
*Newfoundland
& Labrador*

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

2006-2007 ANNUAL REPORT

WHO WE SERVE

In serving its clients the Board strives to achieve an equitable balance between the interests of consumers and service providers in the electric utility, automobile insurance, petroleum product and motor carrier industries. These clients include the following:

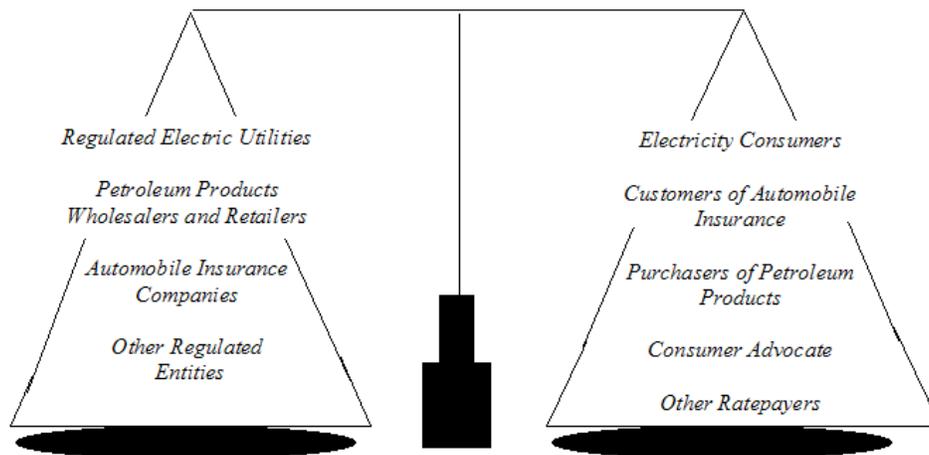


TABLE OF CONTENTS

	<u>PAGE</u>
MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER	1
OVERVIEW OF THE BOARD	2
HIGHLIGHTS AND ACCOMPLISHMENTS	6
ACTIVITIES	8
OPPORTUNITIES AND CHALLENGES AHEAD	11
FINANCIAL STATEMENTS	12
APPENDIX I	
SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2006-2007	
UNDER THE PUBLIC UTILITIES ACT	22
UNDER THE AUTOMOBILE INSURANCE ACT	34
UNDER THE MOTOR CARRIER ACT	38
APPENDIX II	
SUMMARY OF PRICING CHANGES DURING 2006-2007	40
UNDER THE PETROLEUM PRODUCTS PRICING ACT	
List of COMMISSIONERS and STAFF Year End - March 31, 2007	45

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

I am pleased to present the annual report of the Board of Commissioners of Public Utilities (the “Board”) for the fiscal year ending March 31, 2007. This report was prepared under my direction in accordance with the *Transparency and Accountability Act* and, as Chair and CEO, I am accountable for the activities and results outlined in this report.

The regulatory mandate of the Board is diverse and includes regulation and oversight of the electric utilities, regulation of automobile insurance rates, setting maximum prices for petroleum products in the Province, as well as limited responsibilities in the areas of motor carrier operations and expropriations. An important focus of the Board in all its activities is the effective and efficient delivery of its regulatory responsibilities in a fair, open and transparent manner, for both the regulated industries as well as ratepayers and consumers.

The following annual report presents a description of the Board’s activities for the 2006-07 fiscal year. The report also includes the Board’s audited financial statements and a summary of the Decisions and Orders issued by the Board during the reporting period.

Robert Noseworthy
Chair and CEO

OVERVIEW OF THE BOARD

MANDATE

The Board was established in 1949 and is an independent, quasi-judicial tribunal constituted under *The Public Utilities Act, RSNL 1990, c. P-47*. The Board has a variety of mandated responsibilities under provincial legislation and performs its regulatory functions through public hearings, less formal processes/meetings and on-going regulatory oversight which may include audits, detailed technical/financial reviews and resolution of public complaints. The Board exercises its authority in accordance with principles of natural justice and procedural fairness. Board Orders/Decisions are legally binding and may only be appealed to the Supreme Court of Newfoundland, Court of Appeal.

Statutory responsibilities are defined in and include the following:

<i>Public Utilities Act</i>	<i>Petroleum Products Act</i>
<i>Electrical Power Control Act</i>	<i>Motor Carrier Act</i>
<i>Automobile Insurance Act</i>	<i>Expropriation Act</i>
<i>Insurance Companies Act</i>	<i>Public Utilities Acquisition of Lands Act</i>

These Acts fall under the responsibility of various departments of Government, including the Department of Justice (*Public Utilities Act*), the Department of Government Services (*Automobile Insurance Act, Insurance Companies Act*), and the Department of Natural Resources (*Electrical Power Control Act*). The Board is accountable administratively through the Minister of Justice who presents the Board's annual budget for approval by the Lieutenant Governor in Council and tables its annual report in the legislature. The Board is also subject to the requirements of the *Transparency and Accountability Act* recently introduced by Government, which requires the Board to prepare and submit activity plans and performance reports annually.

VISION

The vision of the Board of Commissioners of Public Utilities is to be respected for its fairness, professionalism and excellence in regulation while sustaining the public trust and confidence of the people of the Province.

MISSION

The mission of the Board of Commissioners of Public Utilities is to deliver high quality regulation through professional and competent staff and Commissioners.

KEY STATISTICS

The Board is tasked with economic regulation in a number of different areas that directly impact on the residents of Newfoundland and Labrador.

The Board is responsible for the regulation of electrical utilities, both Newfoundland and Labrador Hydro (NLH) and Newfoundland Power (NP), whose joint customer base involves some 255,810 residential and general service customers and five large industrial users.

Board of Commissioners of Public Utilities

The Board regulates automobile insurance rates charged by approximately 50 insurance companies operating in the Province serving some 242,980 private passenger and commercial customers and writing total premiums with an estimated value of \$262,467,000.

The Board sets maximum prices for petroleum products which are sold in the Province through a network of 12 oil company related suppliers, 50 wholesalers and 481 retailers of gasoline, automotive diesel and heating fuels.

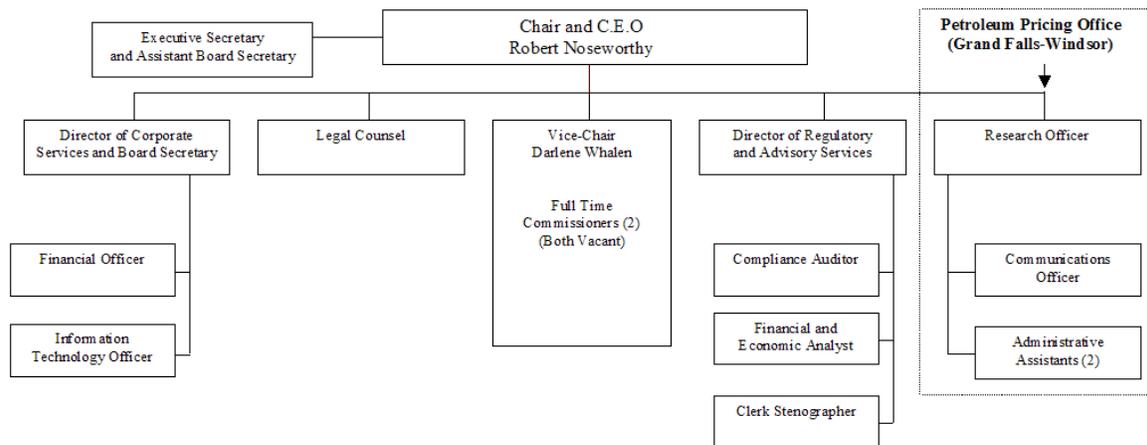
The Board maintains other residual responsibilities including the issuance of ambulance certificates (23 current), and also motor carrier certificates (34 current) relating to the Trans-Island bus service. In addition, upon application, the Board acts as arbitrator to determine compensation for land expropriated by Government and the City of St. John's.

ORGANIZATION

The Board is comprised of four full-time commissioners including the Chair and Chief Executive Officer and the Vice Chair. Commissioners are appointed by the Lieutenant Governor in Council and consist of a skilled group of professionals with expertise in engineering, law, finance/economics and business. The Chair and Chief Executive Officer is responsible for directing the administration and financial management of the Board.

The Board has 13 full-time staff located in offices in St. John's and in Grand Falls-Windsor, the site of its Petroleum Pricing Office (PPO).

Board's Organization Chart at March 31, 2007



The Board is organized on a functional basis incorporating **regulatory and advisory services** performed in respect of external stakeholders and **corporate services** providing necessary administrative, financial and other supports internal to the organization.

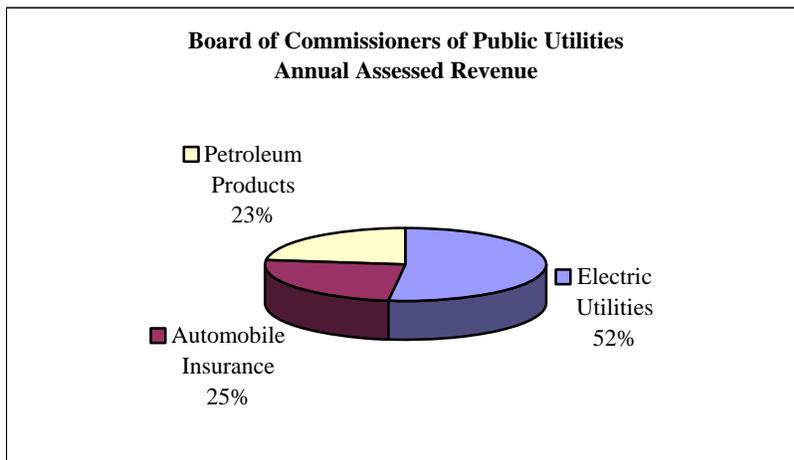
LINES OF BUSINESS

The Board’s single line of business is regulation and includes various regulatory activities undertaken in accordance with its legislated mandate:

- Determination of rates for electrical services and automobile insurance, as well as setting maximum allowable prices for petroleum products.
- General supervision of public utilities and automobile insurance rates.
- Considering applications, such as rate changes, approval of annual capital budgets of utilities, contributions in aid of construction, and accounting and other financial matters.
- Conducting public hearings where necessary.
- Compliance monitoring of regulated industries, including compliance audits, annual financial reviews, and ongoing regulatory and performance reporting.
- Investigations and reviews.
- Responding to consumer inquiries and complaints.
- Expropriation arbitration.

FINANCIAL

The Board is fully funded through assessments charged to regulated industries/companies. While assessments to each industry may vary depending on the actual allocation of work performed by the Board in a given year, estimated percentages of annual assessed revenue attributable to respective industries are shown below:



Board of Commissioners of Public Utilities

The Board's annual operating expenses for 2006-07 were \$1,801,106. The comparative expenditures for the previous five-year period are shown below:

Board of Commissioners of Public Utilities						
Expenditures						
Years Ended- March 31						
	2002	2003	2004	2005	2006	2007
Operating - SJ Office	\$1,463,271	\$1,513,640	\$1,538,103	\$1,952,985	\$1,998,677	\$1,330,576
Operating - PPPC/PPO ¹	\$ 366,023	\$ 494,945	\$ 619,522	\$ 444,764	\$ 467,668	\$ 470,530
Operating - Total	\$1,829,294	\$2,008,585	\$2,157,625	\$2,397,749	\$2,466,345	\$1,801,106
Hearings - Board	\$1,103,246	\$1,101,546	\$1,334,854	\$ 271,658	\$ 468,383	\$ 37,856
Hearings - Consumer Advocate	\$ 484,496	\$ 68,256	\$ 37,802	\$ 33,779	\$ 2,891	\$ 328,901
Hearing - Total	\$1,587,742	\$1,569,802	\$1,872,656	\$ 305,437	\$ 531,274	\$ 766,757
Total Expenditures	\$3,417,036	\$3,578,387	\$4,030,281	\$2,703,186	\$2,997,619	\$2,567,863

Note 1- The Board assumed responsibility for petroleum pricing regulation in 2004. At that time the former Petroleum Products Pricing Commission (PPPC) became the Petroleum Pricing Office (PPO) of the Board and remained located in Grand Falls-Windsor. The costs for 2002, 2003 and largely 2004 are the costs associated with the former PPPC.

Public hearings are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. The Board also recovers other costs directly from applicant(s) and/or parties involved in specific proceedings and/or investigations. During 2006-07, the Board's accumulated hearing costs totaled \$766,757, with \$69,226 related to automobile insurance rate filing reviews; \$28,442 related to the hearing of NP's accounting policy application; \$518,962 related to NLH's general rate application, and \$107,139 related to the utilities' capital budget applications and annual financial reviews. The balance of \$42,988 related to various applications made by the utilities during the year.

Subsequent to year-end expenses in the amount of \$203,084 were invoiced in connection with the review of homeowners and commercial liability insurance conducted by the Board as directed by Government. These expenses, incurred partially in 2004-05, 2005-06 and 2006-07 are being recovered by way of a special assessment upon homeowner and commercial liability insurance companies operating in the Province as provided by s. 3.1 of the *Insurance Companies Act*.

Further details regarding the Board's recoverable costs can be found in Notes 4 and 5 to the Board's Financial Statements outlined later in this Annual Report.

In accordance with Board policy arising from s. 7 of the *Public Utilities Act*, once again in 2006-07 the Board applied the major portion of its operating surplus to reduce subsequent year assessments to regulated industries/companies. This operating surplus results from a variance between budgeted and actual revenues/expenditures due to either improved financial performance and/or higher recoveries from directly funded regulatory activities. In 2006-07 the Board approved reductions in assessments to the electrical utilities, insurance and petroleum products industries of \$594,482, \$159,453 and \$152,542 respectively. Where appropriate the Board will continue this policy of adjusting assessments in relation to prior years' accumulated surplus. Further considerations concerning this policy for the coming year (2007-08) are outlined in Note 10 to the Board's Financial Statements outlined later in this Annual Report.

HIGHLIGHTS AND ACCOMPLISHMENTS

During the Spring Session (2006) of the House of Assembly the *Public Utilities Act* was amended adopting a new governance model for the Board. This model constituted the elimination of the existing six (6) part-time Commissioner positions in favour of one (1) additional full-time Commissioner. Governance of the Board now comprises four (4) full-time Commissioners which include the Chair/CEO and Vice Chair. This streamlining affords the opportunity for improved regulatory efficiencies, greater continuity of decision-making and lower overall regulatory costs.

In 2006-07 the Board experienced another busy year. Following a transitional period demanding focus on its new regulatory responsibilities including the integration of the former Petroleum Product Pricing Commission (PPPC) and the completion of insurance reviews directed by Government, the Board centered attention on adjusting to the new governance model, on-going regulatory activities which included a general rate application for NLH, and enhancing the efficiency of its regulatory framework. The following lists the Board's highlights and accomplishments for 2006-07:

- 1) For the second year in a row the Board examined the potential offered by utilizing provisional capital budget guidelines as a suitable alternative to public hearings into NLH's and NP's capital budgets. These guidelines were initially introduced in 2005 and were developed in concert with both utilities, the Consumer Advocate and the Industrial Customers. Based on the experience of the past two years where capital budget reviews have been conducted without public hearings, in the coming year the Board will further consult with a view to enshrining these provisional guidelines as part of its standard operating policies.
- 2) The Board continues to assess, where practical, Alternative Dispute Resolution (ADR) as a means of improving its regulatory processes. A negotiated settlement process was facilitated by the Board in relation to NLH's 2006 General Rate Application (GRA) which involved all intervenors including the Consumer Advocate, Industrial Customers and NP. The negotiated settlement resulted in significantly reduced electricity rates for consumers, a considerably shortened public hearing and substantial regulatory savings.
- 3) Staff of the Board initiated discussions with both NLH and NP designed to enhance communications and provide a better understanding of on-going regulatory practices and procedures. These discussions will focus on timing of financial/regulatory reviews, processes for supplementary applications, potential for more informal communication, privacy matters and customer service issues.
- 4) 2006-07 represented a transition year in terms of automobile insurance rate filings. The Board spent most of the year monitoring the effectiveness of its new filing guidelines and will continue to work with the industry to refine these guidelines, improve the timelines of rate review filings and reduce regulatory costs.

- 5) Following completion of the Phase I review of petroleum products pricing in the Province involving administrative consolidation and technical upgrading of the PPO (former PPC), the Board embarked on Phase II, which involved a comprehensive study into the costs associated with the storage and distribution network for petroleum products throughout the Province as well as an operational analysis of methodologies and issues affecting regulation. These reviews were carried out in consultation with the industry and recommendations were implemented providing for better recognition of the actual costs of delivering petroleum products to consumers, enhanced tracking of market inputs used in regulation, and streamlined price notification processes.
- 6) Operating surpluses are derived from reduced expenditures or savings arising from regulatory efficiencies. In 2006-07 the Board approved reductions in assessments to the electrical utilities, insurance companies and the petroleum products industry of \$594,482 (53.2%), \$159,463 (29.6%) and \$152,542 (31.2%) respectively.
- 7) The Board is a member of The Canadian Association of Members of Public Utility Tribunals (CAMPUT) which is a national organization established to foster the improvement of public utility regulation in Canada. Toward the end of the year the Board was among four (4) nominees for the Innovation Award, one of two annual awards of CAMPUT acknowledging creativity, initiative and resourcefulness within the regulatory community. The Board's nomination recognizes its work in improving the regulatory process through the use of electronic technology. This initiative saw the Board develop and implement an electronic filing system providing for more cost effective public hearings, greater public access through the Board's website and an indexed search mechanism allowing for more timely and rigorous evidentiary review and decision making. The winners of these awards will be announced at CAMPUT's Annual Conference being held in Kelowna in May 2007.

ACTIVITIES

PROGRESS ON STRATEGIC DIRECTIONS

The Board's strategic priorities are focused on improving the efficiency of its regulatory tools and streamlining its regulatory framework while ensuring the needed human resource skills are available to effectively deliver its mandated responsibilities. Within the parameters of its governing legislation while the Board reports administratively to the Minister of Justice, the strategic plan of the Department contains no specific directives respecting the work of the Board. The Board, however, sets its goals and priorities within the broad context of Government's strategy which ultimately guides all provincial public entities and maintains a relevant focus for the Board in terms of transparency, accountability, privacy and red tape reduction. In 2006-07 the Board made significant strides regarding its strategic initiatives as reflected in the Highlights and Accomplishments listed above. In addition, the 2007-08 Activity Plan of the Board contains specific objectives, performance measures and indicators for the next year as identified below.

ON-GOING REGULATORY ACTIVITIES

While the Board maintains a strategic planning environment guiding its overall operations frequent adjustments are required since the Board has limited control over the timing, scope and content of applications coming before it. In addition to compliance monitoring and regulatory oversight, these applications and other filings resulting in Board Decisions and Orders contribute to the continuing work of the Board. This on-going regulatory activity for 2006-2007 is reviewed below.

DECISIONS AND ORDERS

The Board issued 64 Orders during the year. A summary of all Orders issued by the Board during the fiscal year can be found in Appendix I of this report. Forty-two (42) Orders were issued relating to public utility regulation, 15 Orders relating to automobile insurance regulation and 7 Orders relating to applications for Motor Carrier Certificates. In addition the Board ordered 39 adjustments to maximum regulated fuel prices in accordance with the *Petroleum Products Act*.

The following summarizes the Board's significant activities during the year associated with its major areas of regulation.

PUBLIC UTILITY REGULATION

The 42 Orders issued under the Board issued under the *Public Utilities Act* are as follows:

- 12 Orders relating to contribution in aid of construction ("CIAC") applications and policies;
- 9 Orders pursuant to section 41 relating to capital budget applications;
- 14 Orders pursuant to sections 70 and 75 relating to rate applications;
- 1 Order relating to administrative/procedural matters and related amendments;
- 6 Orders relating to other matters:
 - 1 regarding the approval of the balance in the Weather Normalization Reserve Account;
 - 1 for the approval of a bond issue;
 - 2 relating to changes to components of the Rate Stabilization Plan;
 - 1 relating to the decommissioning of generation and the termination of electricity service; and
 - 1 relating to the deferral of the recovery of certain extraordinary maintenance expenses.

In addition, the Board conducted detailed reviews of some 60-70 compliance filings and various financial/technical reports submitted by the utilities throughout the year.

NP 2007 Capital Budget

In accordance with the provisional capital budget guidelines, and following a site visit to the Rattling Brook Hydro Generating Station and the conduct of a technical conference, the Board determined that it would consider the NP's 2007 Capital Budget Application without a public hearing. The Board issued Order P.U. 30(2006) on September 29, 2006 approving capital expenditures for 2007 totaling \$62,166,000, along with associated capital projects and leases, as well as setting the rate base for the year ending December 31, 2005, which was fixed and determined at \$745,446,000.

NLH 2007 Capital Budget

In accordance with the provisional capital budget guidelines, and following a site visit to the Holyrood Thermal Generating Station and a technical conference, the Board determined that NLH's 2007 Capital Budget Application would be considered without a public hearing. The Board issued Order P.U. 35(2006) on November 3, 2006 approving capital expenditures for 2007 totaling \$37,684,100, as well as related capital projects and leases. In its application NLH had proposed a 2007 Capital Budget of \$41,421,000. The rate base for the year ending December 31, 2005 was fixed and determined at \$1,473,759,000.

NLH 2006 General Rate Application

On August 3, 2006 NLH filed, for the third time in five years, a general rate application. This application requested an average increase of approximately 8.2% to its Industrial Customers, and approximately 6.6% to NP, which would result in an increase of approximately 4.6% to NP's customers, and with revised rates to become effective on January 1, 2007. As a result of a successful settlement negotiation process facilitated by the Board between NLH and intervenors to the proceeding, which included the Consumer Advocate, NP, and the Industrial Customers, settlement agreements were negotiated covering the majority of issues contained in the GRA. This negotiated settlement resulted in virtually no increase to NP's customers and an average decrease of approximately 13.9% to NLH's Industrial Customers. NLH filed a revised application on December 6, 2006 which incorporated only issues where agreement had not been reached as well a request for interim rates to become effective on January 1, 2007. Approval of interim rates was granted to NLH in Orders P.U. 41(2006), P.U. 43(2006) and P.U. 45(2006).

The public hearing of the revised application lasted 5 days, compared to NLH's 2003 GRA hearing, which consisted of 32 hearing days, and NLH's 2001 GRA hearing which took 62 public hearing days. A final Order of the Board is pending.

AUTOMOBILE INSURANCE REGULATION

Rate Filings

As a result of reforms implemented by Government in August 2005 the Board revised its regulatory processes to give effect to the new regulatory requirements. Two filings categories were established: Category 1 File and Use applicable to filings with no change or reductions in approved rate levels; and, Category 2 Prior Approval applicable to filings that represent an increase in any rate level.

During the period April 1, 2006 to March 31, 2007 the Board issued 15 Automobile Insurance Orders. Of these:

- 9 related to Category 2 rate filings involving rate changes to insurers;
- 1 Order was issued in connection with an application for the pricing of a new endorsement;
- 1 Order was issued correcting a previous Order; and
- 4 Orders were issued in connection with rehearing requests for the establishment of a return on equity for four related companies.

The Board also received four Category 1 rate filings. These filings represented no change to or reductions in rates to insureds and, pursuant to legislative provisions, were not subjected to a full review and analysis. Pursuant to legislation such filings are not subject to the Board's prior approval and may be implemented no sooner than 30 days following filing with the Board. In the case of Category 1 rate filings Board staff review each for compliance to ensure no rate increase in any rate level and, if found to comply, the filings are accepted as submitted.

PETROLEUM PRODUCTS PRICING REGULATION

Volatility in global energy markets remained strong throughout 2006-07. The Board ordered 39 adjustments to maximum regulated fuel prices in accordance with the *Petroleum Products Act*:

- 18 price changes as a result of the scheduled adjustments;
- 19 price changes arising from the interruption formula;
- 1 extraordinary adjustment; and
- 1 adjustment resulting from a change in taxation.

Charts showing the overall pricing adjustments for 2006-2007 for each of the refined petroleum products regulated by the Board can be found in Appendix II of this report.

Several significant events occurred during the past twelve months requiring the Board to adjust maximum prices outside of its normal adjustment processes:

- The reduction in the Federal component of the H.S.T. by 1% on July 1, 2006 necessitated an adjustment of maximum prices.
- A sustained series of drops on the global wholesale market in August 2006 resulted in maximum prices in NL being significantly out of line with other Canadian jurisdictions. The scope of the difference was such that had it been reversed local marketers would have been unable to operate. In the interest of fairness the Board acted judiciously to reduce maximum prices on August 19 in advance of the scheduled price adjustment.
- Federal Legislation came into effect on September 1, 2007 mandating significant reductions in sulfur content for all automotive diesel fuel sold on the Island portion of the province. This new product is known as Ultra Low Sulfur Diesel (ULSD) and the implementation of this legislation resulted in a slight increase in the maximum price for automotive diesel fuel.

OTHER REGULATORY ACTIVITIES

The Board has residual responsibilities under the *Motor Carrier Act* and the *Expropriation Act*.

Under the *Motor Carrier Act* the Board issued 6 Orders relating to ambulance motor carrier certificates and 1 Order relating to an application for a Motor Carrier Certificate for regular public passenger bus service.

The Board did not receive any referrals for expropriation arbitrations during the year.

OPPORTUNITIES AND CHALLENGES AHEAD

The Board's new governance model provides for greater flexibility in resource allocation, continuity of decision-making and overall efficiency. It is imperative that Commissioners have a fundamental skill-set in law, engineering/technical or economics/business/finance and receive appropriate training and support where gaps in knowledge or expertise exist. Equally, with small and specialized staff functions, it will be important to maintain proper career development opportunities to equip individuals with the tools to perform their responsibilities.

Regulatory obligations of the Board are diverse and demand varying regulatory mechanisms and oversight. Emerging energy considerations such as the Lower Churchill development, the cyclical impact of insurance rates and sustained public scrutiny of petroleum products pricing are but a few of the issues that may task the Board in different ways in future. In recent years the Board has also been assigned new regulatory responsibilities which require a timely, appropriate and seamless integration with existing activities. The Board must maintain an organization that is responsive to change and transition and be capable of absorbing and balancing new challenges along with effectively delivering its on-going regulatory responsibilities.

Regulatory costs are assessed against companies and industries affected by regulation and ultimately are passed on to consumers of products subject to this regulation. The Board sees as its on-going challenge the efficient delivery of regulatory services in a fair, open and transparent manner at a cost that is reasonable and provides value to the ratepayer or consumer. It is this principle that will continue to motivate the Board to update and review its methodologies and practices to ensure an efficient, effective and responsive regulatory system.

In December 2006 Government enacted the *Transparency and Accountability Act* which provides the legislative framework for enhanced accountability of its entities. As a Category 3 entity the Board is required to complete multi-year target based activity plans and annual performance reports with a three-year planning horizon. For 2007-2008 the Board is required to complete a transitional activity plan in conformance with the *Transparency and Accountability Act*. Accordingly this activity plan will continue to focus on goals previously established by the Board targeted toward improving regulatory efficiencies, strengthening the regulatory framework and responding to ever-changing regulatory demands. The Board will complete a performance report at the end of 2007-08 which will reflect its relative success in achieving targeted goals and will also prepare the 2008-2009 activity report covering the full three-year planning cycle as contemplated in the Act.

FINANCIAL STATEMENTS



Suite 201, 516 Topsail Rd • St. John's, NL • A1E 2C5
Tel: (709) 364-5600 • Fax: (709) 368-2146
www.noseworthychapman.ca

AUDITORS' REPORT

To: 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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
St. John's, Newfoundland & Labrador
May 30, 2007

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Financial Position
March 31, 2007**

	2007	2006
ASSETS		
Current		
Cash	\$1,427,268	\$2,264,168
Receivables	38,466	137,836
Recoverable costs (Note 4)	626,004	240,045
Prepaid expenses	7,997	8,987
	2,099,735	2,651,036
Deferred costs – insurance review (Note 5)	237,352	223,424
Designated pension funds (Note 6)	-	12,505
Capital assets (Note 7)	46,101	56,488
	\$2,383,188	\$2,943,453
LIABILITIES		
Current		
Payables and accruals	\$ 186,197	\$ 309,638
Payroll accruals	487,536	468,632
Designated pension funds (Note 6)	31,025	-
	704,758	778,270
ACCUMULATED SURPLUS		
Invested in capital assets	46,101	56,488
Invested in designated pension funds	(31,025)	12,505
Internally restricted (Note 9)	1,051,389	1,089,713
Unrestricted	611,965	1,006,477
	1,678,430	2,165,183
	\$2,383,188	\$2,943,453

On Behalf of the Board:

_____ Chairperson and CEO

_____ Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2007

	2007	2006
Revenues		
Regulatory assessments	\$2,143,926	\$2,222,927
Insurance review assessments (Note 5)	-	778,892
Interest and other income	66,489	39,435
Pension income (Note 6)	10,415	7,181
	2,220,830	3,048,435
Expenses		
Amortization	20,157	21,912
Consulting fees	149,873	139,762
Hearing costs (recovery)	-	(40,674)
Insurance review costs (Note 5)	-	778,892
Office equipment, supplies and services	58,519	75,459
Pension obligations estimation adjustment (Note 6)	53,945	43,245
Rent and insurance (Note 11)	184,625	176,464
Salaries and associated costs	1,244,242	1,156,538
Telecommunications	42,061	53,049
Training and membership	13,263	19,325
Travel	34,421	42,373
	1,801,106	2,466,345
Excess of revenues over expenses	\$ 419,724	\$ 582,090

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Accumulated Surplus
Year Ended March 31, 2007**

	2007				2006	
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 9)	Unrestricted	Total	Total
Balance as at beginning of year	\$ 56,488	\$ 12,505	\$1,089,713	\$1,006,477	\$2,165,183	\$1,583,093
Excess of revenues over expenses	(20,157)	(43,530)	-	483,411	419,724	582,090
Assessment reductions (Note 10)	-	-	-	(906,477)	(906,477)	-
Invested in capital assets	9,770	-	-	(9,770)	-	-
Restricted during the year	-	-	(38,324)	38,324	-	-
Balance as at end of year	\$ 46,101	\$ (31,025)	\$1,051,389	\$ 611,965	\$1,678,430	\$2,165,183

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2007

	2007	2006
Operating activities		
Cash receipts from assessments and other revenues	\$ 1,413,723	\$ 3,136,911
Cash paid to suppliers and employees	(1,884,496)	(2,678,444)
Cash (used in) provided by operating activities	(470,773)	458,467
Hearing and review activities		
(Increase) in recoverable costs	(385,959)	(80,505)
(Increase) decrease in deferred costs – insurance review	(13,928)	549,138
Cash (used in) provided by hearing and review activities	(399,887)	468,633
Investing activities		
Purchase of capital assets	(9,770)	(19,990)
Decrease in designated pension funds	43,530	36,064
Cash provided by investing activities	33,760	16,074
(Decrease) increase in cash during year	(836,900)	943,174
Cash position as at beginning of year	2,264,168	1,320,994
Cash position as at end of year	\$ 1,427,268	\$ 2,264,168

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2007

1. General

The Board of Commissioners of Public Utilities 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 reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, 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) 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* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

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) Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued 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 on the Statement of Financial Position at their historical cost 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 and remaining term of the lease

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements
March 31, 2007

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 related thereto. Actual results may differ from those estimates.

3. Financial instruments

The Board's financial instruments consist of cash, receivables, recoverable costs and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. Recoverable costs

	2007	2006
Recoverable costs, beginning of year	\$ 240,045	\$159,540
Add – specific enquiry costs incurred during the year:		
Consulting fees	385,363	407,872
Consumer Advocate	328,901	62,891
Salaries and associated costs	-	42,107
Transcription and printing	6,727	2,360
Travel and accommodations	-	7,473
Advertising and notice	44,367	7,641
Other	1,399	930
	766,757	531,274
Less – costs recovered during the year	1,006,802	690,814
Recoverable costs, end of year	\$ 626,004	\$240,045

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements
March 31, 2007

5. Deferred costs – insurance review

The Board incurred costs in the 2005, 2006 and 2007 fiscal years relating to the insurance industry review. These costs are deferred until all costs pertaining to a specific review have been accumulated and a special assessment issued. Assessment revenue and the related costs are included in the operating revenues and expenses of the Board.

6. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

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 RBC Dexia Investor Services Trust on behalf of these pensioners and are recorded at market value.

	2007	2006
Balance on deposit, beginning of year	\$374,605	\$432,869
Add – earnings net of expenses	10,415	7,181
Deduct – benefit payments	385,020 (65,445)	440,050 (65,445)
Balance on deposit, end of year	319,575	374,605
Related pension obligation	(350,600)	(362,100)
	\$ (31,025)	\$ 12,505

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 16, 2007. A pension obligations estimation adjustment of \$53,945 (2006 - \$43,245) 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.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2007**

7. Capital assets

	2007		Net Book Value	2006
	Original Cost	Accumulated Amortization		Net Book Value
Furniture and equipment	\$237,752	\$221,502	\$ 16,250	\$ 24,749
Computer hardware	187,454	169,591	17,863	17,634
Computer software	21,657	19,273	2,384	1,904
Leasehold improvements	131,112	121,508	9,604	12,201
	\$577,975	\$531,874	\$ 46,101	\$ 56,488

8. 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%.

9. 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, 2007 are as follows:

	2007	2006
Lease commitments	\$ 180,963	\$ 182,663
Payroll contingency	52,483	61,202
Redundancy pay contingency	474,407	483,132
Working capital	343,536	362,716
	\$1,051,389	\$1,089,713

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2007

10. Assessment reductions and subsequent event

Pursuant to Section 13(7) of the Public Utilities Act, the Board approved reductions in assessments to the electrical utilities, the insurance industry and the petroleum products industry in the amounts of \$594,482, \$159,453 and \$152,542, respectively (total \$906,477).

In addition and subsequent to the year end, the Board approved further reductions in the amount of \$511,965. These reductions were applied in the amounts of \$328,608, \$43,786 and \$139,571 to the electrical utilities, the insurance industry and the petroleum products industry, respectively.

11. Lease commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

- a) lease agreement in the amount of \$12,256 per month (\$147,072 per annum) concluding May 31, 2008.
- b) lease agreement in the amount of \$2,825 per month (\$33,900 per annum) concluding February 28, 2010.

APPENDIX I

<p style="text-align: center;">SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2006 - 2007 UNDER THE PUBLIC UTILITIES ACT</p>

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 11 (2006)

Application:

Issued: April 7, 2006

Pursuant to Section 41(5) of the Public Utilities Act (the “Act”), approval of a contribution in aid of construction (“CIAC”) in the amount of \$432,736.00, including HST, for the supply of single-phase electrical service to Aliant Telecom Incorporation Rocky Ridge Communications Tower, located off the Burgeo Highway, Route 480.

Decision:

Approval granted for the CIAC in the amount of \$432,736.00, including HST, for the supply of single-phase electrical service to Aliant Telecom Incorporation Rocky Ridge Communications Tower, located off the Burgeo Highway, Route 480, as calculated under the Policy.

Note:

Order Rescinded September 27, 2006 ~ See P.U. 29 (2006)

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 12 (2006)

Application:

Issued: April 27, 2006

Pursuant to Section 41(3) of the Act, approval of a 2006 Capital Budget Proposal for the acquisition of a parcel of land upon which NLH owns four high voltage transmission lines near the Hardwoods Terminal Station located in Paradise.

Decision:

The Board approves the additional 2006 expenditure of \$174,000 for the acquisition of approximately 12.7 acres of land adjacent to the Hardwoods Terminal Station located in Paradise.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 13 (2006)

Application:

Issued: May 10, 2006

Pursuant to Section 41(2) of the Act, approval to proceed with the construction and purchase of certain improvements to its property, amending its 2006 capital budget approved by Order No. P.U. 30(2005) and supplemental Order P. U. 34(2005).

Decision:

1. The Board approves the supplemental 2006 capital expenditures of \$705,300 to renovate the Grand Falls-Windsor Service Building.
2. The Applicant shall pay the expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 14 (2006)

Application:

Issued: May 10, 2006

Pursuant to Sections 69(3) and 78 of the Act, for approval of the balance of the weather normalization reserve as of December 31, 2005.

Decision:

NP’s weather normalization reserve of a Negative Balance of \$10,100,170 as at December 31, 2005 is hereby approved.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 15 (2006)

Application:

Issued: May 10, 2006

Pursuant to Section 91 of the *Act*, approval to issue debentures in aggregate not to exceed \$275,000,000 during the year ending December 31, 2006.

Decision:

1. Approval be and it is hereby given to the Applicant to issue Debenture(s) with an aggregate value not to exceed \$275,000,000 Canadian in the principal amount subject to the following conditions:
 - (a) The Debenture issue(s) shall be issued on or before December 31, 2006.
 - (b) The Applicant shall provide to the Board an Affidavit specifying the terms and conditions of the Debenture issue(s) within twenty-four (24) hours (non-business days excepted) after such terms and conditions have been successfully negotiated. In particular, the Affidavit shall set forth the following:
 - (i) date of the issue,
 - (ii) term,
 - (iii) maturity date,
 - (iv) principal amount,
 - (v) interest rate,
 - (vi) particulars of sinking fund, if any,
 - (vii) price to the public and to the underwriters, \yield to the public,
 - (viii) the underwriting fee,
 - (ix) actual cost (i.e. yield) to Applicant, and
 - (x) any other material terms or conditions not contemplated at the date of the application but forming part of the negotiated terms and conditions.
 - (c) The Applicant shall provide to the Board a copy of the Underwriting Agreement relating to the Debenture issue(s) within twenty-four (24) hours after its terms and conditions have been accepted by both the Applicant and the Underwriters. The Underwriting Agreement shall not significantly vary and shall be modeled upon the draft Underwriting Agreement filed with the Board in support of the application.
 - (d) The Applicant shall provide to the Board a copy of the Order in Council, which provided approval to the Applicant to issue such Debenture issue(s).
 - (e) The proceeds from the Debenture issue(s) shall be used in the manner set out in paragraph 4 of the application and the Applicant shall report by Affidavit to the Board on the disposition of the proceeds no later than January 15, 2007.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 16 (2006)

Application:

Issued: June 2, 2006

Pursuant to section 71 of the *Act*, approval of the cost of Low Sulphur Fuel as a fuel cost component to be recovered through the Rate Stabilization Plan charged to NP and the Island Industrial Customers.

Decision:

1. NLH’s request for an order approving, as a prudent fuel purchase expenditure to be recovered through the RSP, Hydro’s costs of purchasing 1% sulphur fuel is hereby denied.
2. NLH shall pay the expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 17 (2006)

Application:

Issued: June 12, 2006

Pursuant to Section 41(3) of the *Act*, approval to amend its 2006 capital budget approved by Order No. P.U. 30(2005) and supplemental Order Nos. P.U. 34(2005) and P.U. 13(2006) to proceed with the construction and purchase of certain improvements to its property.

Decision:

1. The Board approves the supplemental 2006 capital expenditures of \$1,294,000 to construct a proposed line extension to serve the Howley Cottage Area.
2. The Applicant shall pay the expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 18 (2006)

Application:

Issued: June 12, 2006

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for a line extension to serve domestic customers residing in a cottage area.

Decision:

The Board approves the Non-Refundable CIAC in the amount of \$3,405.77, including HST, as calculated under the Policy to provide single-phase service to Domestic Customers located in the Howley Cottage Area.

Note:

Order Rescinded July 6, 2006 ~ See P.U. 24 (2006)

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 19 (2006)

Application:

Issued: June 12, 2006

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for a line extension to serve Sharpe’s Frozen Foods Ltd.

Decision:

Pursuant to Section 41(5) of the *Act*, the Board approves the CIAC in the amount of \$67,098.48, including HST, to provide single-phase electrical service to the residential building lots located near the community of Humber Village.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 20 (2006)

Application:

Issued: June 21, 2006

Pursuant to Section 70(1) of the *Act*, approval of the Rate Stabilization Plan (“RSP”) component of the rates to be charged to NP.

Decision:

1. The Board hereby approves the Rates to be charged by NLH to NP as attached hereto as Schedule A to be effective for consumption on or after July 1, 2006.
2. The Board hereby approves the modification to the fuel rider component of the RSP to reflect a reduction in the amount of No. 6 Fuel forecast to be consumed at the Holyrood Generating Station.
3. NLH shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 21 (2006)

Application:

Issued: June 21, 2006

Pursuant to Section 70(1) of the *Act*, approval of (1) Rate Stabilization and Municipal Tax Adjustments to be applied to the rates of NP for the period July 1, 2006 to June 30, 2007; and (2) a Revised Schedule of Rates, Tolls and Charges reflecting the amended Rate Stabilization and Municipal Tax Factors, effective July 1, 2006 to June 30, 2007.

Decision:

1. The Board hereby approves the following:
 - (i) the Rate Stabilization Adjustment of 1.595 cents/kWh as set out in Schedule A and the Municipal Tax Adjustment factor of 1.02393 as set out in Schedule B to be applied to all bills based on consumption on and after July 1, 2006 to June 30, 2007; and
 - (ii) the rates proposed by NP to be effective on all electrical consumption on and after July 1, 2006 to June 30, 2007 set out in Schedule C.
2. NP shall pay the expenses of the Board in connection with this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 22 (2006)

Application:

Issued: June 21, 2006

Pursuant to Section 70 of the *Act*, approval of a change in the rate structure charged for the supply of power and energy to Island Interconnected customers (excluding Burgeo school and library) (Rate Class 1.1, 2.1, 2.2, 2.3, 2.4 and 4.1), Isolated Rural Domestic Customers (excluding Government departments) (Rate Class 1.2D), and Isolated Rural Street and Area Lighting (excluding Government departments) (Rate Class 4.1D).

Decision:

1. The Board hereby approves the Schedule of Rates for Hydro’s Island Interconnected customers (excluding Burgeo school and library), attached hereto as Schedule A, and the Schedule of Rates for NLH Isolated Rural Domestic customers (excluding Government departments) and for Isolated Rural Street and Area Lighting (excluding Government departments), attached hereto as Schedule B, to be effective for consumption on and after July 1, 2006.
2. NLH shall pay the expenses of the Board incurred in connection with this application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 23 (2006)

Application:

Issued: June 29, 2006

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for Cottage Area Customers located at Northwest Brook near Winterland.

Decision:

The Board approves the Non-Refundable CIAC in the amount of \$6,255.53, including HST, per Customer as calculated under the Policy to provide single-phase service to Domestic Customers located in a Cottage Area at Northwest Brook near Winterland.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 24 (2006)

Application:

Issued: July 6, 2006

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for a line extension to serve domestic customers residing in a cottage area.

Decision:

1. Order No. P. U. 18(2006) is rescinded.
2. The Board approves a deviation from the CIAC Policy a Non-Refundable CIAC in the amount of \$3,405.77, including HST, as calculated under the CIAC Policy to provide single-phase service to Domestic Customers located in the Howley Cottage Area.

Newfoundland Power Inc. (“NP”)

Board Order No. P. U. 25 (2006)

Application:

Issued: August 15, 2006

Pursuant to section 41(5) of the *Act*, approval of a CIAC for a line extension to serve cottage area customers located on Valley Road near Carbonear.

Decision:

The Board approves the Non-Refundable CIAC in the amount of \$2,789.90, including HST, per Customer as calculated under the Policy to provide single-phase service to Domestic Customers located in a Cottage Area on Valley Road near Carbonear.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P. U. 26 (2006)

Application:

Issued: August 17, 2006

Pursuant to Section 41(3) of the *Act*, approval of the lease of office space to support its 2006 regulatory activities.

Decision:

1. The Board approves the Applicant’s proposed six-month lease of office space in the Prince Charles Building, commencing September 1, 2006, for a rental amount of \$2,500 per month, plus HST.
2. The Applicant shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 27 (2006)

Application:

Issued: September 6, 2006

Pursuant to Section 38 of the *Act*, approval to abandon and decommission the temporary diesel generating Station at Rencontre East,

Decision:

1. The Board consents to and approves the abandonment and decommissioning by the Applicant of its Rencontre East diesel generating station.
2. The Applicant shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P. U. 28 (2006)

Application:

Issued: September 12, 2006

For approval of, inter alia, rates to be charged its customers effective January 1, 2007.

Decision:

1. The Registered Intervenors in this proceeding are as set out in the Distribution List attached as Appendix “A” to this Order.
2. The intended Order of Witnesses is as set out in Appendix “B” to this Order, which may be changed with appropriate notice to the Board and other parties to the hearing.
3. The Schedule of Dates as set out in Appendix “C” to this Order shall be observed by the parties, unless otherwise accepted by the Board.
4. The Rules of Procedure as set out in Appendix “D” to this Order shall be observed by the parties, unless otherwise directed by the Board.
5. The request set out in paragraph 6 (6) (o) of the Application for approval, in principle, of the straight line and equal life group depreciation methodology will be addressed after the conclusion of the Application in a process to be established by the Board beginning in 2007.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 29 (2006)

Application:

Issued: September 27, 2006

Pursuant to section 41(5) of the *Act*, approval of the revised CIAC for Aliant’s Rocky Ridge Communications Tower, Route 480

Decision:

1. Order No. P.U. 11 (2006) dated April 7, 2006, approving a CIAC in the amount of \$432,736.00, including HST, be and it is hereby rescinded.
2. The Board approves the revised contribution in aid of construction in the amount of \$537,927.00, including HST, for the supply of single-phase electrical service to Aliant Telecom Incorporation’s Rocky Ridge Communications Tower, located off the Burgeo Highway, Route 480, as calculated under the Policy.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 30 (2006)

Application:

Issued: September 29, 2006

For approval of its 2007 Capital Budget of \$62,166,000 and fixing and determining its average rate base for 2005 in the amount of \$745,446,000.

Decision:

1. Pursuant to Section 41 of the *Act*, NP’s capital purchases and construction projects in excess of \$50,000, as set out in Schedule A to this Order, are approved.
2. Pursuant to Section 41 of the *Act*, the 2007 Capital Budget for improvement and additions to NP’s property in an amount of \$ 62,166,000 is approved.
3. Pursuant to Section 78 of the *Act*, the rate base for the year ending December 31, 2005 is hereby fixed and determined at \$ 745,446,000.
4. Unless otherwise directed by the Board, NP shall file an annual report to the Board on its 2007 capital expenditures by March 1, 2008.
5. Unless otherwise directed by the Board, NP shall provide in conjunction with the 2008 Capital Budget Application, a status report on the 2007 capital budget expenditures showing for each project:
 - (i) the approved budget for 2007;
 - (ii) the expenditures prior to 2007;
 - (iii) the 2007 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2007;
 - (v) the variance between the projected total expenditures and the approved budget; and
 - (vi) an explanation of the variance.
6. NP shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 31 (2006)

Application:

Issued: October 5, 2006

For approval of Rate Stabilization Plan components of the rates to be charged to Industrial Customers.

Decision:

1. The Board hereby approves the Firm Energy Rates for NLH’s Island Interconnected Industrial Customers attached hereto as Schedule “A” to be effective for consumption on or after October 1, 2006.
2. NLH shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P. U. 32 (2006)

Application:

Issued: October 20, 2006

For approval of the cost to be recovered through the Rate Stabilization Plan (“RSP”) charged to NP and the Island Industrial Customers of consuming No. 6 Fuel not exceeding 1% sulphur by weight.

Decision:

1. The Board hereby approves as an operating expense to be recovered through the RSP, NLH’s costs of burning 1% sulphur content No. 6 fuel at its Holyrood Thermal Generating Station after October 20, 2006.
2. The costs of the fuel shall be calculated in accordance with the usual operation of the RSP from October 20, 2006 or date thereafter determined by NLH.
3. NLH shall pay all costs and expenses of the Board incurred in connection with this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 33 (2006)

Application:

Issued: October 20, 2006

Pursuant to Section 41(5) of the *Act*, approval of a contribution in aid of construction (CIAC) for a line extension to serve cottage area customers located in a Cottage Area known as The Pond that feeds The Brook located near North River, Conception Bay.

Decision:

The Board approves the Non-Refundable CIAC in the amount of \$5,815.63, including HST, per Customer as calculated under the Policy, to provide single-phase service to Domestic Customers located in The Pond that feeds The Brook Cottage Area, near North River, Conception Bay.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 34 (2006)

Application:

Issued: October 20, 2006

Pursuant to Section 41(3) of the *Act*, approval of capital expenditures supplemental to NP’s 2007 Capital Expenditure Budget.

Decision:

1. The Board approves:
 - (a) the supplemental 2007 capital expenditures of \$685,000 to renovate the Maple Valley Road Building as set forth in Schedule “B” to the Application; and
 - (b) the revised 2007 capital budget as set forth in Schedule “C” to the Application.
2. NP shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 35 (2006)

Application:

Issued: November 3, 2006

For approval of: (i) its 2007 Capital Budget of \$41,421,000, (ii) 2007 capital purchases and construction projects in excess of \$50,000, (iii) proposed estimated contributions in aid of construction for 2007; and (iv) fixing and determining its average rate base for 2005 in the amount of \$1,473,759,000.

Decision:

1. Pursuant to Section 41 of the *Act*, NLH’s capital purchases and construction projects in excess of \$50,000, as set out in Schedule A to this Order, are approved.
2. Pursuant to Section 41 of the *Act*, the following projects as proposed by NLH are not approved:
 - (i) Holyrood Condition Assessment (p. B-14) \$3,334,900; and
 - (ii) Construct Transmission Line Equipment Off-Loading Ramps (p. B-32) \$402,000.
3. Pursuant to Section 41 of the *Act*, the 2007 Capital Budget for improvement and additions to NLH’s property in an amount of \$37,684,100 is approved.
4. Pursuant to Section 78 of the *Act*, the rate base for the year ending December 31, 2005 is hereby fixed and determined at \$ 1,473,759,000.
5. Unless otherwise directed by the Board, NLH shall file an annual report to the Board on its 2007 capital expenditures by March 1, 2008.
6. Unless otherwise directed by the Board, NLH shall provide in conjunction with the 2008 Capital Budget Application, a status report on the 2007 capital budget expenditures showing for each project:
 - (i) the approved budget for 2007;
 - (ii) the expenditures prior to 2007;
 - (iii) the 2007 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2007;
 - (v) the variance between the projected total expenditures and the approved budget; and
 - (vi) an explanation of the variance.
7. NLH shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P. U. 36 (2006)

Application:

Issued: November 14, 2006

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for a line extension to serve cottage area customers located at George’s Lake, near Corner Brook.

Decision:

The Board approves the Non-Refundable CIAC in the amount of \$4,511.13, including HST, per customer as calculated under the Policy, to provide single-phase service to Domestic Customers located in Boy Scout Road Cottage Area, located at George’s Lake, near Corner Brook.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 37 (2006)

Application:

Issued: November 14, 2006

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for a line extension to serve cottage area customers located at Nine Mile Road near St. Catherine’s.

Decision:

The Board approves a deviation from the CIAC Policy in the calculation of a Non-Refundable CIAC in the amount of \$3,962.34, including HST, per customer as calculated under the Policy, to provide single-phase service to Domestic Customers located in a Cottage Area, at Nine Mile Road near St. Catherine’s.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 38 (2006)

Application:

Issued: November 30, 2006

For approval of:

- (i) a revised rate of return on rate base for 2007 and a revised definition of the Excess Earnings Account; and
- (ii) permitting deferral of an application for a revised schedule of rates, tolls and charges effective January 1, 2007 to a date no later than December 15, 2006;

as required by the automatic adjustment formula approved pursuant to Order No. P.U. 19(2003).

Decision:

The Applicant’s request for a deferral of the application for a revised schedule of rates, tolls and charges effective January 1, 2007 to a date no later than December 15, 2006 is approved.

Newfoundland Power Inc. (“NP”)

Board Order No. P. U. 39 (2006)

Application:

Issued: December 5, 2006

For approval of:

- (i) certain amortization and the deferred recovery of certain costs for 2007; and
- (ii) forecast values for rate base and invested capital for use in the automatic adjustment formula for the calculation of the rate of return on rate base for 2007 pursuant to Order No. P.U. 19(2003).

Decision:

1. NP’s proposal to amortize \$2,714,000 of the 2005 Unbilled Revenue as revenue for regulatory purposes in 2007 is approved.
2. NP’s proposal to defer recovery, until a further Order of the Board, of the amount of \$5,793,000 in 2007 related to the conclusion of the Depreciation True-Up in 2005 is approved.
3. NP’s proposal to defer recovery, until a further Order of the Board, of the amount of \$1,147,000 related to replacement energy costs associated with the Rattling Brook project is approved.
4. Pursuant to Section 80 of the *Act*, the forecast 2007 values for rate base of \$785,271,000 and invested capital of \$787,990,000 for use in the Automatic Adjustment Formula to calculate NP’s rate of return on rate base for 2007 is approved.
5. NP shall pay the expenses of the Board arising from this Application, including the expenses of the Consumer Advocate.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 40 (2006)

Application:

Issued: December 8, 2006

For approval of:

- (i) a revised rate of return on rate base for 2007 and a revised definition of the Excess Earnings Account; and
- (ii) permitting deferral of an application for a revised schedule of rates, tolls and charges effective January 1, 2007 to a date no later than December 15, 2006;

as required by the automatic adjustment formula approved pursuant to Order No. P.U. 19(2003).

Decision:

The Board approves:

- (i) pursuant to Section 80 of the *Act*, a rate of return on rate base for 2007 of 8.47% in a range of 8.29% to 8.65%; and
- (ii) pursuant to Section 58 of the *Act*, a revised definition of the Excess Earnings Account as set out in Schedule 1.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 41 (2006)

Application:

Issued: December 14, 2006

Pursuant to Section 70 of the *Act*, approval of changes in the rates to be charged for the supply of power and energy to NP Rural Customers and Industrial Customers; and under Section 71 of the *Act*, changes in the Rules and Regulations applicable to the supply of electricity of Rural Customers; and Revised application, pursuant to Section 70 and 75 of the *Act*, by NLH for approval of, inter alia, rates to be charged its customers (the “Application”).

Decision:

The Board approves, on an interim basis, the schedule of rates, tolls and charges attached as Schedule “A” to this Order to be effective on all energy consumed on and after January 1, 2007.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 42 (2006)

Application:

Issued: December 14, 2006

Pursuant to Sections 70, 75, 78 and 80 of the *Act* and Order No. P.U. 19(2003) approval to revise its schedule of rates, rules and regulations (“Customer Rates”) to:

- (i) reflect the revised rate of return on rate base for 2007 resulting from the operation of the Automatic Adjustment Formula;
- (ii) permit recovery of additional costs payable to NLH for the supply of power as a result of a revised wholesale rate effective January 1, 2007;
- (iii) implement a revised rate stabilization adjustment to apply to the rates of NP for the period January 1, 2007 to June 30, 2007 and a revision to NP’s Rate Stabilization Clause.

Decision:

1. Pursuant to Section 75 of the *Act* the Board approves, on an interim basis, the schedule of rates, tolls and charges attached as Schedule “A” to this Order to be effective on all energy consumed on and after January 1, 2007.
2. The proposed RSA factor of 0.444¢ per kWh to be applied to Customer Rates for the period January 1, 2007 to June 30, 2007 is approved.
3. The Rate Stabilization Clause set out in Schedule “B” with effect from January 1, 2007 is approved.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 43 (2006)

Application:

Issued: December 19, 2006

Pursuant to Section 70 of the *Act*, approval of changes in the rates to be charged for the supply of power and energy to NP, Rural Customers and Industrial Customers; and under Section 71 of the *Act*, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers; and approval of Rate Changes to NLH’s Rural Island Interconnected Customers and Isolated Non-Government Rural Customers.

Decision:

Pursuant to Section 70 & 71 of the *Act* the Board hereby approves, on an interim basis, the schedule of rates attached as Schedule “A” to this Order, to be effective for consumption on and after January 1, 2007.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 44 (2006)

Application:

Issued: December 21, 2006

Pursuant to Sections 69, 78 and 80 of the *Act*, approval to defer expenses associated with the repair of the Unit 2 Boiler at the Holyrood Thermal Generating Station as a Major Extraordinary Repair,

Decision:

1. The Board hereby approves:
 - (i) treatment of the costs associated with the Unit 2 boiler tube repairs at the Holyrood Thermal Generating Station as a Major Extraordinary Repair;
 - (ii) the amortization of the actual expenses for the repairs together with interest, estimated to be \$2,666,000, over a five-year period beginning in 2006; and
 - (iii) the inclusion in the rate base of the unamortized balance of the deferred costs of the repairs.
2. NLH shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 45 (2006)

Application:

Issued: December 22, 2006

Pursuant to Section 70 of the *Act*, approval of:

- (i) changes in the rates to be charged for the supply of power and energy to NP, Rural Customers and Industrial Customers;
- (ii) pursuant to Section 71 of the *Act*, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers;
- (iii) interim rates for NLH’s Labrador Interconnected Customers.

Decision:

Pursuant to Section 70 & 71 of the *Act* the Board hereby approves, on an interim basis, the schedule of rates attached as Schedule “A” to this Order, to be effective for consumption on and after January 1, 2007.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 46 (2006)

Application:

Issued: December 29, 2006

Pursuant to Section 70 of the *Act*, approval of:

- (i) changes in the rates to be charged for the supply of power and energy to NP, Rural Customers and Industrial Customers;
- (ii) under Section 71 of the *Act*, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers;
- (iii) approval amendments to the Rate Stabilization Plan.

Decision:

1. Pursuant to Section 75 of the *Act*, the Board approves, on an interim basis, the monthly amount of the 2007 automatic rate adjustment for the Rural Labrador Interconnected system be increased from (\$117,901) to \$92,560 which amount arises from the phase-in of the credit from secondary energy sales to CFB Goose Bay to the rural deficit, leaving the CFB Revenue Credit applied to the rural deficit in Hydro's Final 2007 Test Year Cost of Service and future years, as formerly set out in the table of clause 1.3(b) of the Rate Stabilization Plan, to be determined later by final order of the Board; and
2. Pursuant to Sections 69 and 75 of the *Act*, the Board approves, on an interim basis, that Hydro shall set up a reserve account to maintain the December 31, 2006 Rate Stabilization Plan Hydraulic Variation balance, net of the normal 25% December 31, 2006 allocation, with normal Rate Stabilization Plan financing charges applied, until the balance in the account is disposed of later by final Order of the Board.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 1 (2007)

Application:

Issued: January 18, 2007

Pursuant to Sections 70, 71 and 75 of the *Act*, approval of certain rules, regulations and rates pertaining to the supply of electrical power and energy to one of its industrial customers, Aur Resources Inc.

Decision:

1. Page 2 of Schedule “A” of PU 31(2006) shall be replaced with the attached page 2 of 2 Schedule “A”, attached hereto as Schedule “A”, which correctly sets out that the rates established for Aur Resources Inc., in Order No. P.U. 31(2006) are interim.
2. The Board approves, pursuant to section 75 of the *Act*:
 - (i) Firm and Non-Firm Rates for Aur Resources Inc., attached hereto as Schedule “B”, to be effective for consumption on or after January 20, 2006 to and including September 30, 2006;
 - (ii) Firm and Non-Firm Rates for Aur Resources Inc., attached hereto as Schedule “C”, to be effective for consumption on or after October 1, 2006 to and including December 31, 2006; and
 - (iii) Refund or credit to Aur Resources Inc., of the difference for 2006 between the rates developed in accordance with the Agreement and those approved in Order No. P.U. 1(2006)
3. The Service Agreement attached hereto as Schedule “D” is approved for the provision of service to Aur Resources Inc.
4. NLH shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 2 (2007)

Application:

Issued: January 22, 2007

Pursuant to Section 41(5) of the *Act*, approval of (i) a CIAC for a line extension to serve Domestic Customers residing in a cottage area located in a Cottage Area at Nine Island Pond near Roaches Line and (ii) a deviation from the CIAC Policy applicable to Domestic Customers in relation to the calculation of the participation percentage as provided for in Clause 6 (a)(ii) of the Policy.

Decision:

Pursuant to Section 41(5) of the *Act*, the Board approves the Non-Refundable CIAC in the amount of \$3,393.53, including HST, per Customer as calculated under the Policy, and the deviation from the Policy to provide single-phase service to Domestic Customers located in a Cottage Area located at Nine Island Pond near Roaches Line.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 3 (2007)

Application:

Issued: January 29, 2007

Pursuant to Section 75 of the *Act*, approval of rates flowing from the RSP components of the rates to be charged to Island Interconnected Industrial Customers.

Decision:

1. The Board hereby approves on an interim basis the RSP Adjustment and Energy Rates for Hydro’s Industrial Customers as set out in the attached Schedule “A” to be effective for consumption on or after January 1, 2007.
2. NLH shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 4 (2007)

Application:

Issued: March 20, 2007

Pursuant to Section 41 of the *Act*, approval of the lease of office space for its Northern Region Operations (St. Anthony).

Decision:

1. The Board approves the NLH’s proposed two-year lease of garage space at St. Anthony, for a rental amount of \$3,750 per month, plus HST.
2. NLH shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“NLH”)

Board Order No. P.U. 5 (2007)

Application:

Issued: March 26, 2007

Pursuant to Section 41 of the *Act*, approval of an automobile lease.

Decision:

1. The Board approves the NLH’s proposed three-year lease of an automobile in the amount of \$562.69 per month (excluding HST) for a total of \$6,752.28 per annum.
2. NLH shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 6 (2007)

Application:

Issued: March 26, 2007

Pursuant to Section 41(5) of the *Act*, approval of a CIAC for a line extension to serve Domestic Customers residing in a cottage area described as Witless Bay Line (Phase 2) near the community of Witless Bay and the customers consist of eighteen (18) potential residents of the cottage area.

Decision:

1. Pursuant to Section 41(5) of the *Act*, the Board approves the Non-Refundable CIAC of Four thousand one hundred thirty-six dollars and ninety-three cents (\$4,136.93), including HST, as calculated under the Policy to provide single-phase service to Domestic Customers located in the Cottage Area described as Witless Bay Line (Phase 2) located near the community of Witless Bay.
2. NP shall pay the expenses of the Board arising from this Application.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2006-2007
UNDER
THE AUTOMOBILE INSURANCE ACT**

The Canadian Union Insurance Company

Board Order No. A.I. 12 (2006)

Application:

Issued: April 17, 2006

Approval to implement resubmitted revised rates for its Private Passenger class of business.

Decision:

1. The revised rate proposal received by the Board on April 11, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 15, 2006 and no later than July 15, 2006.
3. Notwithstanding Clause 2 above, in the case of a base rate decrease or where otherwise prescribed by legislation the rates shall be considered to be effective as set out in the legislation.

Insurance Corporation of Newfoundland

Board Order No. A.I. 13 (2006)

Application:

Issued: May 2, 2006

Approval to implement resubmitted revised rates for its Private Passenger class of business.

Decision:

1. The revised rate proposal received by the Board on April 26, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 15, 2006 and no later than July 17, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the decreased rate shall be considered to be effective as of August 1, 2005 as set out in legislation.
4. The revised discount program as it relates to the Driving Experience Discount and the Mature Driver Discount as set out in the Company's revised submission dated April 26, 2006 is approved for use.

The Personal Insurance Company

Board Order No. A.I. 14 (2006)

Application:

Issued: May 4, 2006

Approval to implement resubmitted revised rates for its Private Passenger class of business.

Decision:

1. The revised rate proposal received by the Board on April 12, 2006 and amended on April 25, 2006 is approved with base rates as included in order and differential as submitted with the filing.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 5, 2006 and no later than July 31, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the decreased rate shall be considered to be effective as of August 1, 2005 as set out in legislation.
4. The revised surcharge program as it relates to the leased vehicle surcharge as set out in the Company's revised submission dated April 25, 2006 is approved for use.

Royal & SunAlliance Insurance Company

Board Order No. A.I. 15 (2006)

Application:

Issued: May 4, 2006

Approval to implement revised rates for its Private Passenger class of business.

Decision:

1. The revised rate proposal received by the Board on April 20, 2006 and amended on May 3, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 15, 2006 and no later than July 31, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the decreased rate shall be considered to be effective as of August 1, 2005 as set out in legislation.

Royal & SunAlliance Insurance Company

Board Order No. A.I. 15 A(2006)

Application:

Issued: May 12, 2006

Advised by the Applicant and the Board has confirmed that by virtue of an inadvertent error the "Base Rates" set out in clause one of Order A.I. 15 (2006) are incorrect; and should be amended to correct the inadvertent error.

Decision:

Clause 1 of Board Order No. A.I. 15 (2006) is amended and the Base Rates in Order No. A.I. 15A (2006) replace the Base Rates set out in Order No. A.I. 15 (2006).

Scottish & York Insurance Co. Limited

Board Order No. A.I. 16 (2006)

Application:

Issued: May 9, 2006

Rehearing of Order No. A.I. 9 (2006).

Decision:

1. The revised rate proposal received by the Board on May 1, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 17, 2006 and no later than August 1, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the rate shall be considered to be effective as of August 1, 2005 as set out in legislation.

Elite Insurance Company

Board Order No. A.I. 17 (2006)

Application:

Issued: May 9, 2006

Rehearing of Order No. A.I. 7 (2006).

Decision:

1. The revised rate proposal received by the Board on May 1, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 17, 2006 and no later than August 1, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the rate shall be considered to be effective as of August 1, 2005 as set out in legislation.

Traders Insurance Company

Board Order No. A.I. 18 (2006)

Application:

Issued: May 9, 2006

Rehearing of Order No. A.I. 8 (2006).

Decision:

1. The revised rate proposal received by the Board on May 1, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 17, 2006 and no later than August 1, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the rate shall be considered to be effective as of August 1, 2005 as set out in legislation.

S&Y Insurance Company

Board Order No. A.I. 19 (2006)

Application:

Issued: May 9, 2006

Rehearing of Order No. A.I. 5 (2006).

Decision:

1. The revised rate proposal received by the Board on May 1, 2006 is approved with base rates as included in the order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 17, 2006 and no later than August 1, 2006.
3. Notwithstanding Clause 2 above, in cases where a rate decreases as a result of this Order or where otherwise prescribed by legislation, the rate shall be considered to be effective as of August 1, 2005 as set out in legislation.

Insurance Corporation of Newfoundland

Board Order No. A.I. 20 (2006)

Application:

Issued: May 10, 2006

Approval of an optional Accident Forgiveness Endorsement for its Private Passenger class of business.

Decision:

The rate for the optional Accident Forgiveness Endorsement is approved at \$20.00 per vehicle.

S & Y Insurance Company

Board Order No. A.I. 21 (2006)

Application:

Issued: December 19, 2006

Rehearing in relation to its application to implement revised rates for its Private Passenger class of business.

Decision:

1. The proposed ROE of 12.5% is not accepted.
2. An ROE of 11.74% is accepted as reasonable in the circumstances.
3. The rates approved for the Applicant in Order No. A.I. 19(2006) shall remain unchanged.
4. The Applicant shall pay all the costs and expenses of the Board arising from the Application.

Elite Insurance Company

Board Order No. A.I. 22 (2006)

Application:

Issued: December 19, 2006

Rehearing in relation to its application to implement revised rates for its Private Passenger class of business.

Decision:

1. The proposed ROE of 15% is not accepted.
2. An ROE of 11.74% is accepted as reasonable in the circumstances.
3. The rates approved for the Applicant in Order No. A.I. 17(2006) shall remain unchanged.
4. The proposed All Perils premium is not approved.
5. The Applicant shall pay all the costs and expenses of the Board arising from the Application.

Traders General Insurance Company

Board Order No. A.I. 23 (2006)

Application:

Issued: December 19, 2006

Rehearing in relation to its application to implement revised rates for its Private Passenger class of business.

Decision:

1. The proposed ROE of 12.5% is not accepted.
2. An ROE of 11.74% is accepted as reasonable in the circumstances.
3. The rates approved for the Applicant in Order No. A.I. 18(2006) shall remain unchanged.
4. The proposed All Perils premium is not approved.
5. The Applicant shall pay all the costs and expenses of the Board arising from the Application.

Scottish and York Insurance Co. Limited

Board Order No. A.I. 24 (2006)

Application:

Issued: December 19, 2006

Rehearing in relation to its application to implement revised rates for its Private Passenger class of business.

Decision:

1. The proposed ROE of 12.5% is not accepted.
2. An ROE of 11.74% is accepted as reasonable in the circumstances.
3. The rates approved for the Applicant in Order No. A.I. 16(2006) shall remain unchanged.
4. The Applicant shall pay all the costs and expenses of the Board arising from the Application.

Co-operators General Insurance Company

Board Order No. A.I. 1 (2007)

Application:

Issued: January 22, 2007

Approval to implement revised rates for its Private Passenger class of business.

Decision:

1. The rates proposed in the Applicant's January 8, 2007 revised rate proposal are approved as stated in the order.
2. The proposed Class of Use definitions are accepted for use.
3. The proposed discount program is approved.
4. The proposed capping provisions for Other Operators are approved and are to remain in place until a further Category 2 filing is made.
5. The Applicant shall pay all the expenses of the Board arising from this application.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2006-2007
UNDER
THE MOTOR CARRIER ACT**

Reliable Ambulance Service Limited

Board Order No. M.C. 1 (2007)

Application:

Issued: January 3, 2007

An amendment to Motor Carrier Certificate (No. 3549) to add the service: IRREGULAR ROUTE SPECIALTY AMBULANCE SERVICE for the transportation of persons requiring medical attention or under medical care upon the request of a medical doctor or a registered nurse from Burgeo to any hospital, nursing home, first aid station or home for senior citizens within the Province of Newfoundland and Labrador, and upon the specific request of a medical doctor, registered nurse or a police officer between any two points within the province of Newfoundland and Labrador.

Decision:

Approval granted.

George Sibley

Board Order No. M.C. 2 (2007)

o/a Sibley's Ambulance Service

Issued: January 3, 2007

Application:

To discontinue providing ambulance service under Motor Carrier Certificate No. 6205 effective January 31, 2006, conditional that an identical service be granted to Reliable Ambulance Service Limited.

Decision:

Approval granted.

Jamar Transport Ltd.

Board Order No. M.C. 3 (2007)

Application:

Issued: February 27, 2007

To provide regularly scheduled public passenger bus service between Grand Falls-Windsor and Buchans with pick up and drop off privileges at points between.

Decision:

The application of Jamar Transport Ltd. for a Motor Carrier Certificate to provide a regularly scheduled public passenger bus service between Grand Falls-Windsor and Buchans with pick up and drop off privileges at points between is approved with effect from November 20, 2006.

Kearney's Ambulance Service Limited

Board Order No. M.C. 4 (2007)

Application:

Issued: March 7, 2007

A Motor Carrier Certificate (No. 6285) to provide service:

IRREGULAR SPECIALITY AMBULANCE SERVICE for the transportation of persons requiring medical attention or under medical care upon the request of a medical doctor or registered nurse from Lawn, St. Lawrence, Little St. Lawrence, Webbers Cove, Lord's Cove, Taylors Bay, Point au Gaul, Lamaline, Allan's Island, Point May, and Lories to any hospital, nursing home, first aid station, or home for senior citizens and upon the specific request of a medical doctor, registered nurse or police officer between any two points in Newfoundland and Labrador.

Decision:

Approval granted.

Derrick W. Kearney

o/a Kearney's Ambulance

Application:

To discontinue providing ambulance service under Motor Carrier Certificate No. 6285, conditional that an identical service be granted to Kearney's Ambulance Service Ltd.

Decision:

Approval granted.

Board Order No. M.C. 5 (2007)

Issued: March 7, 2007

Tryco Limited

Application:

For a Motor Carrier Certificate (No. 3546) to provide service:

IRREGULAR ROUTE SPECIALITY AMBULANCE SERVICE for the transportation of persons requiring medical attention or under medical care upon the request of a medical doctor or registered nurse from Norris Point, Parsons Pond, Three Mile Rock, Cow Head, St Pauls, Sally's Cove, Green Point, Baker's Brook, Lobster Cove, Bear Cove, Rocky Harbour, Trout River, Belldown's Point, Shoal Brook, Woody Point, Curzon, Birchy Head, Glenburnie, Gadds Harbour, Neddy Harbour to any hospital, nursing home, first aid station, or home for senior citizens within the province of Newfoundland and Labrador, and upon the specific request of a medical doctor, registered nurse or a police officer between any two points in Newfoundland and Labrador.

Decision:

Approval granted.

Board Order No. M.C. 6 (2007)

Issued: March 9, 2007

Ivan W. Pittman

Application:

To discontinue providing ambulance service under Motor Carrier Certificate No. 3546, conditional that an identical service be granted to Tryco Limited.

Decision:

Approval granted.

Board Order No. M.C. 7 (2007)

Issued: March 9, 2007

APPENDIX II

**SUMMARY OF PRICE CHANGES
BETWEEN APRIL 1, 2006 AND MARCH 31, 2007
UNDER THE PETROLEUM PRODUCTS PRICING ACT**

Pricing Zones

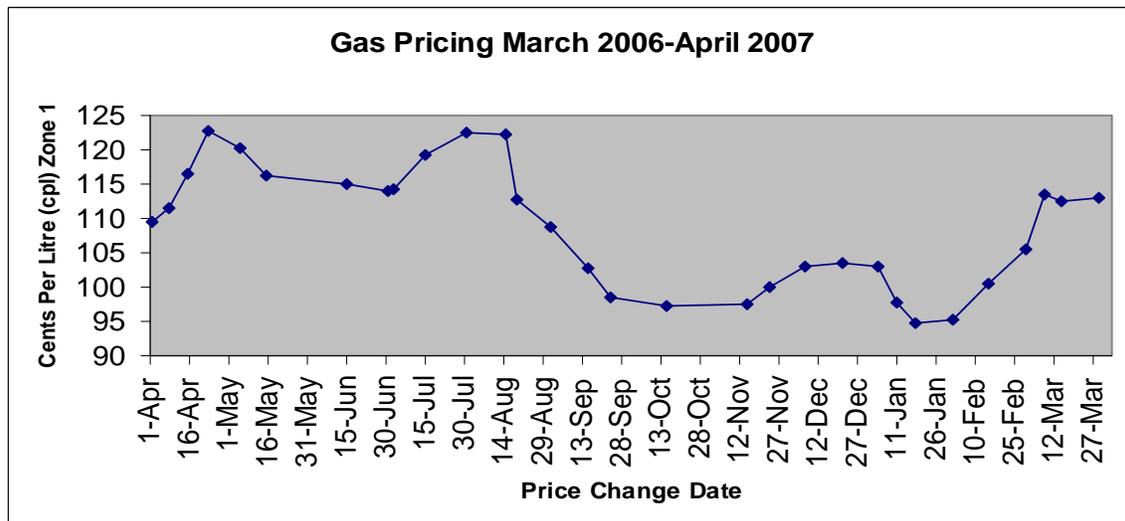
The Province is divided into 14 primary pricing zones for the setting of maximum prices for petroleum products. Each of these primary zones is separated from the next by unique geographic boundaries, and each has established product-pricing differentials from the base zone. These zone price differentials are added to the base prices for products in the base zone to reflect the additional costs for the transportation, storage and distribution of the products in the destination zone. As well, where primary zones contain special geographic features, such as islands, pricing sub-zones have been established to reflect the additional cost differentials of providing products to these more remote locations.

Maximum prices for automotive fuels and furnace/stove oil are referenced to Zone 1 – Avalon Peninsula. In the case of residential propane, the base or reference is Zone 2 (Burin Peninsula / Bonavista Peninsula / Bonavista Bay) because the majority of this type of propane that is used in the Province comes from the refinery in Come By Chance.

Zone 1 (Avalon) is the base zone for all fuel products except residential propane, which has Zone 2 (Burin Peninsula / Bonavista Peninsula / Bonavista Bay) as its base zone. The following charts reflect the overall pricing movements for each of the refined petroleum products for which maximum prices are regulated. (Note: the straight lines joining the data points in the following graphs are intended to reflect trends only and do not represent gradual increases or decreases in prices between the indicated price changes.)

There were 39 changes made to the maximum prices of various fuel products throughout 2006-07, and these include adjustments that were the result of a scheduled price change (18); an interruption (19); an intervention (one); and, a change to taxation (one).

Maximum Gasoline Prices

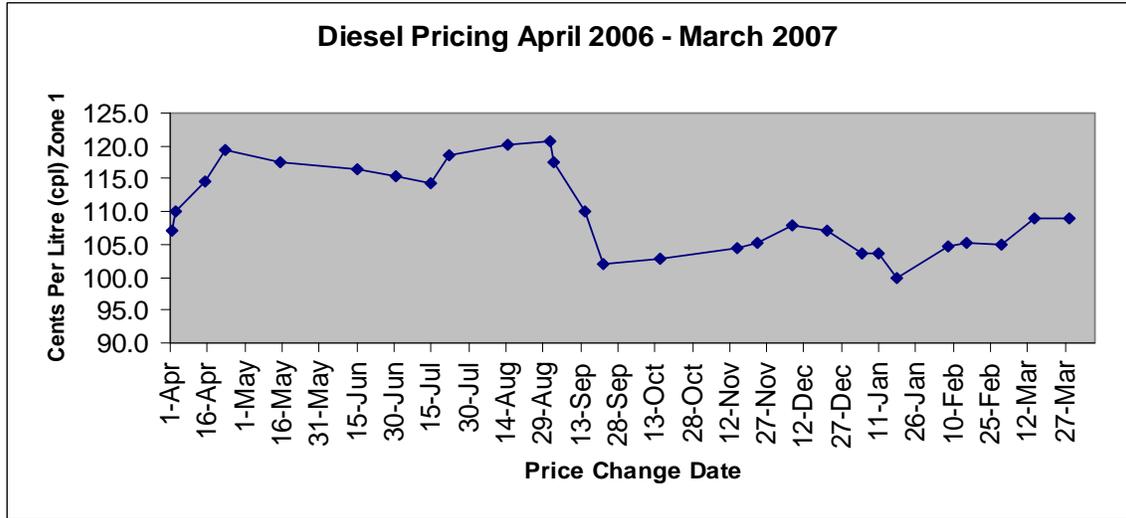


Gasoline

There were 29 changes (15 increases, 14 decreases) to the maximum price of gasoline: 18 were scheduled adjustments; nine were related to the use of the interruption formula; one was a result of the reduction of

the federal component of the HST, which affected automotive fuels; and, one was an intervention, an extraordinary adjustment to deal with dramatic market-price changes in a short period of time.

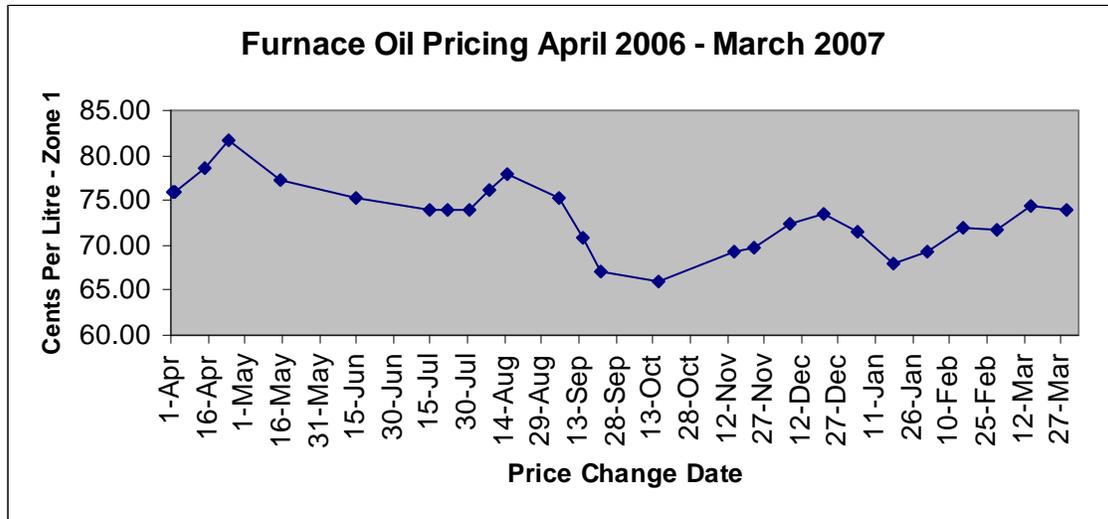
Maximum Automotive Diesel Prices



Automotive diesel

There were 26 changes (13 increases, 12 decreases, one no change) to the maximum price of automotive diesel: 18 were scheduled adjustments; seven were related to the use of the interruption formula; and, one was a result of the reduction of the federal component of the HST, which affected automotive fuels.

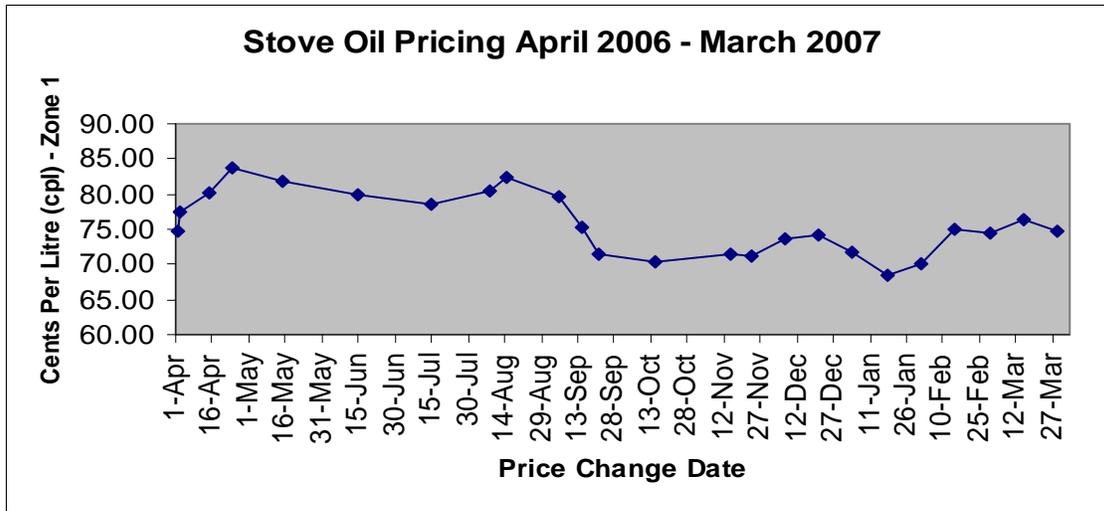
Maximum Furnace Oil Prices



Furnace oil

There were 23 changes (12 increases, 11 decreases) to the maximum price of furnace oil: 18 were scheduled adjustments, and five were related to the use of the interruption formula.

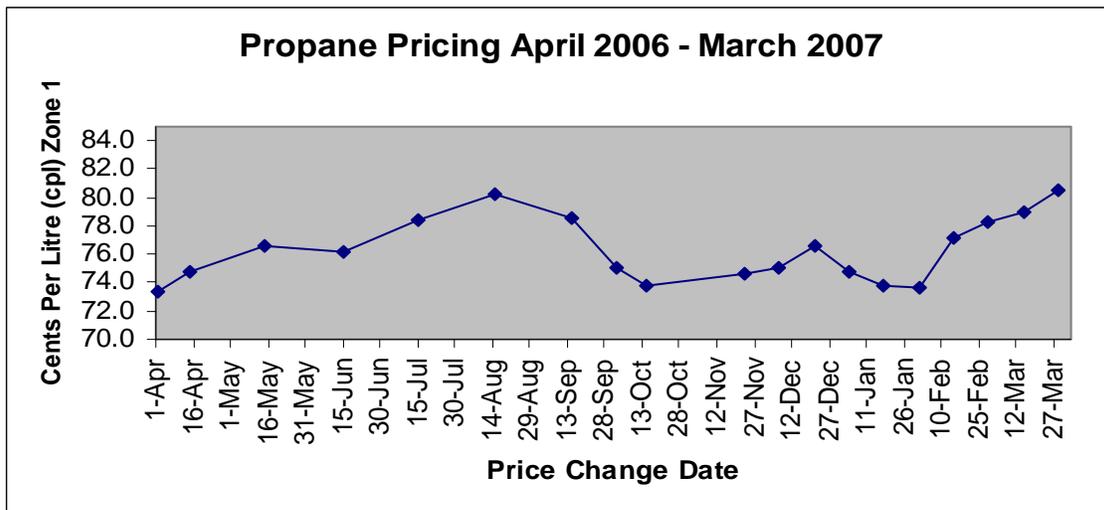
Maximum Stove Oil Prices



Stove oil

There were 22 changes (10 increases, 12 decreases) to the maximum price of stove oil: 18 were scheduled adjustments, and four were related to the use of the interruption formula.

Maximum Residential Propane Prices



Residential propane

There were 19 changes (11 increases, seven decreases, and one no change) to the maximum price of residential propane: 18 were scheduled adjustments and one was related to the use of the interruption formula.

Summary of Petroleum Pricing Changes

The following tables demonstrate the pricing adjustments for each of the refined petroleum products regulated by the Board during the period April 1, 2006 to March 31, 2007, using data from Zone 1 (Avalon Peninsula) – the base zone.

SUMMARY TABLES OF PRICE CHANGES

Petroleum Price Changes: April 1, 2006 to March 31, 2007

Zone 1 (Avalon Peninsula)¹

DATE	Regulation mode	Automotive gasoline <i>Regular Unleaded Self-Serve</i>		Automotive diesel ²	
		+ / -	cpl	+ / -	cpl
April 2	Interruption ³	0.0	109.6	0.0	107.2
April 3	Interruption	0.0	109.6	2.9	110.1
April 8	Interruption	1.8	111.4	0.0	110.1
April 15	Scheduled	5.2	116.6	4.6	114.7
April 23	Interruption	6.1	122.7	4.7	119.4
April 24	Interruption	0.0	122.7	0.0	119.4
May 5	Interruption	-2.4	120.3	0.0	119.4
May 15	Scheduled	-4.1	116.2	-1.9	117.5
June 15	Scheduled	-1.2	115.0	-1.1	116.4
July 1	HST reduction ⁴	-1.0	114.0	-1.0	115.4
July 3	Interruption	0.2	114.2	0.0	115.4
July 15	Scheduled	5.1	119.3	-1.0	114.4
July 22	Interruption	0.0	119.3	4.1	118.5
July 31	Interruption	3.2	122.5	0.0	118.5
August 8	Interruption	0.0	122.5	0.0	118.5
August 15	Scheduled	-0.2	122.3	1.7	120.2
August 19	Intervention ⁵	-9.6	112.7	0.0	120.2
September 1	Interruption	-4.0	108.7	0.6	120.8
September 2	Interruption	0.0	108.7	-3.4	117.4
September 5	Interruption	0.0	108.7	0.0	117.4
September 15	Scheduled	-5.9	102.8	-7.4	110.0
September 22	Interruption	0.0	102.8	-8.1	101.9
September 24	Interruption	-4.2	98.6	0.0	101.9
October 3	Interruption	0.0	98.6	0.0	101.9
October 15	Scheduled	-1.4	97.2	1.0	102.9
November 15	Scheduled	0.3	97.5	1.6	104.5
November 23 ⁶	Scheduled	2.5	100.0	0.6	105.1
December 7	Scheduled	2.9	102.9	2.7	107.8
December 21	Scheduled	0.7	103.6	-0.6	107.2
January 4	Scheduled	-0.5	103.1	-3.5	103.7
January 11	Interruption	-5.3	97.8	0.0	103.7
January 18	Scheduled	-3.0	94.8	-3.8	99.9
February 1	Scheduled	0.5	95.3	0.0	99.9
February 8	Interruption	0.0	95.3	4.8	104.7
February 15	Scheduled	5.1	100.4	0.6	105.3
March 1	Scheduled	5.2	105.6	-0.4	104.9
March 8	Interruption	7.8	113.4	0.0	104.9
March 15	Scheduled	-0.9	112.5	4.2	109.1
March 29	Scheduled	0.6	113.1	-0.2	108.9

All prices are listed in cents per litre (cpl) including HST

¹ Zone 1 (Avalon Peninsula) is the base pricing zone. All pricing adjustments indicated were applied across all zones.

² Federal regulations mandated the use of a new ultra-low sulphur product. This was effective in Newfoundland Sept. 1, 2006.

³ Interruption formula criteria were met, and maximum prices were adjusted outside of the scheduled price change.

⁴ A reduction in the federal component of the Harmonized Sales Tax (HST) required an adjustment to maximum automotive prices.

⁵ Used by the Board to immediately deal with the effects of large and rapid price increases/decreases outside of a scheduled adjustment.

⁶ A new pricing model was implemented - prices will be adjusted every second Thursday, and the criteria for the interruption formula were changed.

Board of Commissioners of Public Utilities

Petroleum Price Changes: April 1, 2006 to March 31, 2007 Zone 1 (Avalon Peninsula)¹

DATE	Regulation mode	Furnace Oil		Stove Oil		Residential Propane	
<i>All prices are listed in cents per litre (cpl) excluding HST</i>							
		+ / -	cpl	+ / -	cpl	+ / -	cpl
April 2	Interruption ²	2.76	75.96	0.00	74.81	0.0	73.3
April 3	Interruption	0.00	75.96	0.00	77.51	0.0	73.3
April 8	Interruption	0.00	75.96	0.00	77.51	0.0	73.3
April 15	Scheduled	2.52	78.48	2.71	80.22	1.4	74.7
April 23	Interruption	0.00	78.48	0.00	80.22	0.0	74.7
April 24	Interruption	3.27	81.75	3.42	83.64	0.0	74.7
May 5	Interruption	0.00	81.75	0.00	83.64	0.0	74.7
May 15	Scheduled	-4.50	77.25	-1.89	81.75	1.9	76.6
June 15	Scheduled	-1.97	75.28	-1.97	79.78	-0.4	76.2
July 1	HST reduction ³	0.00	75.28	0.00	79.78	0.0	76.2
July 3	Interruption	0.00	75.28	0.00	79.78	0.0	76.2
July 15	Scheduled	-1.34	73.94	-1.34	78.44	2.2	78.4
July 22	Interruption	0.00	73.94	0.00	78.44	0.0	78.4
July 31	Interruption	0.00	73.94	0.00	78.44	0.0	78.4
August 8	Interruption	2.15	76.09	2.15	80.59	0.0	78.4
August 15	Scheduled ⁴	1.77	77.86	1.77	82.36	1.9	80.3
August 19	Intervention ⁵	0.00	77.86	0.00	82.36	0.0	80.3
September 1	Interruption	0.00	77.86	0.00	82.36	0.0	80.3
September 2	Interruption	0.00	77.86	0.00	82.36	0.0	80.3
September 5	Interruption	-2.64	75.22	-2.64	79.72	0.0	80.3
September 15	Scheduled	-4.33	70.89	-4.33	75.39	-1.7	78.6
September 22	Interruption	-3.82	67.07	-3.82	71.57	0.0	78.6
September 24	Interruption	0.00	67.07	0.00	71.57	0.0	78.6
October 3	Interruption	0.00	67.07	0.00	71.57	-3.6	75.0
October 15	Scheduled	-1.16	65.91	-1.16	70.41	-1.2	73.8
November 15	Scheduled	3.45	69.36	1.07	71.48	0.0	73.8
November 23⁶	Scheduled	0.27	69.63	-0.17	71.31	0.8	74.6
December 7	Scheduled	2.86	72.49	2.32	73.63	0.5	75.1
December 21	Scheduled	0.91	73.40	0.46	74.09	1.5	76.6
January 4	Scheduled	-1.95	71.45	-2.37	71.72	-1.8	74.8
January 11	Interruption	0.00	71.45	0.00	71.72	0.0	74.8
January 18	Scheduled	-3.59	67.86	-3.32	68.40	-1.0	73.8
February 1	Scheduled	1.40	69.26	1.63	70.03	-0.1	73.7
February 8	Interruption	0.00	69.26	0.00	70.03	0.0	73.7
February 15	Scheduled	2.62	71.88	4.85	74.88	3.5	77.2
March 1	Scheduled	-0.23	71.65	-0.41	74.47	1.1	78.3
March 8	Interruption	0.00	71.65	0.00	74.47	0.0	78.3
March 15	Scheduled	2.73	74.38	1.85	76.32	0.7	79.0
March 29	Scheduled	-0.54	73.84	-1.52	74.80	1.5	80.5

¹ Zone 1 (Avalon Peninsula) is the base pricing zone. All pricing adjustments indicated were applied across all zones.

² Interruption formula criteria were met, and maximum prices were adjusted outside of the scheduled price change.

³ A reduction in the federal component of the Harmonized Sales Tax (HST) required an adjustment to maximum automotive prices.

⁴ Review: three new zones for furnace/stove oil; increase in gasoline's total allowable mark-up; and, changes in differentials for automotive/heating fuels and zone designations.

⁵ Used by the Board to immediately deal with the effects of larges and rapid price increases/decreases outside of a scheduled adjustment.

⁶ A new pricing model was implemented - prices will be adjusted every second Thursday, and the criteria for the interruption formula were changed.

COMMISSIONERS
Year End - March 31, 2007

Chair and Chief Executive Officer Robert Noseworthy
Vice-Chair Darlene Whalen
Full-time Commissioner Vacant
Full-time Commissioner Vacant

STAFF
Year End - March 31, 2007

Director of Corporate Services and Board Secretary G. Cheryl Blundon
Director of Regulatory and Advisory Services Robert Byrne
Financial and Economic Analyst Doreen Dray
Financial Officer Leah Keating
Legal Counsel Dwanda Newman
Senior Electrical Engineer Vacant
Compliance Auditor Don Seaward
Information Technology Officer Mike McNiven
Executive Secretary and Assistant Board Secretary Barbara Thistle
Clerk-Steno Colleen Wood
Research Officer David Hillier
Communications Officer Michelle Hicks
Administrative Assistant Kendra Pelley
Administrative Assistant Venus Hollett

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

Ms. G. Cheryl Blundon
Director of Corporate Services and Board Secretary
Prince Charles Building
Torbay Road
P. O. Box 21040
St. John's, Newfoundland and Labrador
Canada
A1A 5B2

Phone: 709-726-8600
Fax: 709-726-9604
Toll Free: 866-782-0006
Email: cblundon@pub.nl.ca
Website: www.pub.nl.ca

Newfoundland & Labrador

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 TORBAY ROAD, ST. JOHN'S, NL**

**Website: www.pub.nl.ca
E-mail: ito@pub.nl.ca**

**Telephone: 1-709-726-8600
Toll free: 1-866-782-0006**
