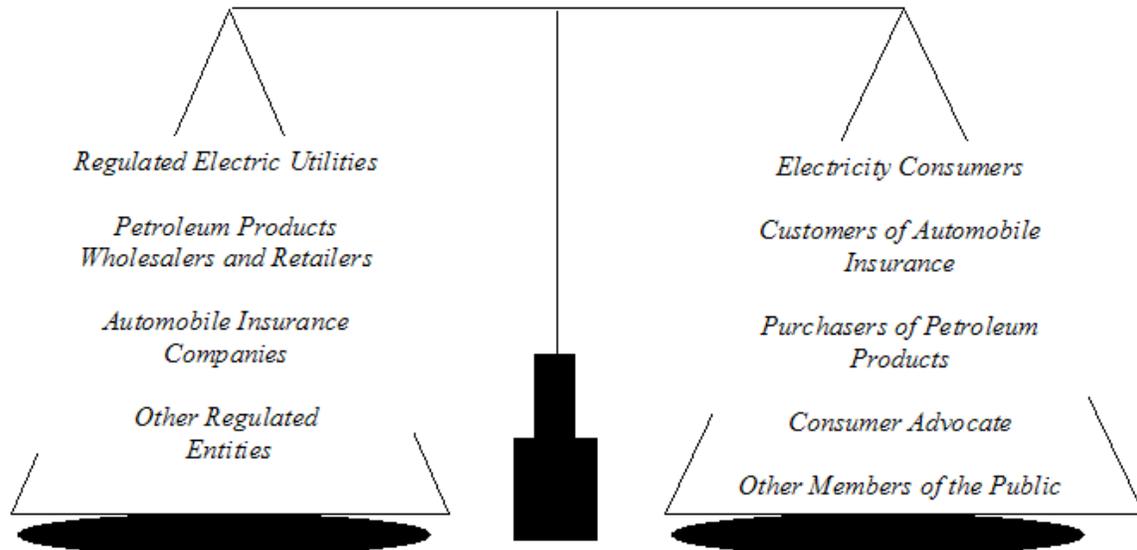

Newfoundland & Labrador

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

2007-2008 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:



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, 2008. This report was prepared in accordance with the *Transparency and Accountability Act* and, as Chair and CEO, I am signing on behalf of the governing body 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 the regulated industries as well as ratepayers and consumers.

The following annual report presents a description of the Board’s activities for the period April 1, 2007 to March 31, 2008. 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.



Andy Wells
Chair and CEO

OVERVIEW

MANDATE AND LINES OF BUSINESS

The Board operates as an independent, quasi-judicial tribunal constituted under the *Public Utilities Act*. The Board's single line of business is regulation.

The Board has mandated responsibilities as set out in the following legislation:

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

The *Public Utilities Act* defines the general powers of the Board, granting authority for the general supervision of public utilities to ensure compliance by public utilities with the law. The public utilities regulated by the Board include Newfoundland Power Inc. (NP) and Newfoundland and Labrador Hydro (Hydro).

The *Electrical Power Control Act* sets out the power policy of the Province and provides the Lieutenant Governor in Council with the authority to refer electrical power matters to the Board.

The *Automobile Insurance Act* gives the Board responsibility for the general supervision of the rates an insurer charges or proposes to charge for automobile insurance in the Province. The Board also has responsibilities in relation to the underwriting guidelines and risk classification systems of insurers operating in the Province. Under the *Insurance Companies Act* the Lieutenant Governor in Council can direct the Board to undertake a review of any aspect of insurance in the Province.

The *Petroleum Products Act* sets out the manner in which the Board is required to establish maximum prices for petroleum products in the Province.

The *Expropriation Act* requires the Board, at the request of the Minister of Transportation and Works or the City of St. John's, to determine the appropriate level of compensation for land expropriated by Government or the City of St. John's.

The *Motor Carrier Act* gives the Board the power to grant certificates and approve rates for public service carriers such as ambulance operations and regularly scheduled bus service along the Trans Canada Highway.

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 *Petroleum Products Act*) and the Department of Natural Resources (*Electrical Power Control Act*).

The Board performs its regulatory functions through formal proceedings such as public hearings, as well as other less formal processes/meetings, and on-going regulatory oversight including compliance monitoring, audits, detailed technical/financial reviews, and investigations.

The Board exercises its authority in accordance with principles of natural justice and procedural fairness. Board orders are legally binding and may be appealed to the Supreme Court of Newfoundland and Labrador.

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 of regulation which effectively balances the interests of the public and industry by fostering a sustainable environment for regulated industries and fairness to consumers.

MISSION

By 2011 the Board will have improved its capacity to deliver effective and efficient regulation in the Province.

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 Hydro and NP, with a combined customer base of approximately 268,150 residential and general service customers, and seven large industrial users in the province.

The Board regulates automobile insurance rates and underwriting guidelines for approximately 47 insurance companies operating in the Province serving approximately 245,000 private passenger and commercial customers and writing total premiums with an estimated value of approximately \$252,161,000.

The Board sets maximum prices for petroleum products which are sold in the Province through a network of 12 oil company related suppliers, approximately 30 wholesalers and 474 retailers of gasoline, automotive diesel and heating fuels.

The Board maintains other residual responsibilities including the issuance of ambulance certificates (59 current), and also motor carrier certificates (56 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

Created by statute in 1949 the Board is comprised of four full-time commissioners including the Chair and Chief Executive Officer and the Vice Chair, appointed by the Lieutenant Governor in Council. The *Public Utilities Act* gives the Chair and Chief Executive Officer the full authority for the overall operation, management and financial administration of the Board.

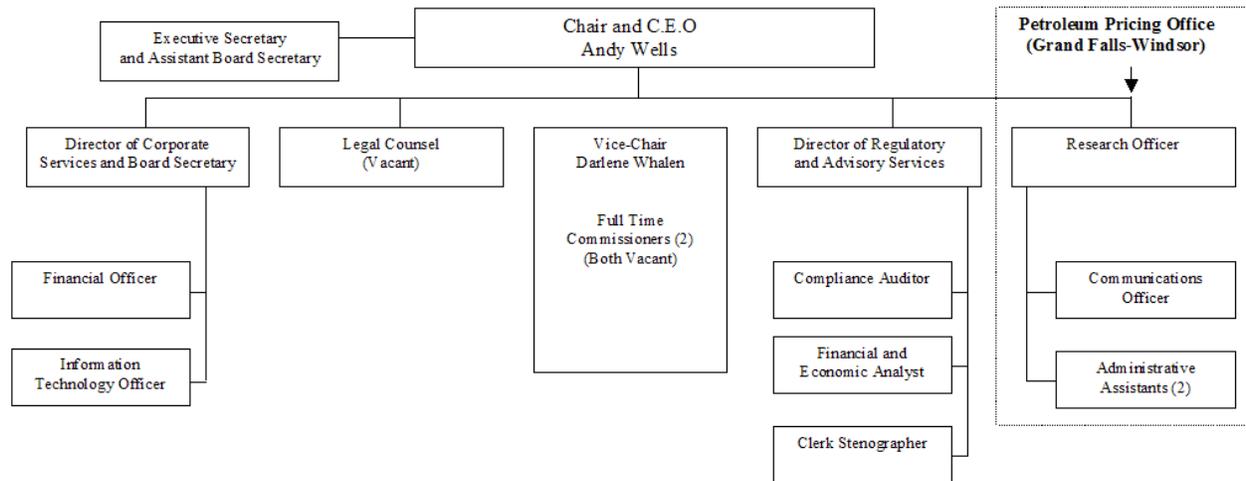
The Board has 13 full-time staff located in offices in St. John’s and Grand Falls-Windsor.

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.

Regulatory and Advisory Services is responsible for managing the Board’s regulatory mandate with responsibilities including coordination and management of applications, research, investigations, advisory support, compliance monitoring, financial/technical reviews, and customer complaints.

Corporate Services is responsible for management of internal administrative functions of the Board including finance, communications, information technology and human resource services.

The following is the Board’s organizational chart at March 31, 2008.



FINANCIAL

The Board is funded through assessments charged to regulated industries/companies and other applicants. Assessments to each industry vary depending on the actual allocation of work performed by the Board in a given year. For 2007-08 the estimated percentages of annual assessed revenue attributable to the respective industries are electric utilities 51.1%, automobile insurance 24.8% and petroleum products 24.1%.

The Board’s annual operating expenses for 2007-08 were \$2,137,345. The comparative expenditures for the previous five-year period are shown below:

Board of Commissioners of Public Utilities						
Expenditures						
Years Ended- March 31						
	2003	2004	2005	2006	2007	2008
Operating - SJ Office	\$1,513,640	\$1,538,103	\$1,952,985	\$1,998,677	\$1,330,576	\$1,730,320
Operating - PPPC/PPO ¹	\$494,945	\$619,522	\$444,764	\$467,668	\$470,530	\$407,025
Operating - Total	\$2,008,585	\$2,157,625	\$2,397,749	\$2,466,345	\$1,801,106	\$2,137,345
Hearings - Board	\$1,101,546	\$1,334,854	\$271,658	\$468,383	\$437,856	\$371,963
Hearings - Consumer Advocate	\$468,256	\$537,802	\$33,779	\$62,891	\$328,901	\$570,240
Hearing - Total	\$1,569,802	\$1,872,656	\$305,437	\$531,274	\$766,757	\$942,203
Total Expenditures	\$3,578,387	\$4,030,281	\$2,703,186	\$2,997,619	\$2,567,863	\$3,079,548

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 2003 and largely 2004 are the costs associated with the former PPPC.

Public hearings and certain other specific proceedings and/or investigations are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. During 2007-08, the Board’s accumulated specific recoveries totaled \$942,203, with \$106,220 related to automobile insurance rate filing reviews; \$599,630 related to NP’s general rate application, \$115,844 related to on-going matters associated with Hydro’s 2007 general rate application, and \$99,872 related to the utilities’ annual capital budget applications and annual financial reviews. The balance of \$20,637 related to miscellaneous smaller matters relating to utilities.

Further details regarding the Board’s recoverable costs can be found in Notes 4 and 5 to the Board’s Financial Statements attached as Appendix A.

In accordance with the *Public Utilities Act*, during the year the Board rebated a portion of the 2006-07 year-end operating surplus to reduce assessments to the electrical utilities, insurance and petroleum products industries of \$328,608, \$43,786 and \$139,571 respectively.

HIGHLIGHTS AND ACCOMPLISHMENTS

The Board's highlights for 2007-08 are outlined below:

1) ***NP and Hydro's Capital Budgets***

In accordance with the Board's Capital Budget Guidelines NP and Hydro's capital budget applications were considered based on the written record. The Board issued Order No P.U. 27(2007) on September 19, 2007 approving NP's 2008 capital expenditures totaling \$50,754,000, along with associated capital projects, as well as fixing and determining NP's rate base for the year ending December 31, 2006 at \$752,917,000. Order No. P.U. 30(2007) was issued on November 22, 2007 approving 2008 capital budget expenditures for Hydro of \$42,898,100. The Order also fixed Hydro's rate base for the year ending December 31, 2006 at \$1,472,184,000.

2) ***NP 2008 General Rate Hearing***

On May 10, 2007 NP filed a General Rate Application requesting approval of, among other things, a rate of return on average rate base of 8.82% and an increase in rates to become effective January 1, 2008. The overall average rate increase requested was 5.3%, with average increases per rate class ranging from 1.3% for small General Service customers to 6.4% for Domestic customers. The Consumer Advocate and Hydro intervened in the hearing. On October 11, 2007, following a settlement process, NP filed an amended application proposing an overall average increase in customer rates of 2.8% and a rate of return on average rate base of 8.37%. On December 19, 2007 the Board issued Order No. P.U. 32(2007) accepting the settlement proposals and addressing the outstanding issues.

3) ***Automobile Insurance Regulation***

Following the previous transitional year in dealing with changes to the automobile insurance regulation, the Board continued to work with the industry to refine guidelines, improve the timelines for rate review filings and reduce regulatory costs. The Board initiated a dialogue with the insurance industry seeking input on enhancements and refinements that may be implemented with a view to streamlining lessening the regulatory process.

4) ***Petroleum Products Pricing Regulation***

Two specific events required the Board to adjust maximum prices outside of its normal adjustment processes:

- The reduction in the federal component of the Harmonized Sales Tax (HST) by 1.0% on January 1, 2007 necessitated an adjustment of maximum automotive (gasoline and diesel) prices; and
- A provision in federal legislation came into effect on September 1, 2007 mandating significant reductions in sulfur content for all automotive diesel fuel sold in the "Northern Supply Area," which included the entirety of Labrador. This product, known as "Ultra Low Sulfur Diesel" (ULSD), experienced a slight increase in the maximum price for automotive diesel fuel as a result. The same legislation had come into effect a year previous for the island.

The Board commenced a review of the way in which retailers and wholesalers report to the Board to allow for the collection by the Board of comprehensive data in relation to operational costs. This is being done in consultation with various industry stakeholders to ensure that the required information is requested in a format that is within the ability of the stakeholders to provide and that will be helpful to the Board in fulfilling its mandate in this area.

- 5) ***CAMPUT 2007 Conference and Annual General Meeting***
The Board is a member of The Canadian Association of Members of Public Utility Tribunals (CAMPUT), which is a national organization whose main objective is the improvement of public utility regulation in Canada. In September the Board hosted CAMPUT's 2007 Conference and Annual General Meeting in St. John's. This is the third time that the Board hosted this event, the last being held in Corner Brook in 2003. Based on feedback from the delegates the conference was a resounding success with many of the participants indicating that the program was relevant, useful and very informative and that they were looking forward to meeting in future conferences to continue the dialogue.
- 6) ***Canadian Automobile Insurance Rate Regulators***
The Board is a founding member of the Canadian Automobile Insurance Rate Regulators Association (CARR), a newly formed association of automobile insurance rate regulators, whose purpose is to provide for information transfer on best practices between those agencies with a focus on rate regulation, identify and promote educational opportunities for members and provide educational opportunities through seminars and annual conferences. The first annual conference was held in November 2007 in Saint John, New Brunswick.
- 7) ***Retirement of Chair and CEO***
In February the Chair and CEO, Mr. Robert Noseworthy, retired after 33 years of public service. Mr. Noseworthy was appointed to the Board in 2001 following a distinguished career with the provincial government, including Deputy Minister of the Department of Municipal and Provincial Affairs and Chair and CEO of the Newfoundland and Labrador Housing Corporation. During Mr. Noseworthy's tenure with the Board, he was instrumental in bringing the Board's strategic initiatives forward, streamlining many of the regulatory processes and laying the foundation for continued regulatory excellence. The Board sincerely thanks him for his dedication and commitment and wishes him well in his retirement.
- 8) ***Appointment of Chair and CEO***

On March 1, 2008 the Board welcomed Mr. Andy Wells as the new Chair and CEO. Mr. Wells brings with him a wealth of management experience in public service, the most recent being mayor of the city of St. John's since 1997. He is a past member of the Board of Commissioners of Public Utilities.
- 9) ***CAMPUT Innovation Award***
At CAMPUT'S Annual Conference held in Kelowna in May 2007 the Board was awarded the 2007 Innovation Award for its initiative related to the improving the regulatory process through its development of an electronic document management system which resulted in a more streamlined, efficient and cost effective hearing process with timely and prompt public access. The Board is very proud of its innovations and contribution to best practices in regulation.

REGULATORY ACTIVITIES

While the Board maintains a strategic planning environment that guides its overall operations, adjustments to its planning goals are sometimes required as the Board must be responsive to applications coming before it. In addition to these applications, the Board's on-going work in compliance monitoring and general regulatory oversight constitute a significant portion of its regulatory activities. Activities for 2007-2008 are set out below.

DECISIONS AND ORDERS

The Board issued 73 Orders during the year. Appendix I provides a detailed listing of all Decisions and Orders issued by the Board during the fiscal year, as summarized below:

- Forty-two (42) Orders were issued relating to public utility regulation;
- Twenty-five (25) Orders were issued related to automobile insurance regulation; and
- Six (6) Orders related to applications for Motor Carrier certificates/amendments. Five of the Orders issued under the *Motor Carrier Act* related to ambulance services and one to a regularly scheduled passenger service.

In addition the Board ordered 31 adjustments to maximum regulated fuel prices in accordance with the *Petroleum Products Act*. Charts showing the overall pricing adjustments for each of the refined petroleum products regulated by the Board can be found in Appendix II of this report.

The Board also conducted detailed reviews of approximately 70 compliance filings and various financial/technical reports submitted by the utilities throughout the year. In addition the Board processed 16 Category 1 insurance filings.

The Board received one referral for expropriation arbitration during the year; however the matter was delayed at the request of the parties. This matter is still outstanding.

REPORT ON PLANNED ACTIVITIES

PROGRESS ON STRATEGIC ISSUES

The Board's established strategic priorities for the period April 1, 2007 to March 31, 2008 included improving the efficiency of its regulatory tools and streamlining its regulatory framework while ensuring the necessary human resource skills are identified and supported with appropriate training.

In compliance with the *Transparency and Accountability Act* the Board may consider the Strategic Directions of the Department of Justice in the preparation of its own strategic directions. The Board remains cognizant of the strategic directions of Government as communicated to the Board by the Minister of Justice. While the Board reports administratively to the Minister of Justice, the 2007-08 strategic plan of the Department contained no specific directives respecting the work of the Board. Within the broader context of the legislation, the Board's governing structure and reporting requirements to the Minister of Justice, the Board believes the main thrusts contained in its activity planning are consistent with and contribute to the overall strategic directions that define the priorities of Government.

In 2007-08 the Board made significant strides regarding its strategic initiatives as detailed below. The following provides a progress of the goals and activities undertaken by the Board with respect to the 2007-08 activity plan as well as the objectives, measures and indicators for the 2008-2009 fiscal year.

Issue 1: IMPROVED REGULATORY EFFICIENCY

<p><i>As one of the key economic regulators in the Province the manner in which the Board operates is important to its regulated entities, consumers and the public. The Board therefore focuses on the management and administration of its processes and practices in a way that promotes regulatory efficiency and least cost operations.</i></p> <p>Goal/Objective: <i>By March 31, 2008, the Board will have improved regulatory efficiency.</i></p> <p>Measure: <i>Improved regulatory efficiency</i></p>	
<p>Indicators:</p> <ul style="list-style-type: none"> • <i>Regulatory savings</i> 	<p>Results:</p> <p>As part of its regulatory efficiency initiative the Board has adopted processes and taken measures which generated substantial regulatory savings. For example, in 2007 the two annual capital budget applications were reviewed without a public hearing, with total estimated cost savings of \$200,000 to \$300,000. In addition, reduced hearing time for a general rate application in 2007 is estimated to have saved approximately \$450,000.</p>
<ul style="list-style-type: none"> • <i>Improved regulatory response</i> 	<p>The Board improved its regulatory response with the implementation of schedules for certain procedures which ensure that all participants are aware of timelines and events. Examples of the improved regulatory response are seen in additions to the Category 2 Insurance Filing Guidelines and the new guidelines for the annual financial reviews of the utilities.</p>

<ul style="list-style-type: none"> • <i>Simplified and streamlined-processes</i> 	<p>The Board has implemented several strategies for simplifying and streamlining its regulatory processes to reduce regulatory burden for stakeholders, consistent with Government’s red tape reduction initiative. Settlement processes continue to be encouraged thereby reducing labour intensive hearing time. Also the processes for both the insurance category 2 filings and utility capital budgets have been refined to provide clarity and consistency in the making and consideration of applications. Guidelines setting out the format, information requirements and schedule have simplified and streamlined the process.</p>
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Issue 2: STRENGTHENED REGULATORY FRAMEWORK

<p><i>The regulatory framework of the Board includes its legislated authority, procedures and processes, regulatory principles and reporting/compliance requirements. The Board strives to ensure that the regulatory framework supports its ongoing responsibilities and is consistent with emerging public policy priorities such as increased accountability.</i></p> <p>Goal/Objective: <i>By March 31, 2008, the Board will have strengthened its regulatory framework.</i></p> <p>Measure: <i>Strengthened regulatory framework.</i></p>	
<p>Indicators:</p>	<p>Results:</p>
<ul style="list-style-type: none"> • <i>Improved communications</i> 	<p>During the year the Board made significant strides in improved communications with stakeholders. The Board held discussions and meetings, and received written submissions in relation to its processes, which lead to the development of policies and procedures in an open and transparent manner and contributed to a better understanding of the objectives and requirement associated with the various processes.</p>
<ul style="list-style-type: none"> • <i>Development of supportive policies</i> 	<p>The Board has implemented several written policies in support of a strengthened regulatory framework which include the insurance Category 2 filing guidelines and capital budget guidelines. Enhanced Board policies support Government’s red tape reduction initiative and the Board’s on-going commitment to improved client services.</p>
<ul style="list-style-type: none"> • <i>Improved administrative processes</i> 	<p>Examples of improved administrative processes include enhancements to the electronic document management system and the Board’s records management review. In 2007 the Board was recognized with an Innovation Award for the development of a cost effective electronic document management system contributing to a streamlined and efficient hearing process with straightforward and timely public access.</p>

Issue 3: HUMAN RESOURCE DEVELOPMENT

<p><i>In recent years, there have been a number of additions to the Board's mandate and changes to the operational structure of the Board. The Board's alignment of human resource capabilities is essential to ensuring the Board is equipped to meet its regulatory responsibilities.</i></p> <p>Goal/Objective: <i>By March 31, 2008, the Board will have initiated a human resources strategy to ensure that the organization retains the skills and competencies necessary to deliver its mandate.</i></p> <p>Measure: <i>Enhanced organizational and operational capacity</i></p>	
Indicators:	Results:
<ul style="list-style-type: none"> • <i>Human resources are properly aligned to functional requirements</i> 	<p>The Board was successful in aligning human resources with functional requirements during the year. As a result of the on-going changes to functional requirements and staffing circumstances it is expected that this initiative will carry forward to the coming year as well.</p>
<ul style="list-style-type: none"> • <i>Appropriate recognition of human resources</i> 	<p>The organizational review commenced in early 2008. The Board has reviewed the position descriptions and is completing the classification evaluations. This process is on-going and is expected to be finalized in the next reporting period.</p>
<p><i>Development of education and training opportunities.</i></p>	<p>Education and training requirements have been identified. During the current year most of the Board Commissioners and Staff have taken advantage of the training opportunities provided. As training and education is a continuous process, the Board will continue to encourage and support its employees in meeting their developmental needs.</p>

2008-2009 OBJECTIVES

In developing its activity plan for the next planning period the Board continues to focus on strategic issues that are related to its regulatory mandate. In keeping with this focus the Board has identified the following strategic issues as key priorities for the next three-year planning horizon, 2008-2011:

1. Regulatory Efficiency and Effectiveness.
2. Human Resource Capacity.
3. Management of Records/Information.

The following objectives, measures and indicators have been developed for the next fiscal year 2008-09 in relation to the with respect to the strategic issues identified above.

Issue 1: Regulatory Efficiency and Effectiveness.

Objective (2009): By March 31, 2009 the Board will have adopted standards, schedules and timelines which enhance efficiency and effectiveness.

Measure: Improved regulatory efficiency and effectiveness.

Indicators:

- Regulatory savings.
- Improved regulatory response.
- Simplified and streamlined processes.

Issue 2: Human Resource Capacity.

Objective (2009): By March 31, 2009 the Board will have conducted an organizational review matching available skills with human resources requirements and implemented necessary programs to ensure that the Board has the capacity to meet its regulatory obligations.

Measure: Enhanced organizational and operational capacity.

Indicators:

- Human resource needs and capabilities are identified.
- Succession planning issues are identified.
- Human resources are properly aligned to functional requirements.

Issue 3: Management of Records/Information.

Objective (2009): By March 31, 2009 the Board will have reviewed and identified issues regarding its Records/Information Management program.

Measures: Improved Records/Information Management Strategy

Indicators:

- Completed records/information inventory.
- Evaluation/analysis mechanisms identified.
- Action plan in place, including timetable/schedule and resource requirements.

OPPORTUNITIES AND CHALLENGES AHEAD

The Board's primary challenge is fulfilling its mandate efficiently and effectively while ensuring the delivery of regulatory services in an open, fair, and transparent manner. The Board must be responsive to the changing regulatory environment, which may involve significant legislative, market or other structural changes. In this context the Board, with the cooperation of stakeholders, endeavors to identify opportunities for improvements in its processes and practices.

Potential significant changes in the electrical industry including possible development of the Lower Churchill and an island in-feed may bring as yet unidentified opportunities and challenges for the Board. Process changes, such as the increasing emphasis on negotiated settlement, require new and different approaches and at times rationalization of resources to ensure that the Board's is able to continue to meet its legislated mandate.

In relation to automobile insurance the Board's processes and procedures continue to evolve in response to the significant recent legislative changes. Through consultation with the industry the Board continues to seek more efficient and effective ways of fulfilling its automobile insurance regulation mandate.

The Board sets maximum prices for petroleum products in the Province which are directly tied to dependent on the on the global marketplace. Volatility in the market and unprecedented prices for crude oil and refined fuels challenge both consumers and retailers/suppliers. This is especially the case in less populated areas of the Province. The Board will continue to look for opportunities to respond to these changing market conditions and ensure that the Board's regulatory processes meets the pressures and stresses of the local marketplace.

Motor Carrier regulation offers opportunities for streamlining of the Board's operations with other public bodies as the result of an evolving regulatory environment.

FINANCIAL STATEMENTS



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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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

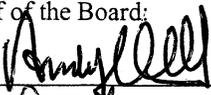
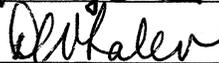
Chartered Accountants
St. John's, Newfoundland & Labrador
May 23, 2008

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Financial Position
March 31, 2008**

	2008	2007
ASSETS		
Current		
Cash	\$1,573,886	\$1,427,268
Receivables	33,702	38,466
Recoverable costs (Note 4)	210,532	626,004
Prepaid expenses	7,867	7,997
	1,825,987	2,099,735
Deferred costs – insurance review (Note 5)	-	237,352
Capital assets (Note 7)	45,691	46,101
	\$1,871,678	\$2,383,188
 LIABILITIES		
Current		
Payables and accruals	\$ 168,376	\$ 186,197
Payroll accruals	282,622	487,536
Designated pension funds (Note 6)	71,678	31,025
	522,676	704,758
 ACCUMULATED SURPLUS		
Invested in capital assets	45,691	46,101
Invested in designated pension funds	(71,678)	(31,025)
Internally restricted (Note 9)	1,142,760	1,051,389
Unrestricted	232,229	611,965
	1,349,002	1,678,430
	\$1,871,678	\$2,383,188

On Behalf of the Board:


 _____ Chairperson and CEO

 _____ Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2008

	2008	2007
<hr/>		
Revenues		
Regulatory assessments	\$2,023,443	\$2,143,926
Insurance review assessments (Note 5)	236,542	-
Interest and other income	50,305	66,489
Pension income (Note 6)	9,592	10,415
	<hr/>	<hr/>
	2,319,882	2,220,830
<hr/>		
Expenses		
Amortization	28,233	20,157
Consulting fees	92,126	149,873
Insurance review costs (Note 5)	236,542	-
Office equipment, supplies and services	60,656	58,519
Pension obligations estimation adjustment (Note 6)	50,245	53,945
Rent and insurance (Note 11)	183,418	184,625
Salaries and associated costs	1,412,482	1,244,242
Telecommunications	34,958	42,061
Training and membership	16,991	13,263
Travel	21,694	34,421
	<hr/>	<hr/>
	2,137,345	1,801,106
<hr/>		
Excess of revenues over expenses	\$ 182,537	\$ 419,724
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BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Accumulated Surplus
Year Ended March 31, 2008**

	2008				2007	
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 9)	Unrestricted	Total	Total
Balance as at beginning of year	\$ 46,101	\$ (31,025)	\$1,051,389	\$ 611,965	\$1,678,430	\$2,165,183
Excess of revenues over expenses	(28,233)	(40,653)	-	251,423	182,537	419,724
Assessment reductions (Note 10)	-	-	-	(511,965)	(511,965)	(906,477)
Invested in capital assets	27,823	-	-	(27,823)	-	-
Restricted during the year	-	-	91,371	(91,371)	-	-
Balance as at end of year	\$ 45,691	\$ (71,678)	\$1,142,760	\$ 232,229	\$1,349,002	\$1,678,430

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2008

	2008	2007
Operating activities		
Cash receipts from assessments and other revenues	\$ 1,812,681	\$ 1,413,723
Cash paid to suppliers and employees	(2,331,717)	(1,884,496)
Cash (used in) operating activities	(519,036)	(470,773)
Hearing and review activities		
Decrease (increase) in recoverable costs	415,472	(385,959)
Decrease (increase) in deferred costs – insurance review	237,352	(13,928)
Cash provided by (used in) hearing and review activities	652,824	(399,887)
Investing activities		
Purchase of capital assets	(27,823)	(9,770)
Decrease in designated pension funds	40,653	43,530
Cash provided by investing activities	12,830	33,760
Increase (decrease) in cash during year	146,618	(836,900)
Cash position as at beginning of year	1,427,268	2,264,168
Cash position as at end of year	\$ 1,573,886	\$ 1,427,268

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2008**

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, 2008

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

	2008	2007
Recoverable costs, beginning of year	\$ 626,004	\$ 240,045
Add – specific enquiry costs incurred during the year:		
Consulting fees	328,198	385,363
Consumer Advocate	570,240	328,901
Transcription and printing	6,103	6,727
Advertising and notice	33,204	44,367
Other	4,458	1,399
	942,203	766,757
	1,568,207	1,006,802
Less – costs recovered during the year	1,357,675	380,798
Recoverable costs, end of year	\$ 210,532	\$ 626,004

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2008**

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.

	2008	2007
Balance on deposit, beginning of year	\$ 319,575	\$374,605
Add – earnings net of expenses	9,592	10,415
Deduct – benefit payments	329,167 (65,445)	385,020 (65,445)
Balance on deposit, end of year	263,722	319,575
Related pension obligation	(335,400)	(350,600)
	\$ (71,678)	\$ (31,025)

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 2, 2008. A pension obligations estimation adjustment of \$50,245 (2007 - \$53,945) is included in expenses in the fiscal year.

The Board also made pension payments to a former Commissioner in the amount of \$22,477. 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, 2008**

7. Capital assets

	2008		2007	
	Original Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$247,061	\$226,614	\$ 20,447	\$ 16,250
Computer hardware	203,397	181,423	21,974	17,863
Computer software	22,373	20,823	1,550	2,384
Leasehold improvements	132,968	131,248	1,720	9,604
	\$605,799	\$560,108	\$ 45,691	\$ 46,101

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, 2008 are as follows:

	2008	2007
Lease commitments	\$ 232,580	\$ 180,963
Payroll contingency	73,514	52,483
Redundancy pay contingency	463,165	474,407
Working capital	373,501	343,536
	\$1,142,760	\$1,051,389

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2008

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 \$328,608, \$43,786 and \$139,571, respectively (total \$511,965).

11. Lease commitments

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

St. John's

- a) lease agreement in the amount of \$12,256 per month concluding May 31, 2008.
- b) lease agreement in the amount of \$17,417 per month commencing June 1, 2008 and concluding May 31, 2013.

Grand Falls-Windsor

- c) lease agreement in the amount of \$2,825 per month (\$33,900 per annum), concluding February 28, 2010.

APPENDIX I

SUMMARY OF ORDERS OF THE BOARD FOR THE PERIOD
APRIL 1, 2007 TO MARCH 31, 2008
UNDER THE PUBLIC UTILITIES ACT

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 7 (2007)

Application:

Issued: April 11, 2007

Approval of a contribution in aid of construction (CIAC) pursuant to s. 41(5) of the *Act*.

Decision:

1. Pursuant to s. 41(5) of the *Act*, the Contribution in Aid of Construction in the amount of Two thousand five hundred forty-seven dollars and ninety cents (\$2,547.90), including HST, as calculated under the Policy to provide single-phase service to 32 seasonal residential customers located at the Northwest Arm Cottage Areas (Section C), Hare Bay, located off Route 430, is approved.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 8 (2007)

Application:

Issued: April 12, 2007

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

Decision:

Rate Base and Rate of Return

1. Pursuant to s. 78 of the *Act*, the Board approves the forecast average rate base for the 2007 test year of \$1,489,323,000.
2. Pursuant to s. 80 of the *Act*, the Board hereby allows a rate of return on rate base, based on the 2007 test year, of 7.44%, within a range of 7.29% to 7.59%.

Rates, Rules and Regulations

3. Pursuant to s. 70 and s. 75 of the *Act*, the Board hereby approves, on a final basis, the interim rates approved in Order Nos. P.U. 41(2006) and P.U. 3(2007) for Utility and Industrial Customers, as set out in Schedule A of this Decision and Order, effective for consumption on and after January 1, 2007.
4. Hydro shall, within fifteen days of the Order approving final rates for customers of NP, apply to the Board for approval of final rates and Rules and Regulations for its Rural customers, and RSP Rules.
5. Hydro shall distribute the balance of the reserve account established in Order No. P.U. 46(2006) in accordance with the provisions of the special adjustment to the RSP Hydraulic Production Variation Balance, as set out in Schedule B of this Decision and Order.

Reporting

6. Hydro shall file with the Board no later than May 31, 2007 a copy of the terms which are proposed for the RSP review, setting out the terms of reference, the specific review objectives, a list of participants, a planned timeline and an outline of the review process.
7. Hydro shall include in its quarterly reports, beginning with its June 30, 2007 report and ending with its December 31, 2008 report, an update on the progress of the development of a comprehensive maintenance plan and associated reliability standards.
8. Hydro shall file with the Board no later than October 31, 2007 a report updating the progress, as of September 30, 2007, of the development of an acceptable peer group for financial KPI's.
9. Hydro shall file with the Board no later than June 30, 2008 a report outlining its five-year strategic plan with respect to energy conservation initiatives, including a description, timing, and cost of the program elements to be implemented by Hydro and a copy of the CDM Potential Study.

Costs

10. Hydro shall pay the expenses of the Board arising from this Application, including the expenses of the Consumer Advocate incurred by the Board, pursuant to s. 90(2) and s. 117 of the *Act*.
11. Hydro shall pay costs of the Industrial Customers in the amount of \$195,000 pursuant to s. 90(1) of the *Act*.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 9 (2007)

Application:

Issued: April 20, 2007

For final approval of a schedule of rates, tolls and charges approved by the Board on an interim basis in Order No. P.U. 42 (2006).

Decision:

1. Pursuant to s. 70 of the *Act*, the rates, tolls and charges as set out in Schedule A are approved, to be effective on all electrical usage on and after January 1, 2007.
2. NP shall pay the costs and expenses of the Board in connection with this application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 10 (2007)

Application:

Issued: April 24, 2007

In the matter of the Purchased Power Unit Cost Variance Reserve Account (the “Reserve Account”) established by Order No. P.U. 35 (2005), an application:

- (i) Deferring Consideration of the Disposition of the Balance in the Reserve Account; and
- (ii) Approving a Revised Definition of the Reserve Account in NP’s System of Accounts Pursuant to s. 58 and s. 70 of the *Act*.

Decision:

1. Deferral of consideration of the Purchased Power Unit Cost Variance Reserve Account in to the hearing of NP’s general rate application to be filed in 2007; and
2. Pursuant to s. 58 of the *Act*, the revised definition of the Purchased Power Unit Cost Variance Reserve Account, as set out in Schedule A, to be included in NP’s System of Accounts.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 11 (2007)

Application:

Issued: May 9, 2007

Approval of the Rate Stabilization Plan component of the rates to be charged to Newfoundland Power (NP) effective July 1, 2007, pursuant to s. 70 (1) of the *Act*.

Decision:

1. The Board hereby approves the rates to be charged by Hydro to NP, as set out in Schedule A to this Order, to be effective for consumption on or after July 1, 2007.
2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 12 (2007)

Application:

Issued: May 10, 2007

Approval of the balance of the weather normalization reserve as of December 31, 2006, pursuant to s. 69(3) and s. 78 of the *Act*.

Decision:

NP’s weather normalization reserve of a Negative Balance of \$11,808,813 as at December 31, 2006 is hereby approved.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 13 (2007)

Application:

Issued: May 10, 2007

For approval of the:

- i) revised distribution line cost per meter for Contributions in Aid of Construction (CIAC’s);
- ii) revised distribution plant upgrade cost for CIAC’s; and
- iii) revised CIAC cost factors.

Decision:

1. The revised cost factors submitted with the application and contained in the Schedules appended to this Order are approved to be used in the calculation of all CIAC’s with effect from May 15, 2007, and, where advantageous to customers of NP, on all CIAC’s quoted but unpaid as of May 15, 2007.
2. NP shall submit a revised CIAC Policy in its entirety incorporating the revisions approved herein.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 14 (2007)

Application:

Issued: May 17, 2007

For final approval of rates to be charged for the supply of power and energy to Rural Customers, and changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers pursuant to s. 70 and s. 71 of the *Act*.

Decision:

1. Pursuant to s. 70 and s. 71 of the *Act*, the Board approves the Rate Stabilization Plan rules, as set out in Schedule A to this Order, effective December 31, 2006.
2. Pursuant to s. 71 of the *Act*, the Board approves the Rules and Regulations applicable to providing service to Rural Customers as set out in Schedule B to this Order, effective January 1, 2007.
3. The rates, tolls and charges for Hydro’s Rural customers are approved on a final basis, to be effective for consumption on and after January 1, 2007, as set out in Schedule C to this Order.
4. Page 6 of 8, Schedule A, Order No. P. U 8(2007) shall be amended and replaced as set out in Schedule D to this Order.
5. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 15 (2007)

Application:

Issued: May 22, 2007

For approval of the:

- (i) Rate Stabilization and Municipal Tax Adjustments to be applied to the rates of NP for the period July 1, 2007 to June 30, 2008; and
- (ii) a Revised Schedule of Rates, Tolls and Charges reflecting the amended Rate Stabilization and Municipal Tax Factors, effective July 1, 2007 to June 30, 2008, pursuant to s. 70 (1) of the *Act*.

Decision:

1. The Rate Stabilization Adjustment of 0.157 cents/kWh as set out in Schedule A to this Order and the Municipal Tax Adjustment factor of 1.02490 as set out in Schedule B to this Order, to be applied to all bills based on consumption on and after July 1, 2007 to June 30, 2008, are approved.
2. The rates proposed by NP to be effective on all electrical consumption on and after July 1, 2007 to June 30, 2008, as set out in Schedule C to this Order, are approved.
3. NP shall pay the expenses of the Board in connection with this Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 16 (2007)

Application:

Issued: June 19, 2007

For the approval of a change in the rates to be charged for the supply of power and energy to Island Interconnected customers (excluding Burgeo School and Library) and Isolated Rural customers (excluding Government departments), pursuant to s. 70 of the *Act*.

Decision:

1. The rates proposed by Hydro for its Island Interconnected customers (excluding Burgeo School and Library) and Isolated Rural customers (excluding Government departments) to be effective on all electrical consumption on and after July 1, 2007, as set out in Schedule A to this Order, are approved.
2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 17 (2007)

Application:

Issued: June 22, 2007

Procedural Order re: General Rate Application by NP to establish customer electricity rates for 2008.

Decision:

The registered Intervenors, the schedule of dates, and the procedures for the hearing of the Application are as set out in Appendix “A” to this Order.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 18 (2007)

Application:

Issued: June 28, 2007

For approval of certain rules and regulations pertaining to the supply of electrical power and energy to one of its industrial customers, Corner Brook Pulp and Paper Limited (CBPP), pursuant to s. 70 and s. 71 of the *Act*.

Decision:

1. The Board approves the amendment of Clause 4.01 of the CBPP Service Agreement such that the sentence that reads:
“Provided the Amount of Power on Order is equal to or greater than 20,000 kW, the amount of Interruptible Demand and Energy available shall be the greater of 10% of the Amount of Power on Order and 5,000 kW.”
be deleted and replaced with:
“Provided the Amount of Power on Order is equal to or greater than 20,000 kW, the amount of Interruptible Demand and Energy available shall be the greater of 10% of the Amount of Power on Order and 5,000 kW, but for the period from May 1, 2007 through to December 31, 2007, both inclusive, the amount of Interruptible Demand and Energy available shall be 15,200 kW.”
2. Hydro shall pay the expenses of the Board arising out of this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 19 (2007)

Application:

Issued: June 28, 2007

Request for an amendment to Order No. P. U. 13(2007) (Appendix C, Schedule D – Distribution Plan Upgrade Cost for General Service CIACs).

Decision:

Board Order No. P. U. 13(2007) be amended by deleting therefrom Schedule D, Distribution Plant Upgrade Cost for General Service CIACs, and substituting therefore the Schedule appended to this Order.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 20 (2007)

Application:

Issued: June 28, 2007

Approval of a Contribution in Aid of Construction (“CIAC”) for a line extension to serve cottage area customers (the “Customers”) pursuant to s. 41(5) of the *Act*.

Decision:

1. The Board approves the Non-Refundable CIAC of Three thousand eight hundred fifteen dollars and one cent (\$3,815.01), including HST, as calculated under the Policy to provide single-phase service to Domestic Customers located in the Cottage Area described as Beachy Cove Pond, pursuant to s. 41(5) of the *Act*.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P. U. 21 (2007)

Application:

Issued: July 6, 2007

Approval of rate rebates for Hydro’s domestic customers served from the Labrador Isolated and L’Anse au Loup (Labrador Straits) systems, pursuant to s. 70(1) of the *Act*.

Decision:

1. The Board approves the implementation by Hydro of a rebate to its domestic customers served from the Labrador Isolated and L’Anse au Loup (Labrador Straits) system.
2. The rebate will be an amount credited to each customer’s bill such that the basic customer charge and the lifeline energy block (seasonal) for those customers is equivalent to that charged for the same service to Hydro’s residential Happy Valley-Goose Bay Labrador Interconnected electricity customers.
3. The rebate shall be effective for bills issued on and after July 1, 2007.
4. Hydro shall not recover the rebate or any associated costs through rates charged to electricity consumers.

Newfoundland Power Inc. (“NP”)

Board Order No. P. U. 22 (2007)

Application:

Issued: July 18, 2007

Approval of a Contribution in Aid of Construction (“CIAC”) for a line extension to serve cottage area customers (the “Customers”) pursuant to s. 41(5) of the *Act*.

Decision:

1. The Board approves the Non-Refundable CIAC of Four thousand three dollars and thirty-two cent (\$4,003.32), including HST, as calculated under the Policy to provide single-phase service to Domestic Customers located in the Cottage Area described as Paul’s Lake located near Badger Lake, pursuant to s. 41(5) of the *Act*.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 23 (2007)

Application:

Issued: July 18, 2007

Approval of a Contribution in Aid of Construction (“CIAC”) for a line extension to serve cottage area customers (the “Customers”) pursuant to s. 41(5) of the *Act*.

Decision:

1. The Board approves the Non-Refundable CIAC of Seven thousand six hundred seventy dollars and seventy-eight cent (\$7,670.78), including HST, as calculated under the Policy to provide single-phase service to Domestic Customers located in the Cottage Area described as Snow’s Pond, located near the community of North River, Conception Bay, pursuant to s. 41(5) of the *Act*.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P. U. 24 (2007)

Application:

Issued: July 26, 2007

Approval to issue Series AL First Mortgage Sinking Fund Bonds pursuant to s. 91 of the *Act*.

Decision:

1. Approval is hereby given to Newfoundland Power to issue Series AL First Mortgage Sinking Fund Bonds in an amount of up to \$75,000,000 and on the general terms set out in the Application subject to the following conditions:
 - (a) The Bonds shall be issued on or before December 31, 2007.
 - (b) NP shall provide to the Board an Affidavit specifying the terms and conditions of the Bond issue within five (5) days (non-business days excepted) after closing the Bond issue. In particular, the Affidavit shall set forth the following:
 - (i) date of the issue;
 - (ii) term;
 - (iii) maturity date;
 - (iv) principal amount;
 - (v) coupon rate;
 - (vi) particulars of sinking fund, if any;
 - (vii) price to the public and to the underwriters;
 - (viii) yield to the public;
 - (ix) agency fee;
 - (x) actual cost (i.e. yield) to NP; and
 - (xi) any other material terms or conditions not contemplated at the date of the Application but forming part of the negotiated terms and conditions.
 - (c) NP shall provide to the Board a copy of the Agency Agreement relating to the Bond issue within five (5) days (non-business days excepted) after closing the Bond issue.
 - (d) The proceeds from the Bond issue shall be used in the manner set out in paragraph 9 of the Application, and NP shall report by Affidavit to the Board on the disposition of the proceeds no later than January 15, 2008.
2. All costs and expenses incurred by the Board in connection with the Application shall be borne by NP.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 25 (2007)

Application:

Issued: August 31, 2007

Approval of (1) the construction of off-loading ramps for mobile transmission line maintenance equipment, and (2) the acquisition and installation of an ICP Spectrometer for the Holyrood Generating Station, pursuant to s. 41(3) of the *Act*.

Decision:

1. The additional 2007 capital expenditure of \$231,000 to acquire and install an inductively coupled plasma mass spectrometer for use at Hydro’s Holyrood Thermal Generating Station is approved.
2. The withdrawal by Hydro of the Application for approval of additional 2007 capital expenditures in relation to the off-loading ramps is accepted and this Application will be set over and considered as part of Hydro’s 2008 capital budget application, which is currently before the Board.
3. Hydro shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 26 (2007)

Application:

Issued: September 4, 2007

For the approval of a contribution in aid of construction (CIAC) for a three-phase line extension to serve the Anaconda Mining Inc., mine site located at Pine Cove, off Route 418, pursuant to s. 41(5) of the *Act*.

Decision:

1. The Board approves the contribution in aid of construction in the amount of \$314,325.91, including HST, for the supply of three-phase electrical service to one general service customers, Anaconda Mining Inc., located at Pine Cove, off Route 418, as calculated under the Policy, pursuant to s. 41(5) of the *Act*.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 27 (2007)

Application:

Issued: September 19, 2007

Application for approval of (a) its 2008 Capital Budget of \$50,754,000; and (b) fixing and determining its average rate base for 2006 in the amount of \$752,917,000.

Decision:

1. Pursuant to s. 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 s. 41 of the *Act*, the 2008 Capital Budget for improvement and additions to NP’s property in an amount of \$ 50,754,000 is approved.
3. Pursuant to s. 78 of the *Act*, the rate base for the year ending December 31, 2006 is hereby fixed and determined at \$ 752,917,000.
4. Unless otherwise directed by the Board, NP shall file an annual report to the Board on its 2008 capital expenditures by March 1, 2009.
5. Unless otherwise directed by the Board, NP shall provide in conjunction with the 2009 Capital Budget Application, a status report on the 2008 capital budget expenditures showing for each project:
 - (i) the approved budget for 2008;
 - (ii) the expenditures prior to 2008;
 - (iii) the 2008 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2008;
 - (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 Power Inc. (“NP”)

Board Order No. P. U. 28 (2007)

Application:

Issued: October 5, 2007

Re: General Rate Application by NP to establish customer electricity rates for 2008.

Decision:

The remaining schedule of dates for the proceeding will be as set out in Appendix “A”, unless otherwise determined by the Board.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 29 (2007)

Application:

Issued: November 8, 2007

Approval of a Contribution in Aid of Construction (“CIAC”) for a line extension to serve cottage area customers (the “Customers”) pursuant to s. 41(5) of the *Act*.

Decision:

1. The Board approves the Non-Refundable CIAC of One thousand six hundred nineteen dollars and ninety-four cent (\$1,619.94), including HST, as calculated under the Policy to provide single-phase service to Domestic Customers located in the Cottage Area known as Dribble Road located near Robinsons, pursuant to s. 41(5) of the *Act*.
2. The Applicant shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 30 (2007)

Application:

Issued: November 22, 2007

Application for approval of (a) its 2008 Capital Budget of \$45,061,000; (b) its 2008 capital budget purchases and construction projects in excess of \$50,000; (c) the proposed estimated contributions in aid of construction for 2008; and (d) fixing and determining its average rate base for 2006 in the amount of \$1,472,184,000.

Decision:

1. Pursuant to s. 41 of the *Act*, Hydro’s proposed capital purchases and construction projects in excess of \$50,000 are approved, as set out in Schedule A to this Order.
2. Pursuant to s. 41 of the *Act*, the following projects as proposed by Hydro are not approved:
 - (i) Upgrade Continuous Emissions Monitoring System (pg. B-39) \$688,900;
 - (ii) Construct Bushing Storage Building (pg. B-136) \$334,900; and
 - (iii) Public Address System – Holyrood (pg. B-192) \$1,139,100.
3. Pursuant to s. 41 of the *Act*, the project “Replace Line Camp 98 – TL-228 (pg. B-89) \$500,000” is approved but the costs for this project shall not be recovered from customers unless otherwise directed by the Board.
4. Pursuant to s. 41 of the *Act*, the 2008 Capital Budget for improvement and additions to Hydro’s property in an amount of \$ 42,898,100 is approved.
5. Pursuant to s. 78 of the *Act*, the rate base for the year ending December 31, 2006 is hereby fixed and determined at \$ 1,472,184,000.
6. Unless otherwise directed by the Board, Hydro shall file an annual report to the Board on its 2008 capital expenditures by March 1, 2009.
7. Unless otherwise directed by the Board Hydro shall provide, in conjunction with the 2009 Capital Budget Application, a status report on the 2008 capital budget expenditures showing for each project:
 - (i) the approved budget for 2008;
 - (ii) the expenditures prior to 2008;
 - (iii) the 2008 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2008;
 - (v) the variance between the projected total expenditures and the approved budget; and
 - (vi) an explanation of the variance.
8. Unless otherwise directed by the Board Hydro shall file, commencing with the 2009 Capital Budget Application, a five-year Capital Expenditure Plan in accordance with the findings of the Board in this Decision and Order.
9. Hydro shall file, in conjunction with the 2009 Capital Budget Application, a report on the System Security Upgrade program in accordance with the findings of the Board in this Decision and Order.
10. Hydro shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P.U. 31 (2007)

Application:

Issued: November 30, 2007

Application for approval of the Board to proceed with the construction of a wind-hydrogen diesel generation project at Ramea, pursuant to s. 41(3) of the *Act*.

Decision:

1. Hydro may proceed with the construction and installation of the Wind-Hydrogen-Diesel System as proposed, in the amount of \$8,794,000, with spending of approximately \$1,272,000 in 2007 and \$7,522,000 in 2008.
2. Unless otherwise ordered by the Board, ratepayers will not bear any of the costs relating to the Wind-Hydrogen-Diesel System.
3. Hydro shall treat all costs related to the Wind-Hydrogen-Diesel System as non-regulated in accordance with the methodology, policies and procedures in place for the treatment of non-regulated Activities.
4. Unless otherwise directed by the Board, Hydro shall provide a quarterly update on the status of the Wind-Hydrogen-Diesel System in each quarterly report to the Board, setting out details as to implementation and operation of this system, capital and operating costs, variances from budget, reliability and safety issues.
5. Hydro shall file a report to the Board within ninety days of the conclusion of the operational testing phase addressing in detail Hydro’s conclusions and plans in relation to the Wind-Hydrogen-Diesel System.
6. Hydro shall pay all expenses of the Board arising from this application.

Newfoundland Power Inc. (“NP”)

Board Order No. P. U. 32 (2007)

Application:

Issued: December 19, 2007

General Rate Application by NP to establish customer electricity rates for 2008.

Decision:

RATE BASE AND RATE OF RETURN

1. NP’s proposed forecast average rate base for the 2008 test year of \$812,212,000, calculated in accordance with the Asset Rate Base Method, is approved.
2. NP’s proposed rate of return on average rate base for the 2008 test year of 8.37% in a range of 8.19% to 8.55% is approved.

RATES, RULES AND REGULATIONS

3. The rates proposed by NP are approved as set out in Schedule A of this Decision and Order, effective for consumption on and after January 1, 2008.
4. The changes to the Rules and Regulations proposed by NP are approved and NP shall file with the Board, within 30 days of this Order, NP’s Rules and Regulations revised to reflect changes to:
 - i. the Rate Stabilization Clause to provide for the recovery through the Rate Stabilization Account of the Energy Supply Cost Variance incurred through to the end of 2010, as set out in Schedule B of this Decision and Order;
 - ii. Regulation 9(b) and 9(c) to permit charges for temporary connections, special facilities and relocations to be added to customer bills, as set out in Section C of this Decision and Order; and
 - iii. Regulation 10(d) to increase the rejected payment fee, as set out in Schedule C of this Decision and Order.

AUTOMATIC ADJUSTMENT FORMULA

5. NP’s proposed use of the Automatic Adjustment Formula, changed to reflect the adoption of the Asset Rate Base Method for calculating rate base, to establish the rate of return on rate base for three years following the test year is approved, unless otherwise directed by the Board.
6. NP shall, unless otherwise directed by the Board, apply no later than November 30th in each year for the application of the Automatic Adjustment Formula to the rate of return on rate base and for a revised Schedule of Rates, Tolls and Charges effective January 1 in each year following.
7. NP shall, unless otherwise directed by the Board, file its next general rate application with the Board by June 30, 2010 with a 2011 test year.

ACCOUNTING TREATMENT AND POLICIES

8. NP’s proposed amortizations are approved with effect from January 1, 2008 as follows:
 - i. Amortization over a three-year period of:
 - a) \$16,446,000 of 2005 unbilled revenue;
 - b) \$4,087,000 in revenue related to municipal tax timing reconciliation;
 - c) \$11,586,000 in deferred 2006 and 2007 depreciation costs;

- d) \$1,147,000 in deferred 2007 replacement energy costs associated with the Rattling Brook Hydro Generating Plant refurbishment;
 - e) the \$1,342,000 balance in the Purchased Power Unit Cost Variation Reserve Account;
 - f) \$1,250,000 in recovery of hearing costs.
- ii. Amortization over a five-year period of the \$6,800,000 balance in the Degree Day Component of the Weather Normalization Reserve.
- 9. NP's proposal to adjust the depreciation expense to amortize the accumulated reserve variance of \$700,000 over the four-year period 2008-2011 is approved.
 - 10. NP's proposal to use the depreciation rates as recommended in the 2006 Depreciation Study is approved.
 - 11. NP's proposal to adopt the accrual method of accounting for income tax related to pension costs is approved.
 - 12. NP's proposal to continue using the cash basis for recognizing expenses for other employee future benefits is approved.
 - 13. NP's proposal to discontinue the Purchased Power Unit Cost Variation Reserve Account and establish the Demand Management Incentive Account is approved, as set out in Schedule D of this Decision and Order.
 - 14. NP's proposal to create a deferral account to true-up the income tax expense for the 2008 test year and subsequent years until its next general rate application to reflect the proposed 2008 corporate tax changes announced by the Federal Government on October 30, 2007 is approved, with the disposition of the account balance, if any, to be subject to a further order of the Board.
 - 15. NP shall file with the Board, no later than December 31, 2011 a new depreciation study related to plant in service as of December 31, 2010.

REPORTING

- 16. NP shall, unless otherwise directed by the Board, file with the Board, on or before March 31, 2008, a fair market value determination for insurance services recommending an appropriate charge-out rate.
- 17. NP shall, unless otherwise directed by the Board, report to the Board within 90 days of the finalization of the CEA reliability performance indicators as to the incorporation of these standards into the existing regulatory framework for NP.
- 18. NP shall, unless otherwise directed by the Board, as part of its next general rate application include detailed information concerning the method used to forecast its test year FTEs and labour expense, as well as an explanation of the assumptions used to determine the forecast vacancies.
- 19. NP shall, unless otherwise directed by the Board, as part of its next general rate application include a report on the operation of the Demand Management Incentive Account.
- 20. NP shall, unless otherwise directed by the Board, provide an update as part of its quarterly reporting to the Board on the status of the AcSB's considerations of the transition to IFRS.
- 21. NP shall, unless otherwise directed by the Board, provide an update as part of its quarterly reporting to the Board on the progress of NP's retail customer rate review.
- 22. NP shall, unless otherwise directed by the Board, file as a part of its annual return to the Board, information relating to changes in deferred charges, including pension costs.
- 23. NP shall, unless otherwise directed by the Board, file:
 - i. With its annual return, a modified schedule calculating the embedded cost of debt for the reporting year to identify specifically the causes of variations in the actual embedded cost of debt from the cost forecast for the test year; and
 - ii. With its annual return, where in a year the actual rate of return on equity is greater than 50 basis points above the calculation of cost of equity for the same year, a report explaining the circumstances and facts contributing to the difference.

HEARING COSTS

- 24. NP shall pay the expenses of the Board arising from this Application, including the expenses of the Consumer Advocate incurred by the Board.

Newfoundland and Labrador Hydro (“HYDRO”)

Board Order No. P.U. 33 (2007)

Application:

Issued: December 21, 2007

Application for Rate Changes to Labrador Interconnected Customers (Interim Order).

Decision:

1. The decrease of the monthly amount of the 2008 automatic rate adjustment in the Rural Rate Alteration for the Labrador Interconnected customers in the Rate Stabilization Plan from \$92,560 to \$32,433 is approved on an interim basis; and
2. The Schedule of Rates for the Labrador Interconnected customers attached in Schedule A is approved on an interim basis, effective January 1, 2008; and
3. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“HYDRO”)

Board Order No. P.U. 34 (2007)

Application:

Issued: December 21, 2007

Application for Rate Changes to Industrial Customers (Interim Order).

Decision:

1. Pursuant to s. 75 of the *Act*, the Board approves, on an interim basis, the Industrial Customer rates as attached in Schedule A, to be effective for consumption on and after January 1, 2008, until a final Order of the Board with respect to Industrial Customers’ rates for 2008.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro (“Hydro”)

Board Order No. P. U. 35 (2007)

Application:

Issued: December 24, 2007

An application by Newfoundland and Labrador Hydro ("Hydro") for approval of a change in the rates to be charged for the supply of power and energy to Island Interconnected customers (excluding Burgeo school and library) and Isolated Rural customers (excluding Government Departments), pursuant to s. 70 and s. 71 of the *Act*.

Decision:

1. The Board approves on an interim basis the rates as attached in Schedule A to be effective for consumption on and after January 1, 2008 until a final order of the Board with respect to the within matter.
2. The continuation of the rebate to Hydro's domestic customers served from the Labrador Isolated and L'Anse au Loup (Labrador Straits) system is approved on an interim basis.
3. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc. (“NP”)

Board Order No. P.U. 1 (2008)

Application:

Issued: January 31, 2008

Application for approval of:

- i. revised distribution line cost per metre for Contributions in Aid of Construction (CIAC’s);
- ii. revised distribution plant upgrade cost for CIAC’s; and
- iii. revised CIAC cost factors.

Decision:

1. The revised cost factors submitted with the application and contained in the Schedules appended to this Order are approved to be used in the calculation of all CIAC’s with effect from February 5, 2008, and, where advantageous to customers of NP, on all CIAC’s quoted but unpaid as of February 5, 2008.
2. NP shall submit a revised CIAC Policy in its entirety incorporating the revisions approved herein.

**SUMMARY OF ORDERS OF THE BOARD FOR THE PERIOD
APRIL 1, 2007 TO MARCH 31, 2008
UNDER THE AUTOMOBILE INSURANCE ACT**

Canadian Union Insurance Company

Board Order No. A.I. 2 (2007)

Application:

Issued: April 5, 2007

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

Decision:

1. The proposed rates are prohibited.
2. The Applicant shall file with the Board revised rate indications reflecting the findings of the Board which specifically include an ROI of 4.76%, and the removal of the 2.5% associated with the industry loss data reinsurance expense.
3. The Applicant shall submit for the approval of the Board a revised rate proposal which for each coverage shall be no more than the indications filed with the Board, in accordance with this Order setting out the proposed effective dates for the rates to take effect.
4. The proposed discount program is approved.
5. The Applicant shall pay all the expenses of the Board arising from this filing.

Facility Association

Board Order No. A.I. 3 (2007)

Application:

Issued: April 27, 2007

An application by Facility Association for an Order of the Board approving revisions to rates charged for private passenger and miscellaneous vehicle automobile insurance policies issued through the Facility Association mechanism, pursuant to s. 102 of the Insurance Companies Act.

Decision:

1. Thomas Johnson as Consumer Advocate is designated as an Intervenor.
2. The issue of whether Facility Association is permitted to include in rates a provision for the recovery of the cost of capital will be considered in advance of the other issues, without consideration of the amount of the provision, in accordance with the schedule of dates and the procedures set out in Appendix "A" to this Order, unless and until changed by the Board.
3. The remaining issues arising from the Application will be considered in a process to be determined by the Board after the issuance of the Order of the Board in respect of the entitlement to a cost of capital issue.
4. The Rules of Procedure as set out in Appendix "B" to this Order are hereby approved for this proceeding.

Canadian Union Insurance Company

Board Order No. A.I. 4 (2007)

Application:

Issued: May 14, 2007

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 23, 2007 is approved with base rates as stated in the Order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than May 28, 2007 and no later than July 25, 2007.

Federation Insurance Company of Canada

Board Order No. A.I. 5 (2007)

Application:

Issued: May 22, 2007

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

Decision:

1. The proposed rates are prohibited.
2. The Applicant shall file with the Board revised rate indications reflecting the findings of the Board which specifically include:
 - (a) an ROE of 10%;
 - (b) an ROI of 5.4%;
 - (c) a premium to surplus ratio of 2.25 to 1;
 - (d) the proposed amortization of the expense associated with the PLR system;
 - (e) the credibility standard as set out in the Filing Guidelines; and
 - (f) no changes to the currently approved Accident/Conviction Surcharge schedule.
3. The Applicant shall submit for the approval of the Board a revised rate proposal which for each coverage shall be no more than the rate indications revised in accordance with this Order, setting out the proposed effective dates for the rates to take effect.
4. The proposed discount program is approved.
5. The Applicant shall pay all the expenses of the Board arising from this filing.

Facility Association

Board Order No. A.I. 6 (2007)

Application:

Issued: July 26, 2007

Approval to withdraw its Application to implement revised rates for its private passenger and miscellaneous vehicle automobile insurance policies issued through the Facility Association mechanism.

Decision:

1. The withdrawal of the Facility Association Application is approved.
2. Facility Association shall pay the costs of the Board arising from this Application.

Federation Insurance Company

Board Order No. A.I. 7 (2007)

Application:

Issued: September 4, 2007

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

Decision:

1. The revised rate proposal received by the Board on August 16, 2007 is approved with base rates as stated in the Order.
2. The base rates for each type of coverage shall be effective for new and renewal business no sooner than September 15, 2007 and no later than October 1, 2007.

TD Home and Auto Insurance Company

Board Order No. A.I. 8 (2007)

Application:

Issued: September 7, 2007

To implement rates for a \$0 deductible provision for Section C (Own Damages) coverage for its Private Passenger class of automobile insurance.

Decision:

The application by TD Home and Auto Insurance Company to implement rates for a \$0 deductible provision for Section C (Own Damages) coverage for its Private Passenger class of automobile insurance business is approved with effect from September 7, 2007.

Primum Insurance Company

Board Order No. A.I. 9 (2007)

Application:

Issued: September 7, 2007

To implement rates for a \$0 deductible provision for Section C (Own Damages) coverage for its Private Passenger class of automobile insurance.

Decision:

The application by Primum Insurance Company to implement rates for a \$0 deductible provision for Section C (Own Damages) coverage for its Private Passenger class of automobile insurance business is approved with effect from September 7, 2007.

Security National Insurance Company

Board Order No. A.I. 10 (2007)

Application:

Issued: September 7, 2007

To implement rates for a \$0 deductible provision for Section C (Own Damages) coverage for its Private Passenger class of automobile insurance.

Decision:

The application by Security National Insurance Company to implement rates for a \$0 deductible provision for Section C (Own Damages) coverage for its Private Passenger class of automobile insurance business is approved with effect from September 7, 2007.

TD Home and Auto Insurance Company

Board Order No. A.I. 11 (2007)

Application:

Issued: September 7, 2007

To implement revised rates for one endorsement and to introduce two new endorsements for its Private Passenger class of automobile insurance.

Decision:

With effect from September 7, 2007:

1. The proposed rate for the new Endorsement 27 S-Grand Touring is approved.
2. The proposed rate for the new Endorsement 43S-5 Year Replacement Cost is approved.
3. The revised rate for the SEF 20 Loss of Use endorsement is approved.

Security National Insurance Company

Board Order No. A.I. 12 (2007)

Application:

Issued: September 7, 2007

To implement revised rates for two endorsements and to introduce one new endorsement for its Private Passenger class of automobile insurance.

Decision:

With effect from September 7, 2007:

1. The proposed rate for the Endorsement 27 S-Grand Touring is approved.
2. The proposed rate for the new Endorsement 43S-5 Year Replacement Cost is approved.
3. The revised rate for the Endorsement SEF 43R/43L- Limited Waiver of Depreciation is approved.

Primum Insurance Company

Board Order No. A.I. 13 (2007)

Application:

Issued: September 7, 2007

To implement revised rates for one endorsement and to introduce two new endorsements for its Private Passenger class of automobile insurance business.

Decision:

With effect from September 7, 2007:

1. The proposed rate for the new Endorsement 27 S-Grand Touring is approved.
2. The proposed rate for the new Endorsement 43S-5 Year Replacement Cost is approved.
3. The revised rate for the SEF 20 Loss of Use endorsement is approved.

IAO Actuarial Consulting Service

Board Order No. A.I. 14 (2007)

On behalf of: Liberty Mutual Insurance Company

Issued: September 7, 2007

Application:

To adopt IAO advisory rates for its Private Passenger, Commercial, Interurban and Miscellaneous classes of automobile insurance business written in the Province.

Decision:

The application by IAO Actuarial Consulting Service, on behalf of Liberty Mutual Insurance Company, to adopt IAO advisory rates for its Private Passenger, Commercial, Interurban and Miscellaneous classes of automobile insurance business is approved with effect from September 7, 2007.

IAO Actuarial Consulting Service

Board Order No. A.I. 15 (2007)

On behalf of: Liberty Mutual Insurance Company

Issued: September 7, 2007

Application:

To adopt IAO advisory rates for its Garage class of automobile insurance business written in the Province.

Decision:

The application by IAO Actuarial Consulting Service, on behalf of Liberty Mutual Insurance Company, to adopt IAO advisory rates for its Garage class of automobile insurance business is approved with effect from September 7, 2007.

Axa Insurance (Canada)

Board Order No. A.I. 16 (2007)

Application:

Issued: November 15, 2007

Category 1 rate filing for its commercial class of automobile insurance business.

Decision:

With effect from January 1, 2008:

1. The proposed surcharge schedule is approved.
2. The proposed Class 51 and 61 commercial vehicle rates are approved.

The Sovereign General Insurance Company

Board Order No. A.I. 17 (2007)

Application:

Issued: December 5, 2007

To adopt the rates and rating program of Canadian Union Insurance Company for its private passenger class of business.

Decision:

With effect from January 5, 2008:

1. The application by The Sovereign General Insurance Company to utilize the private-passenger rating program of Canadian Union Insurance Company is approved.
2. The Applicant shall annually commencing before March 30, 2008 and continuing thereafter until it applies to the Board for approval of a rating program based on its own experience report to the Board the numbers of private passenger automobiles written and the premiums associated therewith.

Zurich Canada

Board Order No. A.I. 18 (2007)

On behalf of: Zurich Insurance Company

Issued: December 20, 2007

Application:

For approval of rates for increased third party liability limits and S.E.F. 44 coverage for ATV's.

Decision:

With effect from December 20, 2007:

1. The application of Zurich Insurance Company for increased limits for third party liability and S.E.F. 44 rates for ATV's is approved.

Canadian Union Insurance Company

Board Order No. A.I. 1 (2008)

Application:

To implement revised rates for its Private Passenger class of business.

Issued: February 14, 2008

Decision:

1. The revised rate proposal received by the Board on January 22, 2008 is approved with base rates as stated in the Order.
2. The base rates for each type of coverage shall be effective for new business no sooner than March 17, 2008 and no sooner than May 19, 2008 for renewal business.
3. The proposed discount program is approved.
4. The Applicant shall pay all the expenses of the Board arising from this filing.

Security National Insurance Company

Board Order No. A.I. 2 (2008)

Application:

To implement revised rates for differentials for collision, comprehensive and specified perils coverage for all terrain vehicles with values in excess of \$15,000.00.

Issued: February 14, 2008

Decision:

The application is approved as submitted, to be effective June 10, 2008 for new business and July 10, 2008 for renewals.

Primum Insurance Company

Board Order No. A.I. 3 (2008)

Application:

To implement revised rates for differentials for collision, comprehensive and specified perils coverage for all terrain vehicles with values in excess of \$15,000.00.

Issued: February 14, 2008

Decision:

The application is approved as submitted, to be effective June 10, 2008 for new business and July 10, 2008 for renewals.

TD Home and Auto Insurance Company

Board Order No. A.I. 4 (2008)

Application:

To implement revised rates for differentials for collision, comprehensive and specified perils coverage for all terrain vehicles with values in excess of \$15,000.00.

Issued: February 14, 2008

Decision:

The application is approved as submitted, to be effective June 10, 2008 for new business and July 10, 2008 for renewals.

S & Y Insurance Company

Board Order No. A.I. 5 (2008)

Application:

To implement revised rates for its Private Passenger class of business.

Issued: February 28, 2008

Decision:

1. The revised rate proposal received by the Board on February 21, 2008 is approved with base rates as stated in order.
2. The base rates for each type of coverage shall be effective for new business no sooner than July 1, 2008 and no sooner than August 1, 2008 for renewal business.
3. The proposed discount program is approved.
4. The Applicant shall pay all the expenses of the Board arising from this filing.

Scottish and York Insurance Company

Board Order No. A.I. 6 (2008)

Application:

Issued: February 28, 2008

To implement revised rates for its Private Passenger class of business.

Decision:

1. The revised rate proposal received by the Board on February 21, 2008 is approved with base rates as stated in the Order.
2. The base rates for each type of coverage shall be effective for new business no sooner than July 1, 2008 and no sooner than August 1, 2008 for renewal business.
3. The proposed discount program is approved.
4. The Applicant shall pay all the expenses of the Board arising from this filing.

Sovereign General Insurance Company (The)

Board Order No. A.I. 7 (2008)

Application:

Issued: March 12, 2008

For approval of rates for increased third party liability limits and S.E.F. 44 coverage.

Decision:

With effect from March 12, 2008:

1. The application of Sovereign General Insurance Company for increased limits for third party liability and S.E.F. 44 rates is approved.

Portage Mutual Insurance Company

Board Order No. A.I. 8 (2008)

Application:

Issued: March 12, 2008

For approval of an optional Accident Waiver Program for private passenger automobile insurance.

Decision:

The rate for the Accident Waiver Program is approved at \$30 per vehicle.

**SUMMARY OF ORDERS OF THE BOARD FOR THE PERIOD
APRIL 1, 2007 TO MARCH 31, 2008
UNDER THE MOTOR CARRIER ACT**

Emergency Medical Services (2006) Inc.

Board Order No. M.C. 8 (2007)

Application:

Issued: July 26, 2007

The Board was advised by Emergency Medical Services (2006) Inc. that it had closed down its ambulance service in Renew's with effect from April 9, 2007.

Decision:

Motor Carrier Certificate No. 6397 issued to Emergency Medical Services (2006) Inc. is cancelled.

Margaret Clowe

Board Order No. M.C. 9 (2007)

Application:

Issued: July 26, 2007

For amendment to Motor Carrier Certificate No. 4006 to add the following service:

IRREGULAR SPECIALTY AMBULANCE SERVICE for the transportation of persons requiring medical attention or under medical care upon the request of a medical doctor, registered nurse or a police officer from any point located on Highway Route No. 10, or accessed thereby, between and including Chance Cove Provincial Park and Aquaforte 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.

Ryan's Ambulance Service Ltd.

Board Order No. M.C. 10 (2007)

Application:

Issued: December 20, 2007

For approval of a Motor Carrier Certificate to provide the following 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 Trepassey, St. Shotts, St. Vincent's – St. Stephen's – Peter's River, Biscay Bay, Cape Pine, Portugal Cove South, Cape Race and Long Beach 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.

**James Wiseman,
o/a Gander Tours and Charters**

Board Order No. M.C. 11 (2007)

Issued: December 20, 2007

Application:

For approval of an amendment to Motor Carrier Certificate No. 6398 to add the following service:

REGULAR PUBLIC PASSENGER BUS SERVICE for the transportation of passengers and their baggage at separate fares arriving and departing via charter aircraft from St. John's, Deer Lake and Gander to any point in the province of Newfoundland and Labrador and the reverse thereof. This authority does not provide for the transportation of passengers and their baggage on a regular basis between communities located on or accessed by the Trans Canada Highway as restricted by the Motor Carrier Act.

Decision:

Approval granted.

Board of Commissioners of Public Utilities

Paschal Ryan

o/a Ryan's Ambulance Service

Application:

Application to discontinue providing ambulance service under Motor Carrier Certificate No. 3591, conditional that an identical service be granted to Ryan's Ambulance Service Ltd.

Decision:

Approval granted.

Board Order No. M.C. 1 (2008)

Issued: January 16, 2008

Town of La Scie

Application:

Application for approval of an amendment to its Motor Carrier Certificate No. 6389.

Decision:

Approval granted.

Board Order No. M.C. 2 (2008)

Issued: March 12, 2008

APPENDIX II

**SUMMARY OF MAXIMUM PRICE CHANGES FOR THE PERIOD
APRIL 1, 2007 TO MARCH 31, 2008
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 pricing 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 of providing products to these more remote locations.

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 because the majority of this type of propane that is used in the Province comes from the refinery in Come By Chance.

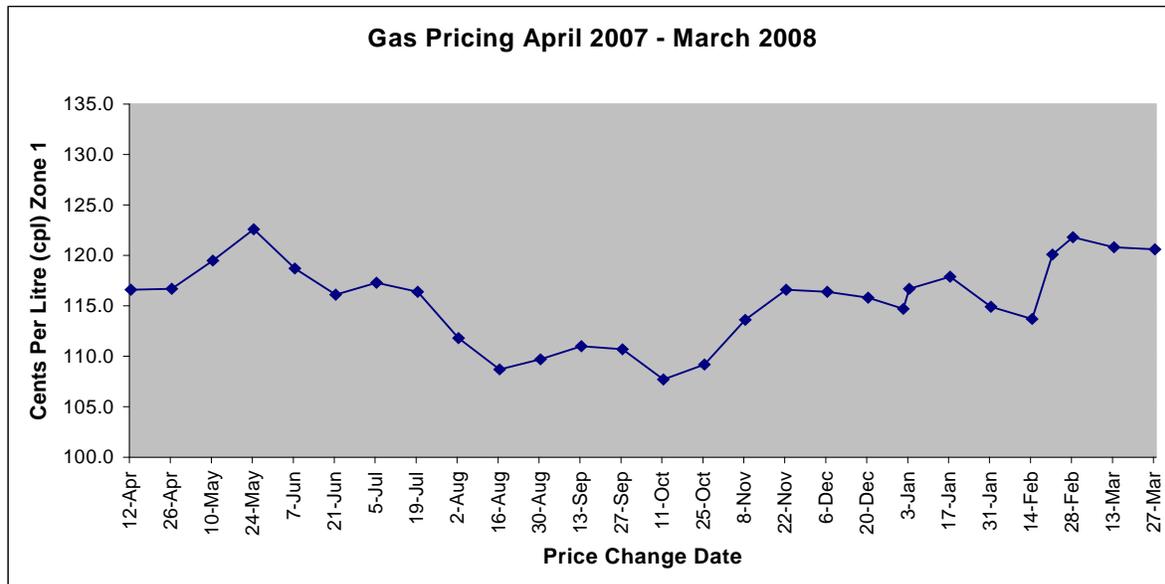
The following charts reflect the overall pricing movements in the base zone for each of the refined petroleum products for which maximum prices are regulated. (Note: the lines joining the data points in the following graphs are intended to reflect trends only and do not represent gradual increases or decreases in prices between the indicated price changes.)

There were 31 changes to the maximum prices of various fuel products throughout 2007-08. These adjustments include scheduled price changes (26); interruptions (4); and one change resulting from a decrease in the federal component of the HST (one).

Gasoline

There were 28 changes (14 increases and 14 decreases) to the maximum price of gasoline: 26 were scheduled adjustments; one was 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.

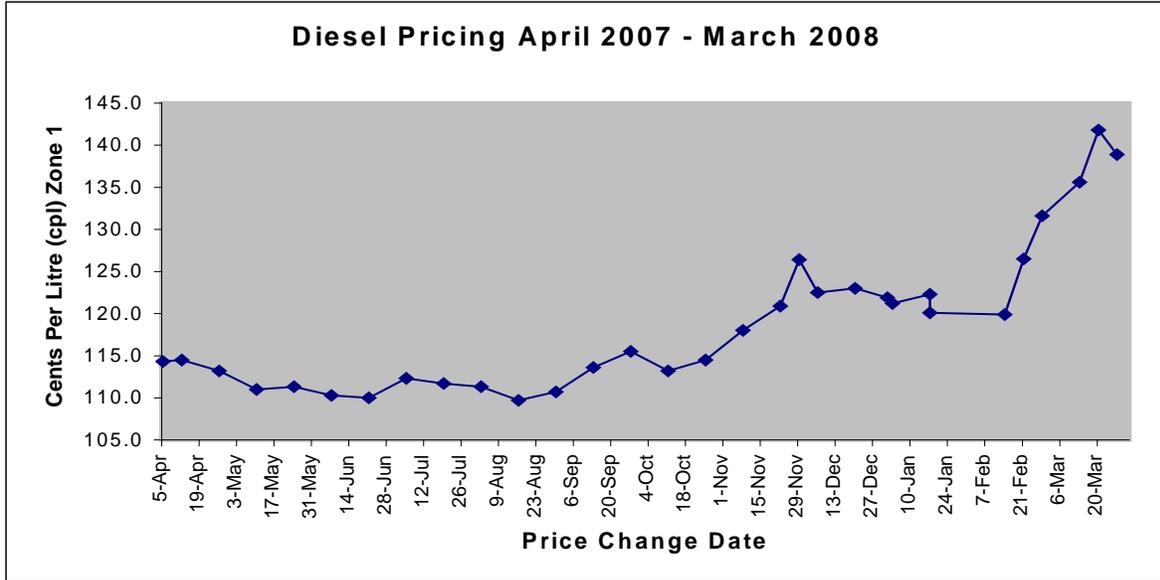
Maximum Gasoline Prices



Automotive diesel

There were 31 changes (17 increases and 14 decreases) to the maximum price of automotive diesel: 26 were scheduled adjustments; four 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.

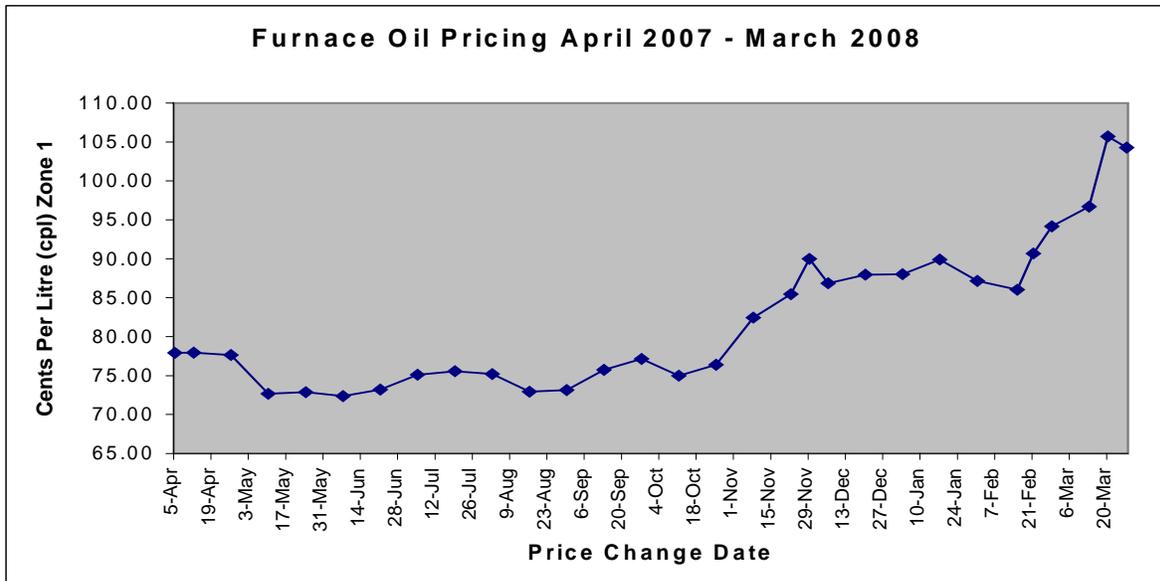
Maximum Automotive Diesel Prices



Furnace oil

There were 30 changes (20 increases, and 10 decreases) to the maximum price of furnace oil: 26 were scheduled adjustments, and four were related to the use of the interruption formula.

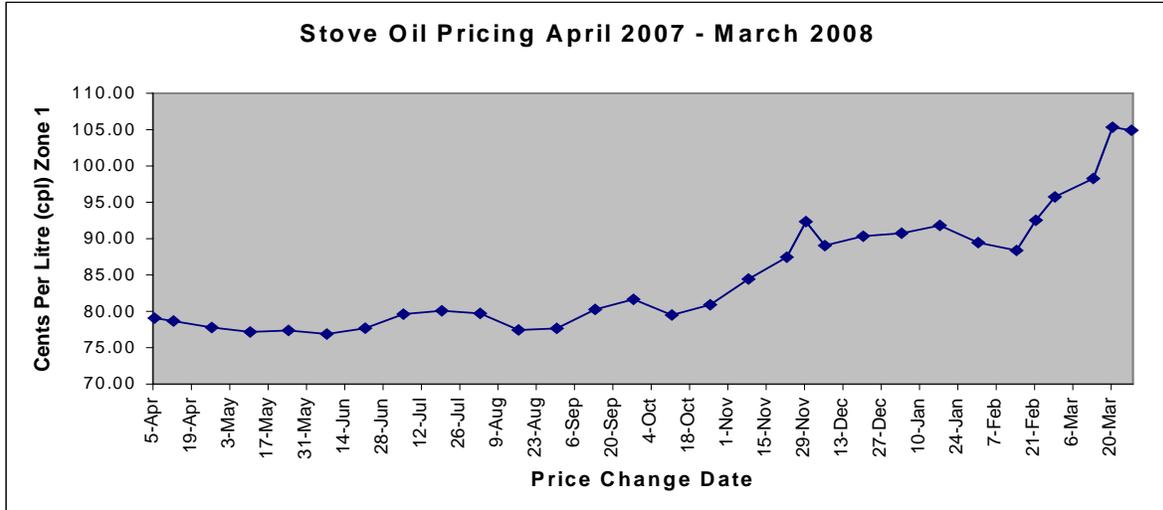
Maximum Furnace Oil Prices



Stove oil

There were 30 changes (19 increases and 11 decreases) to the maximum price of stove oil: 26 were scheduled adjustments, and four were related to the use of the interruption formula.

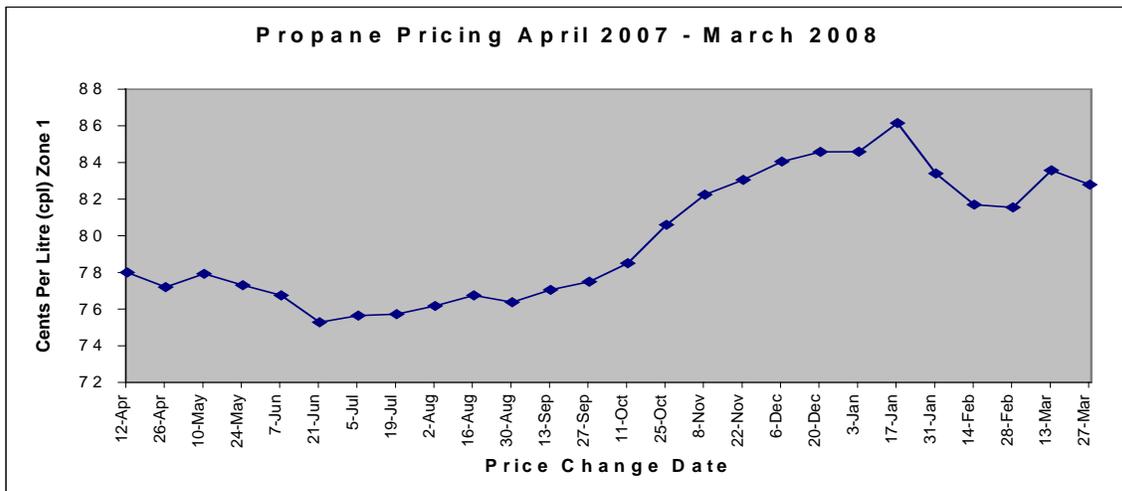
Maximum Stove Oil Prices



Residential propane

There were 26 changes (15 increases and 11 decreases) to the maximum price of residential propane: all 26 were scheduled adjustments.

Maximum Residential Propane Prices



Summary of Petroleum Pricing Changes

The following tables demonstrate the pricing adjustments during the period April 1, 2007 to March 31, 2008 for each of the refined petroleum products regulated by the Board, using data from Zone 1 (Avalon Peninsula) – the base zone.

SUMMARY TABLES OF MAXIMUM PRICE CHANGES

**Automotive Fuels
Maximum Price Changes: April 1, 2007 to March 31, 2008**

Zone 1 (Avalon Peninsula)¹

Date	Regulation mode	Automotive Gasoline <i>Regular Unleaded Self-Serve</i>		Automotive Diesel	
		+ / -	cpl	+ / -	cpl
<i>All prices are listed in cents per litre (cpl) including HST</i>					
April 5, 2007	Interruption ²	0	113.1	+5.4	114.3
April 12, 2007	Scheduled	3.5	116.6	0.2	114.5
April 26, 2007	Scheduled	0.1	116.7	-1.3	113.2
May 10, 2007	Scheduled	2.8	119.5	-2.2	111
May 24, 2007	Scheduled	3.1	122.6	0.3	111.3
June 7, 2007	Scheduled	-3.9	118.7	-1	110.3
June 21, 2007	Scheduled	-2.6	116.1	-0.3	110
July 5, 2007	Scheduled	1.2	117.3	2.3	112.3
July 19, 2007	Scheduled	-0.9	116.4	-0.6	111.7
Aug. 2, 2007	Scheduled	-4.6	111.8	-0.4	111.3
Aug. 16, 2007	Scheduled	-3.1	108.7	-1.6	109.7
Aug. 30, 2007	Scheduled	1	109.7	1	110.7
Sept. 13, 2007	Scheduled	1.3	111	2.9	113.6
Sept. 27, 2007	Scheduled	-0.3	110.7	1.9	115.5
Oct. 11, 2007	Scheduled	-3	107.7	-2.3	113.2
Oct. 25, 2007	Scheduled	1.5	109.2	1.3	114.5
Nov. 8, 2007	Scheduled	4.4	113.6	3.5	118
Nov. 22, 2007	Scheduled	3	116.6	2.9	120.9
Nov. 29, 2007	Interruption ²	0	116.6	5.5	126.4
Dec. 6, 2007	Scheduled	-0.2	116.4	-3.9	122.5
Dec. 20, 2007	Scheduled	-0.6	115.8	0.5	123
Jan. 1, 2008	HST reduction ³	-1.1	114.7	-1.1	121.9
Jan. 3, 2008	Scheduled	2	116.7	-0.7	121.2
Jan. 17, 2008	Scheduled	1.2	117.9	1.1	122.3
Jan. 31, 2008	Scheduled	-3	114.9	-2.2	120.1
Feb. 14, 2008	Scheduled	-1.2	113.7	-0.2	119.9
Feb. 21, 2008	Interruption ²	6.4	120.1	6.6	126.5
Feb. 28, 2008	Scheduled	1.7	121.8	5.1	131.6
Mar. 13, 2008	Scheduled	-1	120.8	4	135.6
Mar. 20, 2008	Interruption ²	0	120.8	6.2	141.8
Mar. 27, 2008	Scheduled	-0.2	120.6	-2.9	138.9

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 fuel prices.

**Home Heating Fuels
Maximum Price Changes: April 1, 2007 to March 31, 2008**

Zone 1 (Avalon Peninsula)¹

Date	Regulation mode	Furnace Oil		Stove Oil		Residential Propane	
		+ / -	cpl	+ / -	cpl	+ / -	cpl
April 5, 2007	Interruption ²	4.08	77.92	4.27	79.07	0	80.5
April 12, 2007	Scheduled	0.03	77.95	-0.4	78.67	-0.5	80
April 26, 2007	Scheduled	-0.3	77.65	-0.91	77.76	-0.8	79.2
May 10, 2007	Scheduled	-4.98	72.67	-0.59	77.17	0.8	80
May 24, 2007	Scheduled	0.2	72.87	0.2	77.37	-0.7	79.3
June 7, 2007	Scheduled	-0.49	72.38	-0.49	76.88	-0.5	78.8
June 21, 2007	Scheduled	0.81	73.19	0.81	77.69	-1.5	77.3
July 5, 2007	Scheduled	1.92	75.11	1.92	79.61	0.4	77.7
July 19, 2007	Scheduled	0.46	75.57	0.46	80.07	0	77.7
Aug. 2, 2007	Scheduled	-0.36	75.21	-0.36	79.71	0.5	78.2
Aug. 16, 2007	Scheduled	-2.29	72.92	-2.29	77.42	0.6	78.8
Aug. 30, 2007	Scheduled	0.22	73.14	0.22	77.64	-0.4	78.4
Sept. 13, 2007	Scheduled	2.61	75.75	2.61	80.25	0.7	79.1
Sept. 27, 2007	Scheduled	1.39	77.14	1.39	81.64	0.4	79.5
Oct. 11, 2007	Scheduled	-2.14	75	-2.14	79.5	1	80.5
Oct. 25, 2007	Scheduled	1.4	76.4	1.4	80.9	2.1	82.6
Nov. 8, 2007	Scheduled	6.04	82.44	3.55	84.45	1.7	84.3
Nov. 22, 2007	Scheduled	3.03	85.47	3.01	87.46	0.8	85.1
Nov. 29, 2007	Interruption ²	4.53	90	4.88	92.34	0	85.1
Dec. 6, 2007	Scheduled	-3.14	86.86	-3.28	89.06	1	86.1
Dec. 20, 2007	Scheduled	1.11	87.97	1.29	90.35	0.5	86.6
Jan. 3, 2008	Scheduled	0.05	88.02	0.38	90.73	0	86.6
Jan. 17, 2008	Scheduled	1.88	89.9	1.07	91.8	1.6	88.2
Jan. 31, 2008	Scheduled	-2.75	87.15	-2.35	89.45	-2.8	85.4
Feb. 14, 2008	Scheduled	-1.12	86.03	-1.08	88.37	-1.7	83.7
Feb. 21, 2008	Interruption ²	4.66	90.69	4.16	92.53	0	83.7
Feb. 28, 2008	Scheduled	3.47	94.16	3.21	95.74	-0.1	83.6
Mar. 13, 2008	Scheduled	2.53	96.69	2.52	98.26	2	85.6
Mar. 20, 2008	Interruption ²	9.02	105.71	7.08	105.34	0	85.6
Mar. 27, 2008	Scheduled	-1.45	104.26	-0.44	104.9	-0.8	84.8

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

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.

COMMISSIONERS
Year End - March 31, 2008

Chair and Chief Executive Officer Andy Wells
Vice-Chair Darlene Whalen
Full-time Commissioner Vacant
Full-time Commissioner Vacant

STAFF
Year End - March 31, 2008

Director of Corporate Services and Board Secretary Cheryl Blundon
Director of Regulatory and Advisory Services Robert Byrne
Financial and Economic Analyst Doreen Dray
Financial Officer Don Seaward
Legal Counsel Vacant
Senior Electrical Engineer Vacant
Compliance Auditor Ryan Oake
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

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