approved by the Lieutenant-Governor in Council and the Board.