

Newfoundland and Labrador

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**ANNUAL REPORT
YEAR ENDING MARCH 31, 2016**

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER	2
OVERVIEW	3
MANDATE AND LINES OF BUSINESS	3
VISION	4
MISSION	4
KEY STATISTICS	4
ORGANIZATION	5
FINANCIAL INFORMATION	6
HIGHLIGHTS AND ACCOMPLISHMENTS	7
UTILITY REGULATION	7
AUTOMOBILE INSURANCE REGULATION	8
PETROLEUM PRODUCTS PRICING REGULATION	9
MOTOR CARRIER REGULATION	10
REPORT ON PLANNED ACTIVITIES	10
OPPORTUNITIES AND CHALLENGES AHEAD	12
APPENDIX I SUMMARY OF BOARD ORDERS	13
APPENDIX II SUMMARY OF MAXIMUM PRICE CHANGES	27
APPENDIX III FINANCIAL STATEMENTS YEAR END MARCH 31, 2016	30

MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

I am pleased to present the annual performance report of the Board of Commissioners of Public Utilities (the “Board”) for the fiscal year ending March 31, 2016. This report was prepared under my direction and in accordance with the *Transparency and Accountability Act* for a Category three entity. As Chair and Chief Executive Officer I am accountable for the results as outlined in the report.

The Board operates as an independent, quasi-judicial tribunal constituted under the *Public Utilities Act*. The regulatory mandate of the Board 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.

The Board is required to submit annual performance reports to the House of Assembly on its success in achieving the objectives, measures and indicators as outlined in its multi-year performance-based activity plan.

The Board’s strategic priorities for the second year of the 2014-17 planning cycle included enhanced effective and efficient regulation. Again 2015-16 has proven to be very challenging for the Board and its success in meeting its strategic priorities is primarily due to the dedication and commitment by staff, commissioners, consultants, and stakeholders.



Andy Wells
Chair and Chief Executive Officer

OVERVIEW

MANDATE AND LINES OF BUSINESS

The Board operates as an independent, quasi-judicial tribunal constituted under the *Public Utilities Act*.

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. and Newfoundland and Labrador 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 Board also has responsibility under this Act with respect to the establishment and oversight of water management agreements between power suppliers on rivers.

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 regulated 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 and Public Safety (*Public Utilities Act*), Service NL (*Automobile Insurance Act*, *Insurance Companies Act*, and *Petroleum Products Act*), the Department of Natural Resources (*Electrical Power Control Act*), and the Department of Transportation and Works (*Expropriation Act*).

To deliver its regulatory mandate the Board conducts public hearings, technical conferences, stakeholder meetings, compliance monitoring, audits, detailed technical/financial reviews, and investigations.

The Board is accountable administratively through the Minister of Justice and Public Safety 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*, which requires the Board to prepare and submit activity plans and annual performance reports.

VISION

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

MISSION

As a Category 3 entity the Board has the option of developing its own mission, adopting the mission of its responsible department, the Department of Justice and Public Safety, or choosing to do neither and not express a mission statement in its activity plan. As an independent, quasi-judicial regulatory tribunal it is not appropriate for the Board to adopt the mission of the Department of Justice and Public Safety as the Board's work does not contribute to the Department's goals and objectives. The Board has also determined that the development of its own mission is repetitive of its mandate and objectives.

KEY STATISTICS

The work of the Board is diverse and has broad implications for most residents of Newfoundland and Labrador.

- The Board is responsible for the regulation and general oversight of Newfoundland and Labrador Hydro and Newfoundland Power Inc., with a combined customer base of approximately 294,000 residential and general service customers, and four industrial customers on the island.
- The Board regulates automobile insurance rates and underwriting guidelines for insurance companies operating in the Province. Based on the most recently available market information 51 companies wrote total premiums of \$398,673,000, insuring approximately 342,730 private passenger and commercial vehicles in the Province. The automobile insurance market in the province continues to show a high level of concentration, with 15 insurers writing 91.6 per cent of all the automobile insurance business.
- The Board sets maximum prices for regulated petroleum products sold in the Province through a network of suppliers, wholesalers and retailers of gasoline, automotive diesel and heating fuels.
- The Board currently has 61 active ambulance certificates and 56 active bus service certificates.

ORGANIZATION

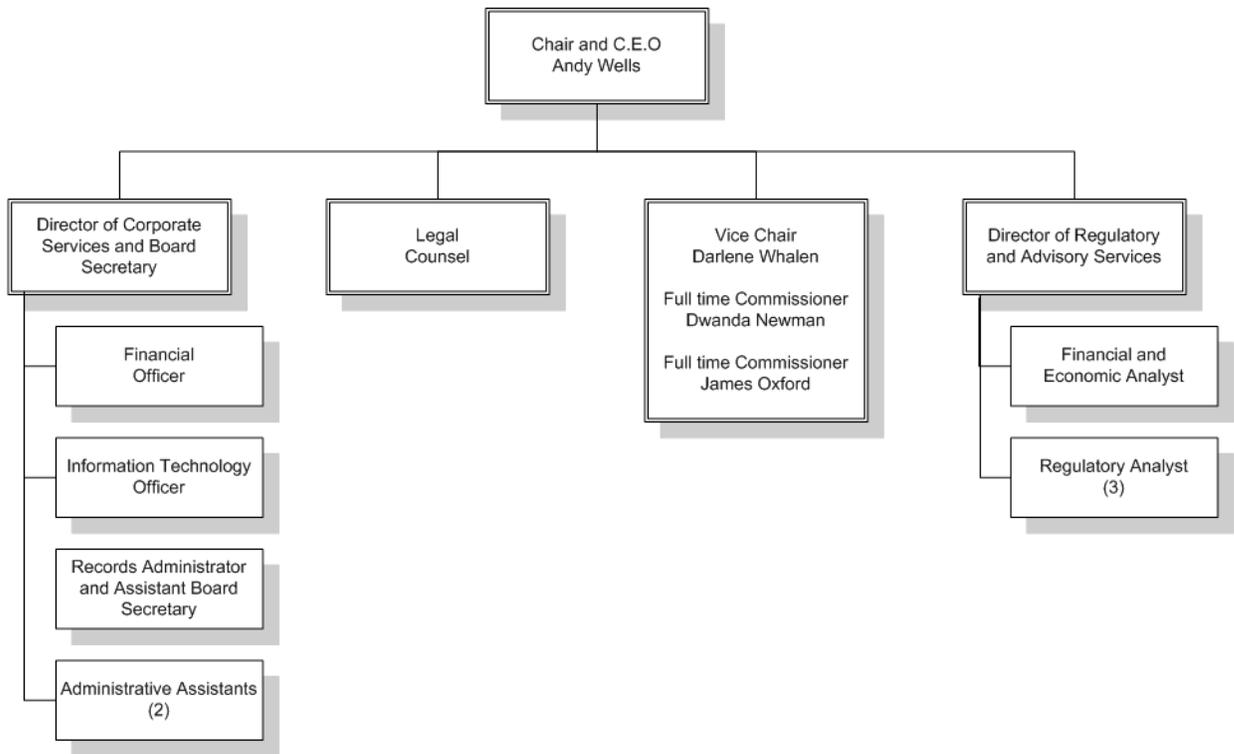
Created by statute in 1949 the Board is comprised of four full-time commissioners, appointed by the Lieutenant Governor in Council, including the Chair and Chief Executive Officer and the Vice Chair. The *Public Utilities Act* gives the Chair and Chief Executive Officer the full authority for the overall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

The Board has 12 permanent full-time staff located in St. John’s.

The Board’s functional organizational structure, shown in the Organizational Chart (Figure 1), consists of Regulatory and Advisory Services and Corporate Services. Regulatory and Advisory Services oversees the Board’s regulatory mandate with responsibility for coordination and management of applications, research, investigations, compliance monitoring, financial/technical reviews and customer complaints. Corporate Services is responsible for management of the administrative functions of the Board, including finance, communications, information technology and human resource services.

Figure 1

*Board of Commissioners of Public Utilities
Organizational Chart
At March 31, 2016*



FINANCIAL INFORMATION

The Board's operating expenses for 2015-16 were \$2,496,125. The comparative expenditures for the previous five-year period are shown below:

Board of Commissioners of Public Utilities						
Expenditures						
Years End- March 31						
	2011	2012	2013	2014	2015	2016
Operating - SJ Office	\$1,775,102	\$1,553,617	\$2,444,530	\$2,404,931	\$2,330,468	\$2,496,125
Operating - GF-W	\$553,677	\$583,752	\$0	\$0	\$0	\$0
Operating - Total	\$2,328,779	\$2,137,369	\$2,444,530	\$2,404,931	\$2,330,468	\$2,496,125
Hearings - Board	\$465,146	\$1,813,549	\$714,955	\$1,140,741	\$1,822,246	\$1,997,267
Hearings - Consumer Advocate	\$281,689	\$692,538	\$860,976	\$307,410	\$505,044	\$879,694
Hearings - Total	\$746,835	\$2,506,087	\$1,575,931	\$1,448,151	\$2,327,290	\$2,876,961
Total Expenditures	\$3,075,614	\$4,643,456	\$4,020,461	\$3,853,082	\$4,657,758	\$5,373,086

The Board is fully funded through assessments charged to regulated industries/companies or on a cost recovery basis from applicants. Assessments to each industry vary depending on the actual allocation of work performed by the Board in a given year. For 2015-16 the Board assessed 67% (\$1,740,806) of its annual revenue requirement to electrical utilities, 20% (\$525,623) was assessed to automobile insurance companies, and 13% (\$351,493) was assessed to the petroleum products industry.

Public hearings are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. The Board also recovers other costs directly from applicant(s) and/or parties involved in specific proceedings and/or investigations. During 2015-16 the Board's accumulated hearing costs totaled \$2,876,961 with a significant portion of these costs associated with the Board's investigation and hearing into supply issues and power outages, Newfoundland and Labrador Hydro's General Rate Application, Newfoundland Power's General Rate Application and the Board's prudence review of certain actions and decisions and associated cost, of Newfoundland and Labrador Hydro.

Further details regarding the Board's recoverable costs can be found in Note 6 to the Board's Financial Statements (Appendix III).

HIGHLIGHTS AND ACCOMPLISHMENTS

The Board's focus on strategic planning guides its overall operations and ensures that, to the extent possible, the Board can effectively and efficiently respond to matters which arise in the context of economic regulation. Compliance monitoring and general regulatory oversight constitute a significant portion of the Board's ongoing regulatory activities, especially in the areas of public utility and automobile insurance rate regulation.

During 2015-16 the Board issued a total of 58 orders under the *Public Utilities Act*, the *Automobile Insurance Act* and the *Motor Carrier Act*, as detailed in Appendix I. In addition the Board ordered 53 adjustments to the maximum price of regulated petroleum products under the *Petroleum Products Act*. Maximum pricing adjustments for each of the regulated petroleum products for 2015-16 can be found in Appendix II.

Highlights for 2015-16 are as follows:

UTILITY REGULATION

Thirty-six orders were issued during 2015-16 under the Board's public utilities mandate. A summary of the major public utility decision and issues is outlined below.

On March 25, 2015 the Board received an application from Newfoundland Power to issue Series AO First Mortgage Bonds in an amount of up to \$100,000,000 to be used to repay short-term indebtedness incurred to finance capital expenditures approved by the Board to provide service. On April 16, 2015 the Board issued Order No. P.U. 12(2015) approving the application subject to conditions outlined in the Order.

In Order No. P.U. 13(2013) the Board required Newfoundland Power to file its next general rate application on or before June 1, 2015 with a 2016 test year. On April 15, 2015 Newfoundland Power filed an application for approval of deferred cost recovery in 2016 to enable Newfoundland Power to file its next general rate application on or before June 1, 2016 with a 2017 test year. On May 26, 2015 the Board issued Order No. P.U. 15(2015) directing Newfoundland Power to file its next general rate application with a 2016 test year on or before October 16, 2015 unless otherwise directed by the Board.

On June 23, 2015 the Board issued Order No. P.U. 17(2015) approving interim rates to be charged by Hydro to Newfoundland Power and Government Diesel customers in advance of the conclusion of Hydro's general rate application. The Board also approved the annual Rate Stabilization Plan adjustment to apply to the Utility Rate. Collectively, these decisions resulted in the following rate decreases effective July 1, 2015:

- Island Interconnected customers: -4.9%;
- Island Isolated customers: -4.9%;
- Labrador Isolated customers: -2.3%;
- L'Anse au Loup system customers: -4.1%; and
- Commercial customers: between -5.2% and -8.2% depending on rate class and usage.

On July 3, 2015 Hydro filed an application requesting approval of a supplemental 2015 capital expenditure of \$1,536,300 to purchase critical spares for its generation stations. On July 29, 2015 the Board issued Order No. P.U. 24(2015) approving the application.

On September 3, 2015, Hydro applied to the Board for approval to refurbish a gas turbine engine which was damaged as a result of a fire event at the Hardwoods Gas Turbine Plant. On October 1, 2015 the Board issued Order No. P.U. 29(2015) approving the proposed capital expenditure of \$1,249,300.

On September 9, 2015 the Board commenced the public hearing of Hydro's 2013 Amended General Rate Application. The public hearing consisted of 43 sitting days and concluded with oral submissions on January 25, 2016. The decision of the Board is pending.

On September 18, 2015 the Board issued Order No. P.U. 28(2015) approving Newfoundland Power's 2016 Capital Budget of \$107,028,000 and fixing and determining the average rate base for the year ending December 31, 2014 at \$964,930,000.

On October 16, 2015 Newfoundland Power filed its 2016-17 General Rate Application seeking approval of an overall average increase in customer rates of approximately 3.1% with effect from July 1, 2016. On March 8, 2016 Newfoundland Power filed an amended application to reduce its proposed increase to 2.5% based on 2015 actual financial results and updated 2016/17 forecast costs. A public hearing was held over a two-week period commencing March 29, 2016. The decision of the Board is pending.

Hydro filed an application on November 12, 2015 requesting among other things, a cost deferral in the amount of \$60.5 million to reduce Hydro's forecast 2015 net income deficiency resulting from the delayed conclusion of the general rate application beyond year end. On December 22, 2015 the Board issued Order No. P.U. 36(2015) approving the segregation of \$30.2 million, as of December 31, 2015, in a deferral account with a final determination on recovery of this amount to be determined by the Board in a future order.

On December 2, 2015 the Board issued Order No. P.U. 33(2015) approving Hydro's 2016 Capital Budget of \$183,082,800.

On February 24, 2016 Hydro filed an application with the Board requesting approval of a supplementary amount of \$1,000,000 to be added to the 2016 Allowance for Unforeseen Items as a result of unforeseen expenditures for: i) the Western Avalon Terminal Station T5 Tap Changer failure; ii) boiler tube replacement on Holyrood Thermal Generating Station Unit 2; iii) boiler tube replacement on Holyrood Thermal Generating Station Unit 1; and iv) transmission line TL 259 rerouting at Sally's Cove. On March 22, 2016 the Board issued Order No. P.U. 8(2016) approving the addition of a supplementary amount of \$1,000,000 to the 2016 Allowance for Unforeseen Items. The Board also directed Hydro to establish a separate account to record the variance above \$1,000,000 for the expenditures approved in Order No. P.U. 33(2015) with recovery to be addressed in a subsequent order of the Board.

The Board also issued orders arising from applications for supplementary approval of 2015 and 2016 capital spending, contributions in aid of construction and various other financial and accounting matters for both Hydro and Newfoundland Power.

AUTOMOBILE INSURANCE REGULATION

During the year the Board issued 19 orders in relation to Category 2 rate filings. Four of the Category 2 filings were initially denied by the Board but were later resubmitted and approved. The Category 2 orders relate to rate increases or new rates.

The Board also received 30 Category 1 filings representing no changes or reductions in rates. Pursuant to the legislation, these filings are not subject to prior approval and may be implemented 30 days, or later as may be specified by the company, following filing with the Board. The majority of the 30 Category 1 filings were in relation to updating Vehicle Rate Group Tables and revisions to underwriting guidelines.

The Board has established a compliance audit program to review the rates and rating practices of the regulated insurance companies. The compliance audit program is designed to ensure that insurers writing business in the Province are charging rates that have been approved by the Board in accordance with the *Automobile Insurance Act* and the *Insurance Companies Act*. The audit program also ensures that agents and brokers of the insurer are interpreting the underwriting guidelines of the insurer correctly and that insureds of similar risk characteristics are being rated correctly.

The Board completed two compliance audits during 2015-16. The audits did not find any violations of the legislation but did identify some minor discrepancies in rating resulting in small overcharges to some policyholders. These overcharges were corrected with refunds to the affected customers.

PETROLEUM PRODUCTS PRICING REGULATION

During 2015-16 a total of 53 adjustments were made to the maximum price of regulated petroleum products. No unscheduled pricing adjustments were required during this period.

Several changes to the Board's petroleum pricing methodology were also implemented during the year. On April 1, 2015 the Board moved from Platts New York Harbour Cargo product price assessments to Platts New York Harbour Barge product price assessments for the purposes of calculating benchmark prices for furnace oil heating fuel, stove oil heating fuel and diesel motor fuel. This change was necessary due to Platts' discontinuation of reporting certain New York Harbour Cargo assessments effective on that date.

On April 9, 2015, following a request from a retailer and subsequent review by the Board, the pricing zone description for Zone 1 – Avalon Peninsula was revised to "*West along the Trans Canada Highway to a point located immediately east of Jacks Pond near the Southern Harbour turn off and all communities and service areas contained therein*".

On October 1, 2015 the Board changed the product price assessment used in the determination of Island and Labrador heating fuel prices from No. 2 oil to Ultra Low Sulphur Diesel (ULSD) to reflect pricing based on the product being delivered to consumers as heating fuel. At the same time, the Board altered the blending methodology used in the determination of Labrador diesel motor fuel prices from a blend of 75% ULS Kero/25% ULSD to 100% ULS Kero to reflect pricing based on the product being provided to consumers as diesel motor fuel.

On March 17, 2016 the Board commenced establishing maximum prices for propane heating fuel for all zones in the province. This resulted in the introduction of new maximum propane prices for the following pricing zones: 3a, 3b, 3c, 4a, 5a, 5b, 7a, 7b, 10, 11, 11a, 11b, 12, 13, 13a, and 14.

MOTOR CARRIER REGULATION

Three orders were issued under the Board's Motor Carrier mandate related to ambulance and public bus services. One order approved a new motor carrier certificate, one cancelled an existing motor carrier certificate and one declined an amendment to an existing motor carrier certificate.

REPORT ON PLANNED ACTIVITIES

This planning cycle marks an opportunity for the Board to build upon previously identified priority actions. The Board's focus and objective for the 2014-17 planning cycle is enhanced effective and efficient regulation. The objective, measure and indicators will be utilized and reported on for this report and the next reporting period. In reporting on its objective the Board's focus will be on further strengthening the efficiencies realized and ensuring continual support of an effective and responsive regulatory environment.

The Board continued to have another challenging regulatory calendar in 2015-16. The primary focus for the Board was the management and administration of its busy regulatory agenda and on-going hearing processes to ensure that the schedule and objectives were met as planned. The Board's success of its regulatory program is primarily due to the adoption of streamlined regulatory initiatives introduced over the past number of years, including the establishment of minimum filing guidelines for capital budgets and automobile insurance applications, an automatic review process for routine applications, procedural guidelines, negotiated settlement processes, compressed sitting hours, daily transcriptions for hearings, a revamped power outage reporting policy, and weekly maximum price setting of regulated petroleum products.

Managing the many complex matters before the Board requires significant effort and dedication of its staff. With only a small number of staff with training in the specialized field of economic regulation, a significant concern for the Board is ensuring that we are equipped to deliver effective and efficient regulation and meet current and future regulatory responsibilities. The Board continues to build on its human resource strategy adopted over the past number of years including cross-training, mentoring and participation in specifically identified educational and training programs to address organizational continuity and succession planning issues.

The Board's website is the most important communication tool used by intervenors, consultants, experts, the public and media. During the winter the Board began the first phase of its website review in response to feedback from stakeholders to be more user-focused and user-friendly. The website was redesigned to enhance usability and accessibility.

The Board's progress in meeting its planned objectives for 2015-16 is set out in the following table.

ISSUE: REGULATORY RESPONSIVENESS

Objective **By March 31, 2016, the Board will have enhanced effective and efficient regulation.**

Measure: Effective and efficient regulation enhanced

Indicator	Effective regulatory response
	<p>Effective and efficient regulation was enhanced. The Board continued enhancements to its regulatory processes with a focus on enhanced communication and consultation with stakeholders. This effort provides focus to the issues and helps keep timelines on track, resulting in cost savings and reduced regulatory burden for all participants.</p> <p>In addition to the Board’s routine and ongoing matters, such as annual capital budget applications, compliance reviews and weekly petroleum pricing adjustments, the Board commenced two major proceedings during the year. The hearing into Hydro’s general rate application began on September 9, 2015. Regulatory efficiency and cost savings were achieved through the commitment of staff and participants in working on an agreed schedule and hearing process for the issues requiring examination during the 43-day hearing.</p> <p>On October 15, 2015 Newfoundland Power filed a general rate application for new rates for 2016. Continued enhancements in the hearing process, which included an efficient information request and negotiated settlement during the pre-hearing phase helped to facilitate a compressed hearing schedule and compressed the number of issues required to be adjudicated by the Board during the hearing.</p> <p>The Board also continued its work on Phase Two of the investigation into supply issues and power outages on the Island Interconnected system with information gathering and report preparation. The Board commenced this investigation in January 2014. The initial investigation was separated into two phases with Phase One focusing on the adequacy and reliability of supply on the Island Interconnected system until the interconnection with Muskrat Falls and Phase Two focusing on the implications of the interconnection with Muskrat Falls on reliability and adequacy of the Island Interconnected system. The Board’s Phase One report and the schedule for Phase Two is expected to be finalized in late summer 2016.</p> <p>Costs for public hearings can be significant depending on the number of participants and experts involved. The streamlined regulatory processes initiated over the past number of years have helped to reduce regulatory costs and regulatory burden for the participants. During the year the enhancements to the Board’s regulatory processes have contributed to the success of maintaining Newfoundland and Labrador Hydro’s hearing schedule and the pre-hearing schedule of Newfoundland Power’s General Rate application.</p> <p>The Board launched its electronic document management system, TRIM in 2013. In 2015-16 over 10,000 records were filed with the Board, including 3,676 information requests in utility general rate applications, 540 power outage reports, 312 daily power system supply reports, and 113 compliance reports. Commissioners and staff have used the text retrieval and indexing capabilities of TRIM to optimize work flow and enhance productivity significantly in their review of the thousands of documents filed with the Board.</p>

Indicator	Enhanced website
<p>The Board continued to enhance its website during the year in response to feedback received from users. Improvements were made to the aesthetics, layout and format which improved readability and ease of use. The first phase of the website review was completed in March 2016. The Board was able to conduct its review in-house and to keep costs at a minimum. The Board will launch its re-designed website in phases starting with its main webpage early in the next fiscal year.</p>	
Indicator	Enhanced internal capacity
<p>Internal capacity was enhanced during the reporting period. As with many organizations the Board seeks to balance its existing human resource capacity with its immediate and anticipated requirements while at the same time ensuring that it is prepared to deal with new or unexpected issues or matters. Maintaining an organization that is responsive to change and is capable of meeting new challenges continues to be a primary focus for the Board.</p> <p>A review of internal human resource capacity was completed early in the fiscal year. Position descriptions were updated and revised to reflect actual responsibilities and work performed. An updated organizational structure and recommendations for replacement planning over the next three years was developed in light of the pending retirements of senior key personnel. Board staff and Commissioners continued to participate in education and training programs as required. Training courses completed throughout the year included participation in the Canadian Association of Members of Public Utility Tribunal’s ongoing Regulatory Dialogue Webinars and Regulatory Key Topics Sessions, the Canadian Automobile Insurance Rate Regulators Association on-going educational programs, as well as expert training in cost of service and rate design for utilities.</p>	

The Board will report on this objective, measure and indicators again in 2016-17.

OPPORTUNITIES AND CHALLENGES AHEAD

The Board expects to have another demanding regulatory calendar in 2016-17. In addition to the annual applications and compliance filings anticipated during the year there are several major ongoing matters, including: i) Newfoundland Power’s general rate application hearing, which began on March 29, 2016, ii) Phase Two of the Board’s investigation into supply issues and power outages, with a hearing anticipated for the fall following release of the consultant’s report; iii) finalization of Hydro’s general rate application and prudence review, and iv) Facility Association’s Taxi and Limousine insurance rate application. The Board will also be dealing with a number of other significant matters, including the utilities’ 2017 capital budget applications and Hydro’s cost of service and marginal cost studies. Applications are also expected to be filed by the utilities with respect to net metering and the RSP Surplus Refund.

All of these matters are complex with each having unique and specific issues. The Board will aim to achieve and enhance regulatory efficiency and effectiveness through continued dialogue with stakeholders and continued improvements to its regulatory processes and practices where identified. The Board will continue to build on its Human Resource strategy to ensure it has the capacity to deliver its mandate and respond to future challenges.

APPENDIX I

**SUMMARY OF ORDERS OF THE BOARD
UNDER THE PUBLIC UTILITIES ACT
APRIL 1, 2015 TO MARCH 31, 2016**

Newfoundland Power Inc.

Order No. P.U. 10(2015)

Application:

Issued: April 2, 2015

An application by Newfoundland Power Inc. for an Order of the Board providing for disposition of the balance in the Optional Seasonal Rate Revenue and Cost Recovery Account pursuant to sections 58 and 80 of the *Act*.

Decision:

1. The disposition of the balance in the Optional Seasonal Rate Revenue and Cost Recovery Account as of December 31, 2014 by charging the balance of \$96,270 to the Rate Stabilization Account as of March 31, 2015 is approved.
2. Newfoundland Power shall pay all costs and expenses of the Board in connection with this Application.

Newfoundland Power Inc.

Order No. P.U. 11(2015)

Application:

Issued: April 2, 2015

An application by Newfoundland Power Inc. for an Order of the Board approving the balance in the Weather Normalization Reserve as of December 31, 2014 pursuant to sections 69(3) and 78 of the *Act*.

Decision:

1. Newfoundland Power's Weather Normalization Reserve of a positive balance of \$1,640,357 as of December 31, 2014 is approved.
2. Newfoundland Power shall pay all costs and expenses of the Board in connection with this Application.

Newfoundland Power Inc.

Order No. P.U. 12(2015)

Application:

Issued: April 16, 2015

An application by Newfoundland Power Inc. for approval to issue Series AO First Mortgage Bonds pursuant to section 91 of the *Act*.

Decision:

1. Newfoundland Power's proposal to issue Series AO First Mortgage Bonds in an amount of up to \$100,000,000 is approved subject to the following conditions:
 - (a) The bonds shall be issued on or before December 31, 2015.
 - (b) Newfoundland Power shall file with the Board a report specifying the terms and conditions of the bond issue within five (5) days after closing, setting out the following:
 - (i) date of issue;
 - (ii) term;
 - (iii) maturity date;
 - (iv) principal amount;
 - (v) coupon rate
 - (vi) particulars of sinking fund, if any;
 - (vii) price to public and to the underwriters;
 - (viii) yield to the public;
 - (ix) underwriting fee;
 - (x) actual cost (i.e. yield) to Newfoundland Power; 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) Newfoundland Power shall file with the Board a copy of the Underwriting Agreement relating to the bond issue within five (5) days after closing.
 - (d) Newfoundland Power shall file with the Board a report on the disposition of the proceeds no later than six months from the date of the bond issue.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 13(2015)

Application:

Issued: May 8, 2015

An application by Newfoundland Power Inc. for an Order directing Newfoundland and Labrador Hydro to provide full and adequate responses to three requests for information, including the disclosure and production of documents, report and records in the matter of an investigation and hearing into supply issues and power outages on the Island Interconnected system.

Decision:

1. The application of Newfoundland Power Inc. for a further response to NP-NLH-004 is hereby denied.
2. Hydro shall provide responses to NP-NLH-005 and NP-NLH-018 in accordance with the findings of the Board in this decision and Order.

Newfoundland and Labrador Hydro

Order No. P.U. 14(2015)

Application:

Issued: May 8, 2015

Application by Newfoundland and Labrador Hydro for approval of customer electricity rates for 2015 on an interim basis.

Decision:

1. The Interim Rate Application is denied.
2. Newfoundland and Labrador Hydro shall file a revised Schedule of Rates, Tolls and Charges and RSP Rules, effective July 1, 2015, with evidence showing the impacts on consumers and Hydro, incorporating the findings of the Board in this Order, including:
 - (i) an interim base rate increase of 8.0% for Newfoundland Power Inc.
 - (ii) an interim base rate increase for Government Diesel customers of 50% of the proposed increases; and
 - (iii) in relation to Island Industrial customers:
 - a) an interim base rate increase of 10.0%;
 - b) an interim RSP rate adjustment which will result in an effective 2.7% rate increase for all Island Industrial customers;
 - c) a transfer from the IC RSP Surplus to fund the difference between the approved 10.0% base rate increase and the effective 2.7% increase; and
 - d) a transfer from the IC RSP Surplus to fund the full amount of the 2014 year-end IC RSP current balance.
3. The Industrial Customer Group and Vale Newfoundland and Labrador Limited are entitled to an award of costs in an amount to be fixed by the Board upon the filing of a detailed cost submission within 30 days of this Order.
4. Leave is granted to the remaining Intervenors to apply for an award of costs setting out a detailed claim within 30 days of this Order.
5. Newfoundland and Labrador Hydro shall pay all the expenses of the Board arising from the Interim Rate Application.

Newfoundland Power Inc.

Order No. P.U. 15(2015)

Application:

Issued: May 26, 2015

Application by Newfoundland Power Inc requesting direction with respect to the requirements in Order No. P.U. 13(2013) for filing its next general rate application.

Decision:

1. Newfoundland Power shall, unless otherwise directed by the Board, file its next general rate application with a 2016 test year on or before October 16, 2015.
2. Newfoundland Power shall pay all expenses of the Board arising from this Order.

Newfoundland and Labrador Hydro

Order No. P.U. 16(2015)

Application:

Issued: June 17, 2015

Application for approval of a general rate application filed by Newfoundland and Labrador Hydro on July 30, 2013; and an amended general rate application filed by Newfoundland and Labrador Hydro on November 10, 2014; and an application by Newfoundland and Labrador Hydro for the approval of, among other things, customer electricity rates for 2015 on an interim basis; and an application for costs by Vale Newfoundland & Labrador Limited pursuant to Order No. P.U. 14(2015).

Decision:

1. The costs of Vale are fixed at \$14,396.50, exclusive of HST.

- Hydro shall, within thirty days, pay costs to Vale in the amount of \$14,396.50.

Newfoundland and Labrador Hydro

Order No. P.U. 17(2015)

Application:

Issued: June 23, 2015

Application for approval of a general rate application filed by Newfoundland and Labrador Hydro on July 30, 2013; and an amended general rate application filed by Newfoundland and Labrador Hydro on November 10, 2014; and an application by Newfoundland and Labrador Hydro for approval of (i) customer rates, tolls and charges reflecting the determinations set out in Order No. P.U. 14(2015) and (ii) a revised Rate Stabilization Plan adjustment to apply to the Utility Rate for the period July 1, 2015 to June 30, 2016.

Decision:

- The rates to be charged by Hydro to Newfoundland Power as set out in Schedule "A" to this Order, to be effective for electrical consumption on or after July 1, 2015, are approved on an interim basis.
- The rates to be charged by Hydro to Government Diesel customers, as set out in Schedule "B" to this Order, to be effective for electrical consumption on or after July 1, 2015, are approved on an interim basis.
- Hydro shall file a revised Schedule of Rates, Tolls and Charges and RSP Rules, effective July 1, 2015, to reflect for Island Industrial customers:
 - An interim base rate increase of 10.0%;
 - Interim RSP rate adjustments which will result in an effective 2.7% base rate increase for each Island Industrial customer, including Teck Resources Limited;
 - A transfer from the IC RSP Surplus to fund the difference between the approved 10.0% base rate increase and the effective 2.7% base rate increase; and
 - A transfer from the IC RSP Surplus to fund the full amount of the 2014 year-end IC RSP current balance.
- The Industrial Customer Group is entitled to an award of costs in an amount to be fixed by the Board upon the filing of a detailed cost submission within 30 days of this Order.
- Leave is granted to the other intervenors to apply within 30 days of this Order including a detailed cost submission for an award of costs.
- Newfoundland and Labrador Hydro shall pay all the expenses of the Board arising from the Application.

Newfoundland Power Inc.

Order No. P.U. 18(2015)

Application:

Issued: June 25, 2015

Application pursuant to sections 70 and 75 of the Act for: i) approval of revised rate stabilization and municipal tax adjustments for the period July 1, 2015 to June 30, 2016; (ii) approval of a revised Schedule of Rates, Tolls and Charges to reflect the revised rate stabilization and municipal tax adjustments and to permit recovery of additional purchase power costs associated with an interim increase in the base rate charged by Newfoundland and Labrador Hydro to Newfoundland Power Inc. approved in Order No. P.U. 17(2015); and (iii) approval of a revised Rate Stabilization Clause to provide for a true-up for any over or under recovery of purchase power costs associated with the base rate increase.

Decision:

- The Rate Stabilization Adjustment of (0.105) cents per kWh for the period July 1, 2015 to June 30, 2016 is approved.
- The Municipal Tax Adjustment Factor of 1.02487 for the period July 1, 2015 to June 30, 2016 is approved.
- The Schedule of Rates, Tolls and Charges, as set out in Schedule A to this Order, to be effective on all electrical consumption on and after July 1, 2015, is approved.
- The Rate Stabilization Clause, as set out in Schedule B to this Order, to be effective July 1, 2015, is approved.
- Newfoundland Power shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 19(2015)

Application:

Issued: June 25, 2015

Application for approval of a change in rates to be charged to its Island Interconnected and Isolated Rural customers.

Decision:

- The rates proposed by Hydro to be effective for all electrical consumption on or after July 1, 2015 for its Island Interconnected customers (rate Classes 1.1, 1.1S, 2.1, 2.3, 2.4 and 4.1), excluding Burgeo School & Library, and Isolated Rural customers (rate Classes 1.2D, 1.2DS, 2.1D, 2.2D and 4.1D), as set out in Schedule A to this Order, are approved on an interim basis.
- Hydro shall pay all expenses of the Board arising from this Application.

Teck Resources Limited

Order No. P.U. 20(2015)

Application:

Issued: June 30, 2015

Application for approval of an amendment to the rules and regulations relating to service provided by Newfoundland and Labrador Hydro.

Decision:

1. The Application to amend the Service Agreement between Teck Resources Limited and Newfoundland and Labrador Hydro is denied.

Newfoundland and Labrador Hydro

Order No. P.U. 21(2015) – Amended Schedule

Application:

Issued: July 8, 2015

Application for approval of a general rate application filed by Newfoundland and Labrador Hydro on July 30, 2013; and an amended general rate application filed by Newfoundland and Labrador Hydro on November 10, 2014; and an application by Newfoundland and Labrador Hydro for approval of industrial customer rates, tolls and charges and RSP rules reflecting the determinations set out in Order No. P.U. 17(2015).

Decision:

1. The Schedule of Rates, Tolls and Charges to be effective on all electrical consumption for Island Industrial customers on and after July 1, 2015, as set out in Schedule A to this Order, are approved on an interim basis.
2. The Rate Stabilization Plan Rules, as set out in Schedule B to this Order, are approved on an interim basis.
3. Hydro shall file, for approval, revisions to the Rate Stabilization Plan Rules to clearly provide for the transfer from the Industrial Customer RSP Surplus to fund the difference between the approved 10.0% base rate increase and the effective 2.7% base rate increase for Island Industrial customers.
4. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 22(2015)

Application:

Issued: July 9, 2015

Application for approval of a general rate application filed by Newfoundland and Labrador Hydro on July 30, 2013; and an amended general rate application filed by Newfoundland and Labrador Hydro on November 10, 2014; and an application by Newfoundland and Labrador Hydro for the approval of, among other things, customer electricity rates for 2015 on an interim basis; and an application for costs by the Industrial Customer Group pursuant to Order No. P.U. 14(2015).

Decision:

1. The costs of the Industrial Customer Group are fixed at \$13,520.70, exclusive of HST.
2. Hydro shall, within thirty days, pay costs to the Industrial Customer Group in the amount of \$13,520.70.

Newfoundland Power Inc.

Order No. P.U. 23(2015)

Application

Issued: July 15, 2015

Application for approval to delay the filing of its next general rate application and for deferred cost recovery of \$3,991,000 for 2016.

Decision:

1. The Application is denied.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 24(2015)

Application

Issued: July 29, 2015

Application for approval of capital expenditures to proceed with the purchase of critical spares, pursuant to section 41 of the *Act*.

Decision

1. The capital expenditure in the amount of \$1,536,300 to purchase critical spares for the Hydro's Generating Stations is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 25(2015)

Application

Issued: July 29, 2015

Application for approval of a Contribution in Aid of Construction for three-phase service for the Town of Grand Falls-Windsor, pursuant to section 41 of the *Act*.

Decision

1. The Contribution in Aid of Construction of sixty-two thousand, nine hundred and twenty-three dollars (\$62,923.00), excluding HST, to construct a three-phase line extension for the Town of Grand Falls-Windsor is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 26(2015)

Application

Issued: July 29, 2015

Application for approval of a contribution in aid of construction for a three-phase line extension to serve RJS Management Services Ltd. in the community of St. Lewis, pursuant to section 41 of the *Act*.

Decision

1. The Contribution in Aid of Construction of forty-eight thousand, eight hundred and seventeen dollars and sixty-five cents (\$48,817.65), excluding HST, for the supply of three-phase electrical service to RJS Management Services Ltd. in the community of St. Lewis is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 27(2015)

Application

Issued: September 8, 2015

Application for approval to replace the Rectifier Transformers on Units 1 and 2 at the Holyrood Thermal Generating Station pursuant to section 41 of the *Act*.

Decision

1. The proposed capital expenditure of \$756,200 to replace the rectifier transformers on Units 1 and 2 at the Holyrood Thermal Generating Station is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 28(2015)

Application

Issued: September 8, 2015

Application for an Order pursuant to sections 41 and 78 of the *Act*: (a) approving its 2016 Capital Budget of \$107,028,000; (b) approving purchase and construction of improvements or additions to its property in 2016 and 2017; and (c) fixing and determining its average rate base for 2014 in the amount of \$964,930,000.

Decision

1. Newfoundland Power's proposed construction and purchase of improvements or additions to its property to be completed in 2016, as set out in Schedule A to this Order, are approved.
2. Newfoundland Power's 2016 Capital Budget for improvements or additions to its property in an amount of \$107,028,000, as set out in Schedule C to this Order, is approved.
3. Newfoundland Power's proposed multi-year construction and purchase of improvements or additions to its property to begin in 2016, as set out in Schedule B to this Order, are approved.
4. Newfoundland Power's average rate base for the year ending December 31, 2014 is hereby fixed and determined at \$964,930,000.
5. Unless otherwise directed by the Board, Newfoundland Power shall file an annual report to the Board on its 2016 capital expenditures by March 1, 2017.
6. Unless otherwise directed by the Board, Newfoundland Power shall provide, in conjunction with the 2017 Capital Budget Application, a status report on the 2016 capital budget expenditures showing for each project:
 - (i) the approved budget for 2016;
 - (ii) the expenditures prior to 2016;
 - (iii) the 2016 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2016;
 - (v) the variance between the projected total expenditures and the approved budget;
 - (vi) an explanation of the variance.
7. Newfoundland Power shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro

Order No. P.U. 29(2015)

Application

Issued: October 1, 2015

Application for approval to refurbish the Hardwoods gas turbine engine serial number 202224 pursuant to section 41 of the *Act*.

Decision

1. The proposed capital expenditure of \$1,249,300 to refurbish the Hardwoods gas turbine engine serial number 202224 is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 30(2015)

Application

Issued: October 27, 2015

Application by Newfoundland Power Inc. for approval of a Contribution in Aid of Construction for a line extension to serve Domestic Customers in the cottage area known as Butts Pond West, near Gambo, pursuant to section 41 of the *Act*.

Decision

1. The Refundable Contribution in Aid of Construction of seven thousand five hundred fifty four dollars and sixty six cents (\$7,554.66), excluding HST, to apply to Domestic Customers located in Butts Pond West Cottage Area is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 31(2015)

Application

Issued: November 17, 2015

Application by Newfoundland and Labrador Hydro for approval to complete an internal assessment and repairs of transformer VBN T1 at the Voisey's Bay Nickel Terminal Station, pursuant to section 41 of the *Act*.

Decision

1. The proposed capital expenditure of \$500,100 for the internal assessment and repair of transformer VBN TI at the Voisey's Bay Nickel Terminal Station is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 32(2015)

Application

Issued: November 30, 2015

Application for a general rate application to establish customer electricity rates effective July 1, 2016.

Decision

1. The Intervenors in the Application are as set out in Schedule "A" to this Order.
2. The Schedule of Dates for the Application is approved as set out in Schedule "B" to this Order.
3. The Rules of Procedure for the Application are approved as set out in Schedule "C" to this Order.

Newfoundland and Labrador Hydro

Order No. P.U. 33(2015)

Application

Issued: December 2, 2015

Application for an Order pursuant to section 41 of the *Act* approving:

- (a) its 2016 capital purchases and construction projects in excess of \$50,000;
- (b) its 2016 Capital Budget; and
- (c) its estimated contributions in aid of construction for 2016

Decision

1. Hydro's proposed construction and purchase of improvements or additions to its property in excess of \$50,000 to be completed in 2016, as set out in Schedule A to this Order, are approved.
2. Hydro's proposed multi-year construction and purchase of improvements or additions to its property in excess of \$50,000 to begin in 2016, as set out in Schedule B to this Order, are approved
3. Hydro's proposed contributions in aid of construction for 2016 are approved.
4. Hydro's proposed 2016 Capital Budget for improvements or additions to its property in an amount of \$183,082,800, as set out in Schedule C to this Order, is approved.
5. Unless otherwise directed by the Board Hydro shall file, with the 2017 Capital Budget Application, an updated overview in relation to the proposed capital expenditures for the Holyrood Thermal Generating Station.
6. Unless otherwise directed by the Board Hydro shall file, in conjunction with the 2017 Capital Budget Application, a status report on the 2016 capital expenditures.

7. Unless otherwise directed by the Board Hydro shall file an annual report with the Board in relation to its 2016 capital expenditures by March 1, 2017.
8. Unless otherwise directed by the Board Hydro shall file, with the 2017 Capital Budget Application, a report on the construction of the TL 267 Project, addressing the work progress, the expenditure and budget status, and an explanation for any deviation from the project scope and budget.
9. Hydro shall pay all costs and expenses of the Board incurred in connection with the Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 34(2015)
Issued: December 2, 2015**

Application for approval of a capital expenditure to supplement the Allowance for Unforeseen Items for the construction and purchase of certain improvements and additions to its property pursuant to section 41 of the *Act*.

Decision

1. The addition of a supplementary amount of \$250,000 to the 2015 Allowance for Unforeseen Items is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 35(2015)
Issued: December 8, 2015**

Application for approval of a general rate application filed by Newfoundland and Labrador Hydro on July 30, 2013; and an amended general rate application filed by Newfoundland and Labrador Hydro on November 10, 2014; and an application filed by Newfoundland and Labrador Hydro for approval of interim Island Industrial customer rates, tolls and charges and Rate Stabilization Plan rules, effective January 1, 2016.

Decision

1. The Schedule of Rates, Tolls and Charges to be effective on all electrical consumption for Island Industrial customers on and after January 1, 2016, as set out in Schedule A to this Order, is approved on an interim basis.
2. The Rate Stabilization Plan Rules, as set out in Schedule B to this Order, are approved on an interim basis.
3. Vale Newfoundland and Labrador Limited is entitled to an award of costs in an amount to be fixed by the Board upon the filing of a detailed cost submission within 30 days of this Order.
4. Leave is granted to the other intervenors to apply for an award of costs setting out a detailed cost submission within 30 days of this Order.
5. Hydro shall pay all the expenses of the Board arising from the Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 36(2015)
Issued: December 22, 2015**

Application for approval amended general rate application filed by Newfoundland and Labrador Hydro on November 10, 2014, and an amended application by Newfoundland and Labrador Hydro for approval, among other things, to establish a deferral account to reduce Hydro's forecast net income deficiency for 2015.

Decision

1. The Board accepts the Settlement Agreement proposals in relation to the 2015 accounting treatment for: i) actuarial gains and losses in Employee Future Benefits; ii) depreciation and accretion expenses associated with Asset Retirement Obligations; and, iii) annual customer energy conservation program costs.
2. The creation of a deferral account in relation to Newfoundland and Labrador Hydro's proposed 2015 revenue requirement, as set out in Schedule A, is approved.
3. That segregation of \$30.2 million, as of December 31, 2015, in the deferral account is approved with a final determination on recovery of this amount to be determined by the Board in a future order.
4. Vale is entitled to an award of costs in an amount to be determined by the Board upon the filing of a detailed cost submission within 30 days of the date of this Order.
5. Leave is granted to the other intervenors to apply for an award of costs, setting out a detailed cost submission, within 30 days of this Order.
6. Newfoundland and Labrador Hydro shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 1(2016)

Application

Issued: January 28, 2016

Application for approval of costs by Vale Newfoundland and Labrador Limited pursuant to Order No. P.U. 17(2015).

Decision

1. The costs of Vale are fixed at \$5,232.00, exclusive of HST
2. Hydro shall, within thirty days, pay costs to Vale in the amount of \$5,232.00.

Newfoundland and Labrador Hydro

Order No. P.U. 2(2016)

Application

Issued: January 28, 2016

Application for approval of a cost submission by Vale Newfoundland & Labrador Limited pursuant to Order No. P.U. 36(2015).

Decision

1. The costs of Vale are fixed at \$4,167.00, exclusive of HST.
2. Hydro shall, within thirty days, pay costs to Vale in the amount of \$4,167.00.

Newfoundland Power Inc.

Order No. P.U. 3(2016)

Application

Issued: January 28, 2016

Application by Newfoundland Power Inc. for approval of:

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

Decision

1. The revised cost factors in Schedules A, B, C and D attached to this Order are approved to be used in the calculation of all CIACs with effect from February 10, 2016, and, where advantageous to customers of Newfoundland Power, on all CIACs quoted but unpaid as of February 10, 2016.
2. Newfoundland Power shall submit a revised CIAC Policy in its entirety incorporating the revisions approved herein.
3. Newfoundland Power shall pay the expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 4(2016)

Application

Issued: February 10, 2016

Application for approval of a contribution in aid of construction for single-phase service for the Seventh Day Adventist Church, pursuant to section 41 of the *Act*.

Decision

1. The Contribution in Aid of Construction of sixty-nine thousand one hundred ninety-seven dollars and five cents (\$69,197.05), excluding HST, to provide single-phase service to Seventh Day Adventist Church is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 5(2016)

Application

Issued: February 10, 2016

Application for approval of costs by Industrial Customer Group pursuant to Order No. P.U. 17(2015).

Decision

1. The costs of the Industrial Customer Group are fixed at \$17,587.74, exclusive of HST.
2. Hydro shall, within thirty days, pay costs to the Industrial Customer Group in the amount of \$17,587.74.

Newfoundland and Labrador Hydro

Order No. P.U. 6(2016)

Application

Issued: February 15, 2016

Application for approval of costs by Vale Newfoundland and Labrador Limited pursuant to Order No. P.U. 35(2015).

Decision

1. The costs of Vale are fixed at \$3,026.00, exclusive of HST.
2. Hydro shall, within thirty days, pay costs to Vale in the amount of \$3,026.00

Newfoundland and Labrador Hydro

Order No. P.U. 7(2016)

Application

Issued: February 15, 2016

Application for approval of costs by Industrial Customer Group pursuant to Order No. P.U. 35(2015).

Decision

1. The costs of the Industrial Customer Group are fixed at \$6,827.75, exclusive of HST.
2. Hydro shall, within thirty days, pay costs to the Industrial Customer Group in the amount of \$6,827.75

Newfoundland and Labrador Hydro

Order No. P.U. 8(2016)

Application

Issued: March 22, 2016

Application for approval of a capital expenditure to supplement the 2016 Allowance for Unforeseen Items for the construction and purchase of certain improvements and additions to its property pursuant to section 41 of the *Act*.

Decision

1. The addition of a supplementary amount of \$1,000,000 to the 2016 Allowance for Unforeseen Items is approved.
2. Hydro will establish a separate account to record the variance above the \$1,000,000 Allowance for Unforeseen items approved in Order No. P.U. 33(2015) associated with the expenditures related to:
 - (i) the Western Avalon Terminal Station (WAV) – T5 Tap Changer failure;
 - (ii) boiler tube replacement on Holyrood Thermal Generating Station Unit 2;
 - (iii) boiler tube replacement on Holyrood Thermal Generating Station Unit 1; and
 - (iv) transmission line TL 259 rerouting at Sally's Cove;with the recovery of this variance to be addressed in a subsequent order of the Board following a further application by Hydro.
3. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 9(2016)

Application

Issued: March 31, 2016

Application by Newfoundland and Labrador Hydro for approval of continued use, on an interim basis, of previously approved revisions to the Utility rate charged to Newfoundland Power Inc. pursuant to sections 70 and 71 of the *Act*.

Decision

1. The proposed Utility rate is approved, on an interim basis, effective December 1, 2015.
2. Hydro shall pay all costs and expenses of the Board in connection with this Application.

**SUMMARY OF ORDERS OF THE BOARD
UNDER THE AUTOMOBILE INSURANCE ACT
APRIL 1, 2015 TO MARCH 31, 2016**

Facility Association

Order No. A.I. 11(2015)

Application:

Issued: April 2, 2015

For approval of revised rates and rule changes for its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business.

Decision:

1. The Application by Facility Association is denied.
2. Facility Association will pay all costs of the Board, including the cost of the actuarial review and the costs of the Consumer Advocate.

Facility Association

Order No. A.I. 12(2015)

Application:

Issued: April 16, 2015

For approval to implement a revised rating program for its Motorcycles and Mopeds class of business.

Decision:

1. The Application is denied.
2. Facility Association will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Royal and Sun Alliance Insurance Company of Canada

Order No. A.I. 13(2015)

Application:

Issued: April 22, 2015

For approval to implement a revised rating program for its Interurban Vehicles class of business.

Decision:

1. The revised rating program filed April 8, 2015 by Royal and Sun Alliance Insurance Company of Canada for its Interurban Vehicles class of business is approved to be effective no sooner than July 1, 2015 for new business and September 1, 2015 for renewals.

Novex Insurance Company

Order No. A.I. 14(2015)

Application:

Issued: May 1, 2015

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision:

1. The revised rating program received April 17, 2015 from Novex Insurance Company is approved to be effective no sooner than July 15, 2015 for new business and renewals.
2. Novex Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Facility Association

Order No. A.I. 15(2015)

Application:

Issued: May 4, 2015

For approval to implement a revised rating program its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business.

Decision:

1. The revised rating program received April 22, 2015 from Facility Association for its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business is approved to be effective no sooner than August 1, 2015 for both new business and renewals.

The Sovereign General Insurance Company

Order No. A.I. 16(2015)

Application:

Issued: May 25, 2015

For approval to implement a change to Standard Endorsement S.E.F. 43 for its Commercial Vehicles class of business.

Decision:

1. The proposed change to Standard Endorsement S.E.F. 43 received April 15, 2015 from The Sovereign General Insurance Company for its Commercial Vehicles class of business is approved to be effective no sooner than July 20, 2015 for new business and August 24, 2015 for renewals.

Royal and Sun Alliance Insurance Company of Canada

Order No. A.I. 17(2015)

Application:

Issued: May 25, 2015

For approval to implement a revised rating program for its Commercial Automobiles class of business.

Decision:

1. The revised rating program received May 13, 2015 from Royal & Sun Alliance Insurance Company of Canada is approved to be effective no sooner than July 1, 2015 for new business and September 1, 2015 for renewals.
2. Royal & Sun Alliance Insurance Company of Canada will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Co-operators General Insurance Company

Order No. A.I. 18(2015)

Application:

Issued: June 12, 2015

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision:

1. The revised rating program received May 27, 2015 from Co-operators General Insurance Company is approved to be effective no sooner than September 28, 2015 for new business and renewals.
2. Co-operators General Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Traders General Insurance Company

Order No. A.I. 19(2015)

Application:

Issued: June 19, 2015

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision:

1. The revised rating program received April 6, 2015 from Traders General Insurance Company is approved to be effective no sooner than the commencement of the transfer of business from Scottish & York Insurance Company to Traders General Insurance Company.
2. Traders General Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial.

Facility Association

Order No. A.I. 20(2015)

Application:

Issued: July 3, 2015

For approval for approval to implement a revised rating program for its Motorcycles and Mopeds class of business.

Decision:

1. The revised rating program received June 5, 2015 from Facility Association for its Motorcycles and Mopeds class of business is approved to be effective November 1, 2015 for new business and for renewals.

Intact Insurance Company

Order No. A.I. 1(2016)

Application:

Issued: January 12, 2016

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision:

1. The revised rating program received December 17, 2015 from Intact Insurance Company is approved to be effective no sooner than March 21, 2016 for new business and April 21, 2016 for renewals.
2. Intact Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

The Dominion of Canada General Insurance Company

Order No. A.I. 2(2016)

Application:

Issued: January 12, 2016

For approval to implement a revised rating program for its Interurban Trucks class of business.

Decision:

1. The revised rating program proposed by The Dominion of Canada General Insurance Company for its Interurban Trucks class of business is approved to be effective no sooner than February 15, 2016 for new business and for renewals.

Facility Association

Order No. A.I. 3(2016)

Application:

Issued: January 18, 2016

For approval of revised rates for its Newfoundland and Labrador Public Vehicles - Taxis and Limousines class of business.

Decision:

1. The Application by Facility Association is denied.
2. Facility Association will pay all costs of the Board, including the cost of the actuarial review, arising from this Application.

Facility Association

Order No. A.I. 4(2016)

Application:

Issued: January 29, 2016

For approval of revised rates for its Newfoundland and Labrador School Buses class of business.

Decision:

1. The Application by Facility Association is denied.
2. Facility Association will pay all costs of the Board, including the cost of the actuarial review, arising from this Application.

Facility Association

Order No. A.I. 5(2016)

Application:

Issued: February 10, 2016

For approval to implement a revised rating program its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business.

Decision:

1. The revised rating program received January 28, 2016 from Facility Association for its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business is approved to be effective no sooner than June 1, 2016 for both new business and renewals.

Facility Association

Order No. A.I. 6(2016)

Application:

Issued: February 24, 2016

For approval of revised rates for its Newfoundland and Labrador School Buses class of business.

Decision:

1. The revised rating program received February 9, 2016 from Facility Association for its Newfoundland and Labrador School Buses class of business is approved to be effective no sooner than July 1, 2016 for both new business and renewals.

Security National Insurance Company

Order No. A.I. 7(2016)

Application:

Issued: March 3, 2016

For approval to implement revised rates for its Private Passenger Automobiles class of business.

Decision:

1. The application is denied.
2. Security National Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Primum Insurance Company

Order No. A.I. 8(2016)

Application:

Issued: March 3, 2016

For approval to implement revised rates for its Private Passenger Automobiles class of business.

Decision:

1. The application is denied.
2. Primum Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Royal and Sun Alliance Insurance Company of Canada

Order No. A.I. 9(2016)

Application:

Issued: March 30, 2016

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision:

1. The revised rating program received March 11, 2016 from Royal and Sun Alliance Insurance Company of Canada is approved to be effective no sooner than April 1, 2016 for new business and May 22, 2016 for renewals.
2. Royal and Sun Alliance Insurance Company of Canada shall pay the costs of the Board associated with this filing, including the costs of the actuarial review.

**SUMMARY OF ORDERS OF THE BOARD
UNDER THE MOTOR CARRIER ACT
APRIL 1, 2015 TO MARCH 31, 2016**

Town of Point Leamington

Order No. M.C. 4(2015)

Application

Issued: April 27, 2015

Application to cancel Motor Carrier Certificate No. 3566 issued to the Town of Point Leamington.

Decision

Motor Carrier Certificate No. 3566 issued to the Town of Point Leamington is cancelled with effect from April 27, 2015.

Howard Boone

Order No. M.C. 1(2016)

Application

Issued: March 1, 2016

Application for a Motor Carrier Certificate to provide the following service:

REGULAR PUBLIC PASSENGER BUS SERVICE for the transportation of passengers and their baggage at separate fares from Lewisporte to St. John's and the reverse thereof. This authority will include pick up and drop off privileges in Gander and is further restricted to the use of a vehicle with a maximum seating capacity of 20 passengers.

Decision

The application of Howard Boone is approved.

Broughtons' Ambulance Service Limited

Order No. M.C. 2(2016)

Application

Issued: March 1, 2016

Application for an amendment to a Motor Carrier Certificate to provide the following service:

IRREGULAR SPECIALTY AMBULANCE SERVICE for routine transfers from the Harbour Lodge Nursing Home, the Interfaith Senior Citizens Home, Carbonear Long Term Care Facility, and Carbonear General Hospital to any hospital, nursing home, first aid station or home for senior citizens and upon the specific request of a medical doctor, registered nurse or a police officer between any two points within the province of Newfoundland and Labrador.

Decision

The application of Broughtons' Ambulance Service Limited is denied.

APPENDIX II

**SUMMARY OF MAXIMUM PRICE CHANGES
UNDER THE PETROLEUM PRODUCTS ACT
APRIL 1, 2015 TO MARCH 31, 2016**

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 motor fuels, Zone 1 ANE (Avalon North East) is the base zone for heating fuels, except residential propane, which has Zone 2 (Burin Peninsula/ Bonavista Peninsula / Bonavista Bay) as its base zone because the majority of the propane that is consumed in the Province is produced at the oil refinery in Come By Chance.

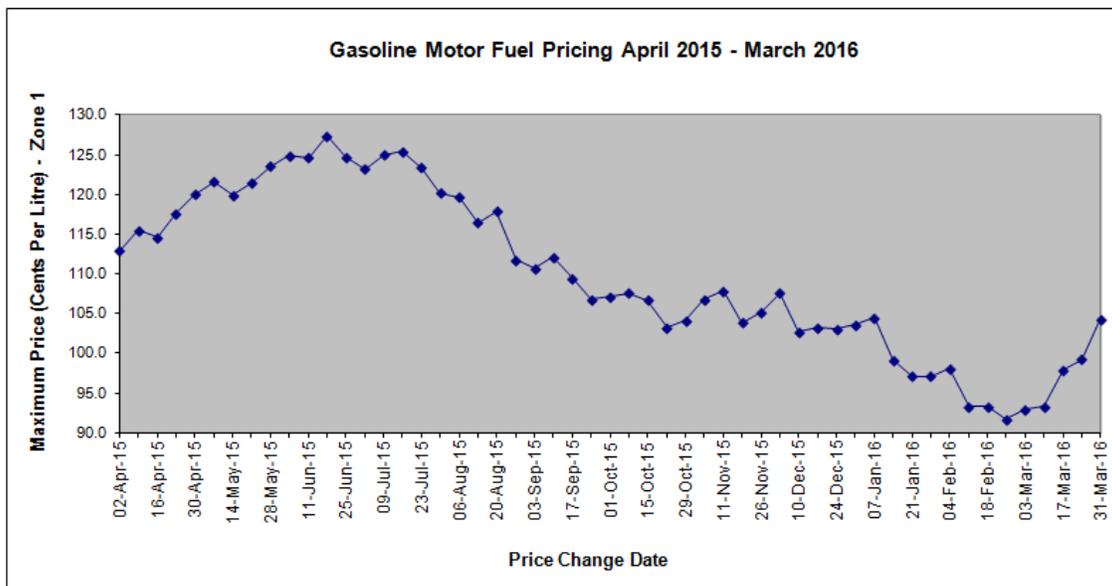
The following charts reflect the overall pricing movements in the Avalon region for each of the refined petroleum products for which maximum prices are regulated. (Note: the lines joining the data points in the following graphs are intended to reflect trends only and do not represent gradual increases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

There were 53 scheduled changes to the maximum prices of various fuel products for the period April 1, 2015 to March 31, 2016. There were no unscheduled adjustments for any regulated petroleum product during this period.

Gasoline Motor Fuel

There were 53 scheduled adjustments (29 increases, 22 decreases and 2 with no change) to the maximum price of gasoline motor fuel.

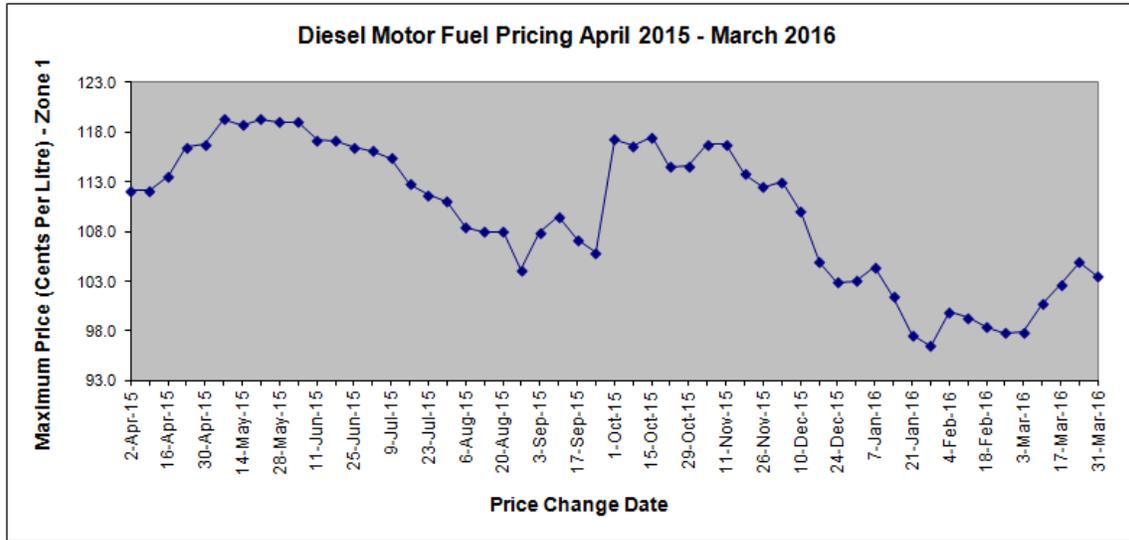
Maximum Gasoline Motor Fuel Prices



Diesel Motor Fuel

There were 53 adjustments (19 increases, 29 decreases and 5 with no change) to the maximum price of automotive diesel.

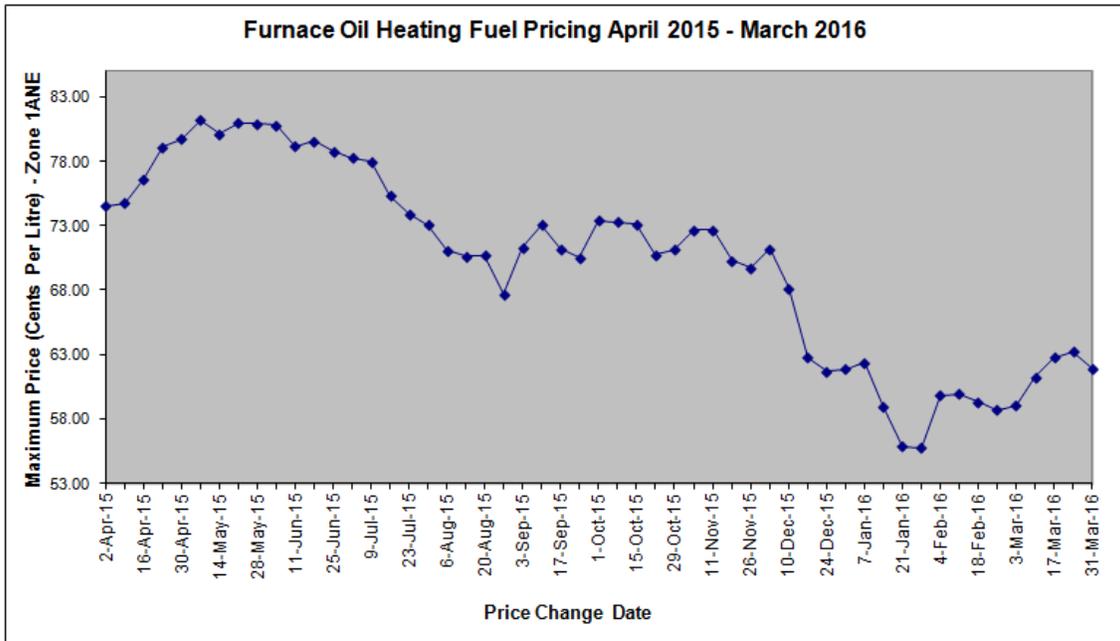
Maximum Diesel Motor Fuel Prices



Furnace Oil Heating Fuel

There were 53 adjustments (22 increases and 31 decreases) to the maximum price of furnace oil heating fuel.

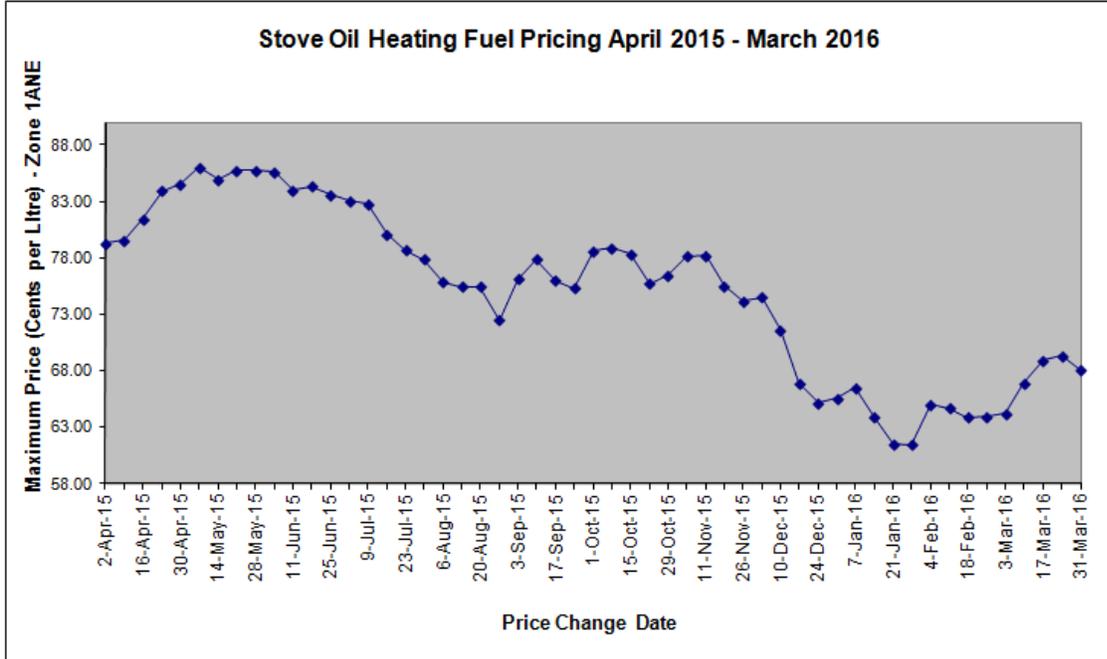
Maximum Furnace Oil Heating Fuel Prices



Stove Oil Heating Fuel

There were 53 adjustments (25 increases and 28 decreases) to the maximum price of stove oil heating fuel.

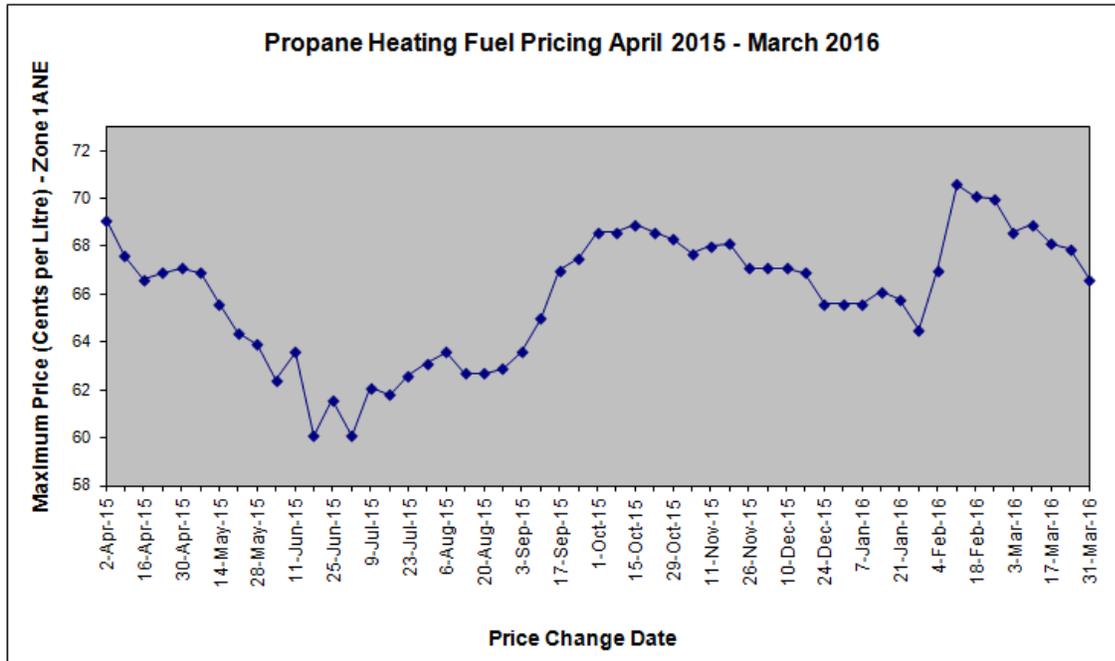
Maximum Stove Oil Heating Fuel Prices



Propane Heating Fuel

There were 53 adjustments (21 increases, 26 decreases and 6 with no change) to the maximum price of propane heating fuel.

Maximum Propane Heating Fuel Prices



APPENDIX III

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2016**

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2016**

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Index to Financial Statements
Year Ended March 31, 2016

CONTENTS

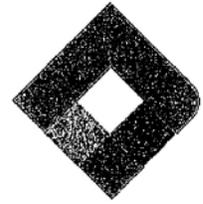
INDEPENDENT AUDITORS' REPORT	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Change in Net Financial Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-11

NOSEWORTHY CHAPMAN

chartered professional accountants

A: Suite 201, 516 Topsail Rd / St. John's NL / A1E 2C5

T: 709.364.5600 F: 709.368.2146 W: noseworthychapman.ca



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of Public Utilities

We have audited the accompanying financial statements of the Board of Commissioners of Public Utilities, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Commissioners of Public Utilities as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Chartered Professional Accountants
St. John's, Newfoundland & Labrador
June 9, 2016

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Financial Position
Year Ended March 31, 2016**

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 60,172	\$ 659,405
Receivables (Note 4)	1,904,434	59,901
HST receivable (Note 5)	-	60,174
Recoverable costs (Notes 2 & 6)	1,262,184	2,370,331
	3,226,790	3,149,811
LIABILITIES		
Payables and accruals	\$ 442,242	\$ 548,196
HST payable (Note 5)	15,872	-
Government remittances payable	304	1,295
Payroll accruals	1,055,989	1,015,808
	1,514,408	1,565,299
NET FINANCIAL ASSETS	1,712,382	1,584,512
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	\$ 53,820	\$ 53,751
Prepaid expenses	7,975	9,159
	61,795	62,910
ACCUMULATED SURPLUS	1,774,177	1,647,422
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	\$ 53,820	\$ 53,751
Internally restricted (Note 11)	1,575,573	1,527,800
Unrestricted	144,782	65,871
	\$ 1,774,175	\$ 1,647,422

Commitments (Note 12)

On Behalf of the Board:




Chairperson and CEO

Vice Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations Year Ended March 31, 2016

	Budget 2016 (Note 13) (Unaudited)	2016	2015
REVENUES			
Regulatory assessments	\$ 2,620,764	\$ 2,620,418	\$ 2,479,527
Interest and other income	10,000	2,458	7,462
	2,630,764	2,622,876	2,486,989
EXPENDITURES			
Amortization	\$ -	\$ 21,037	\$ 24,460
Consulting fees	282,750	160,535	137,338
Office equipment, supplies, and services	100,220	79,237	72,957
Rent and insurance	225,100	225,063	225,063
Salaries and associated costs (Note 7)	1,875,898	1,931,087	1,801,252
Telecommunications	34,380	30,694	29,066
Training and membership	70,975	26,028	17,017
Travel	41,441	22,444	23,315
	2,630,764	2,496,125	2,330,468
Excess of revenues over expenditures	\$ -	\$ 126,751	\$ 156,521

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Change in Net Financial Assets
Year Ended March 31, 2016**

	Budget 2015 (Note 13) (Unaudited)	2016	2015
Annual surplus	\$ -	\$ 126,751	\$ 156,521
Changes in tangible capital assets			
Acquisition of tangible capital assets		(21,105)	(22,365)
Amortization of tangible capital assets		21,037	24,460
	-	(68)	2,095
Change in other non-financial assets			
Assessment reductions (Note 14)		-	(499,104)
Net acquisition of prepaid expenses		1,185	(2,097)
	-	1,185	(501,201)
Decrease (increase) in net assets	-	127,868	(342,585)
Net financial assets, beginning of year	1,584,512	1,584,512	1,927,097
Net financial assets, end of year	\$ -	\$ 1,712,380	\$ 1,584,512

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Cash Flows
Year Ended March 31, 2016**

	2016	2015
Operating transactions		
Cash receipts from assessments and other revenues	\$ 838,517	\$ 2,270,462
Cash paid to suppliers and employees	(2,524,791)	(2,272,527)
Cash (used in) operating transactions	(1,686,275)	(2,065)
Hearing and review transaction		
Decrease (increase) in recoverable costs	1,108,147	(1,152,519)
Cash from (used in) hearing and review transaction	1,108,147	(1,152,519)
Capital transaction		
Purchase of capital assets	(21,105)	(22,365)
Cash used in capital transaction	(21,105)	(22,365)
Decrease in cash during year	(599,233)	(1,176,949)
Cash position, beginning of year	659,405	1,836,354
Cash position, end of year	\$ 60,172	\$ 659,405

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2016

1. GENERAL

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are 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) establishing compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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

Financial instruments

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

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

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

Cash

Cash includes cash in bank.

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 expenditures of the Board.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

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

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

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

Prepaid expenses

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

Funds and reserves

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

Employee future benefits

(i) Severance pay

Certain employees of the Board are entitled to 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.

(ii) Sick pay

The Board provides accumulating, non-vesting sick leave benefits to its employees. The cost of non-vesting sick leave benefits are determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

(iii) Pension fund

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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

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

Expenditures

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2016:

Credit risk

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

Interest rate risk

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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2016

4. RECEIVABLES

	2016	2015
Revenues receivable	\$ 1,902,010	\$ 56,796
Accrued interest receivable	22	2,696
Other receivables	2,402	409
	<u>\$ 1,904,434</u>	<u>\$ 59,901</u>

5. HST (PAYABLE) RECEIVABLE

	2016	2015
HST rebate receivable from federal government	\$ 259,092	\$ 65,508
HST payable to federal government	(274,964)	(5,334)
	<u>\$ (15,872)</u>	<u>\$ 60,174</u>

6. RECOVERABLE COSTS

	2016	2015
Recoverable costs, beginning of year	\$ 2,370,331	\$ 1,217,812
Add - specific enquiry costs incurred during the year:		
Consulting fees	1,598,339	1,473,841
Consumer Advocate	879,694	505,044
Legal	252,670	249,910
Advertising and notice	28,899	39,087
Other	45,569	51,234
Transcription and printing	71,789	8,174
	<u>2,876,961</u>	<u>2,327,290</u>
	<u>5,247,292</u>	<u>3,545,102</u>
Less - costs recovered during the year	(3,985,108)	(1,174,771)
Recoverable costs, end of year	<u>\$ 1,262,184</u>	<u>\$ 2,370,331</u>

7. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Commissioners and employees for whom no designated pension plan has been established are members of The Public Service Pension Fund Act 1991. Pension contributions deducted from commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year in the amount of \$154,685 (2015 - \$121,027) is included in salaries and associated costs.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2016

8. CAPITAL ASSETS

	2016			
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 246,251	\$ 249,783	\$ 190,515	\$ 686,549
Additions	8,793	5,781	6,531	21,105
Disposals	-	-	-	-
Closing balance	255,044	255,564	197,046	707,654
Accumulated amortization				
Opening balance	221,231	221,052	190,515	632,798
Amortization	6,762	12,968	1,306	21,036
Disposals	-	-	-	-
Closing balance	227,993	234,020	191,821	653,834
Net book value	\$ 27,051	\$ 21,544	\$ 5,225	\$ 53,820

	2015			
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 242,404	\$ 231,265	\$ 190,515	\$ 664,184
Additions	3,847	18,518	-	22,365
Disposals	-	-	-	-
Closing balance	246,251	249,783	190,515	686,549
Accumulated amortization				
Opening balance	214,976	202,847	190,515	608,338
Amortization	6,255	18,205	-	24,460
Disposals	-	-	-	-
Closing balance	221,231	221,052	190,515	632,798
Net book value	\$ 25,020	\$ 28,731	\$ -	\$ 53,751

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

Year Ended March 31, 2016

9. BANK CREDIT AGREEMENT

The Board has established a \$1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%. As at March 31, 2016, the balance outstanding was \$Nil (2015- \$Nil).

10. NON-VESTED SICK LEAVE PAYOUTS

Prior to a change in government policy, several employees were allowed to accumulate unused sick day credits. As of March 31, 2016, there are three employees who have an accumulated sick-leave payout balance. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

11. 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, 2016 are as follows:

	2016	2015
Lease commitments	\$ 223,300	\$ 223,300
Payroll contingency	70,726	68,426
Redundancy pay contingency	816,914	797,613
Working capital	464,633	438,461
	<u>\$ 1,575,573</u>	<u>\$ 1,527,800</u>

12. COMMITMENTS

The Board has a premises lease agreement in the amount of \$18,608 per month (\$223,296 per annum), concluding May 31, 2018.

13. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Board.

YEAR END - MARCH 31, 2015

COMMISSIONERS

Chair and Chief Executive Officer Andy Wells
Vice-Chair..... Darlene Whalen
Full-time Commissioner Dwanda Newman
Full-time Commissioner James Oxford

STAFF

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..... Amanda Foster
Legal Counsel..... Jacqueline Glynn
Regulatory Analyst..... Travis Fisher
Regulatory Analyst..... Ryan Oake
Regulatory Analyst..... Mike McNiven
Computer Support Technician Wesley Hawe
Records Administrator..... Sara Kean
Administrative Assistant..... Colleen Jones
Administrative Assistant..... Renee Reardon

CONTACT INFORMATION:

Ms. Cheryl Blundon
Director of Corporate Services and Board Secretary
Prince Charles Building, 120 Torbay Road
P. O. Box 21040
St. John's, Newfoundland and Labrador
Canada A1A 5B2

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