



*Newfoundland
& Labrador*

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

2003-2004 ANNUAL REPORT

COMMISSIONERS
Year End - March 31, 2004

Chair and Chief Executive Officer *Robert Noseworthy*
Vice-Chair *Darlene Whalen*
Full-time Commissioner *Raymond A. Pollett*
Part-time Commissioner *William Finn*
Part-time Commissioner *Gerard Martin*
Part-time Commissioner *Don Powell*
Part-time Commissioner *Fred Saunders*
Part-time Commissioner *Gordon Seabright*
Part-time Commissioner *Walter Vincent*

Letter to the Minister of Justice

On behalf of the Board of Commissioners of Public Utilities, I respectfully submit the Board's Annual Report for the year ended March 31, 2004, in accordance with Section 18 of the Public Utilities Act.

The annual report provides an overview of the Board, the key regulatory activities for the reporting period, and challenges for the future, the Board's Financial Statements and a summary of the Orders issued by the Board.

Sincerely,

Robert Noseworthy
Chair and CEO

TABLE OF CONTENTS

	PAGE
Overview of the Board.....	1
Mandate.....	1
Mission.....	1
Lines of Business.....	1
Board Organizational Chart.....	2
Highlights.....	3
Activities During the Year.....	5
Challenges Ahead.....	8
Financial Statements.....	9
Decisions of The Board	19

OVERVIEW

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

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

and limited responsibilities for:

- vii) *The Automobile Insurance Act; and*
- viii) *The Insurance Companies Act.*

The Board has three full-time members, including the Chair and Chief Executive Officer and the Vice-Chair, and up to six part-time Commissioners. Board members comprise a highly skilled group of professionals consisting of engineers, lawyers, accountants and business people. In addition to the Commissioners, the Board has ten full-time staff that provide professional and support services to the Board.

The Board submits its annual budget and report to the Minister of Justice. The Board is fully funded by assessments upon the industries it regulates. Public hearings are funded on a cost recovery basis.

MANDATE

The Board's primary responsibility is the regulation of the electric utilities in the province to ensure that the rates charged are just and reasonable, and that the service provided is safe and reliable. The Board is also responsible for the supervision of rates charged by automobile insurers for the various components of automobile coverage, as well as limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations.

MISSION

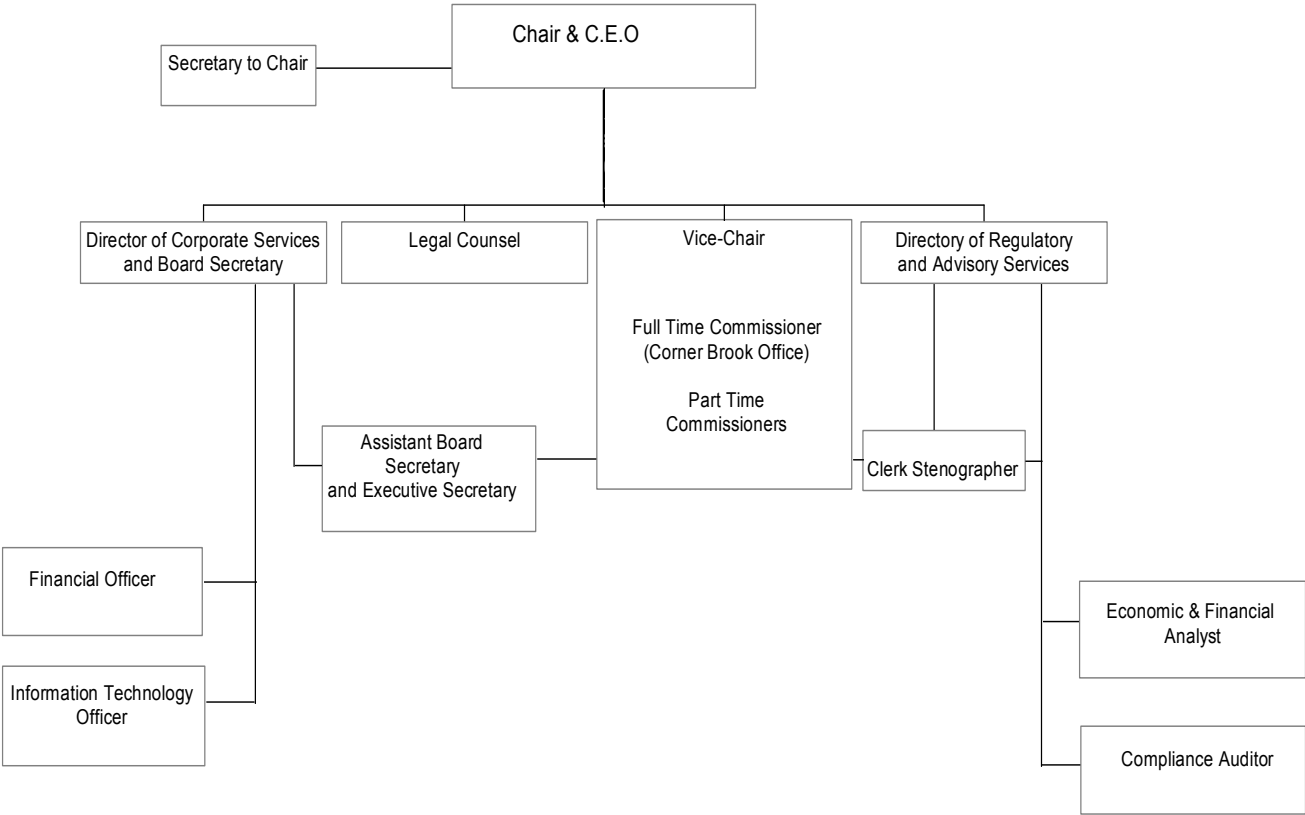
Through our skilled staff and an investigative and monitoring process that invites full public participation, we ensure that the public of Newfoundland and Labrador are well served in a changing environment achieving an equitable balance between the interests of consumers and service providers in the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

LINES OF BUSINESS

The internal administration of the Board is divided between the Regulatory Affairs division and the Corporate Services division. The Regulatory Affairs division is responsible for overseeing the Board's regulatory mandate. The Corporate Services division manages the internal administrative functions of the Board.

Regulatory activities include: conducting public hearings into proponent applications; monitoring compliance with reporting requirements and Board Orders; conducting investigations into particular matters or concerns such as the annual financial reviews of the utilities and compliance audits of insurance companies; managing complaints and responding to inquiries; and conducting inquiries mandated by Government.

BOARD ORGANIZATIONAL CHART



HIGHLIGHTS

The following summarizes the significant regulatory items before the Board this year.

PUBLIC UTILITY

Board Orders

The Board issued 42 Orders under the *Public Utilities Act* including:

- 10 Orders issued under section 41 relating to capital budget expenditures;
- 16 Orders for contribution in aid of construction (CIAC) applications;
- 8 Orders relating to administrative/procedural orders and related amendments;
- 3 Orders pursuant to section 70 relating to rates; and
- 4 Orders specifically relating to the approvals of: the issuance of debentures; the balance in the weather normalization reserve; the decommissioning of portable diesel units at St. John’s; and the companies’ rules and regulations.

General Supervision

In keeping with its mandate to ensure the safe and reliable supply of power the Board requires the utilities to file Power Outage/Incident Reports detailing significant power outages. In 2003-04 the Board reviewed and followed up where appropriate on 72 reports from both Newfoundland and Labrador Hydro (NLH) and Newfoundland Power (NP). The breakdown of the causes of these outages is as follows:

23 Equipment Failures-*includes failures relating to utility equipment such as failed lightning arrestors, melted conductors and breaker trips;*

22 Underfrequency Events- *primarily related to the loss of supply from one of the generator sites due to lightning strikes, generator imbalances etc.;*

10 Public Contact-*primarily involve contact with distribution feeders by private contractors; and*

17 Weather/Other-*such as winter and wind storms.*

Customer Complaints

Part of the Board’s mandate involves mediation of complaints from utility customers. Complaints are tracked on the basis of specific categories to assess the development of trends requiring further investigation. During the reporting period the Board received 45 complaints summarized as follows:

Over billing	11
CIAC Policy/Requirements	6
Property Damage	2
Service Termination	9
Equal Payment Plan	2
Security Deposit	4
Outstanding Bill Payment	3
Meter Reading	3
Refusal of Service	2
Other	3

The Board decided that issues regarding the policy requirements for CIAC’s required further follow-up and have launched an investigation into this matter.

AUTOMOBILE INSURANCE

The Board issued 38 Orders on insurance matters, including:

- 18 for rates within the approved benchmarks;
- 8 for non-benchmark rate filings;
- 4 relating to revisions or amendments to rates or implementation dates;
- 5 related to Facility Association, which included one resulting from a public hearing; and
- 3 not specifically classified.

OTHER REGULATORY ACTIVITIES

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

Under the Motor Carrier Act, 8 Orders were issued for ambulance motor carrier certificates, and 2 were issued relating to separate fare bus services.

On March 3, 2003 the Board received an application under the Expropriation Act from the

Minister of Works, Services and Transportation pertaining to the acquisition of private land owned by Fogo Island Property Holdings Limited. After several requests for postponements to which the Minister agreed, the hearing began on March 3, 2004 with final evidence presented on March 10. The Board is scheduled to hear final argument early in the next fiscal year.

FINANCIAL

The Board is fully funded by assessments from the industries it regulates. In 2003-04 the breakdown of the assessments for the regulated industries was 72.4% for public utilities and 27.6% for the insurance industry.

In the fiscal year the Board's budget was \$1.76 million. In terms of actual expenditures: \$944,177 was attributed to salaries and associated costs; \$200,343 to financial and actuarial consulting costs; and \$343,583 to operations.

BOARD CHANGES

During the year the Board's composition changed with the appointments of two new part-time commissioners. Joining the existing part-time commissioners for a three-year term are Mr. Gordon Seabright from Mount Pearl and Mr. Walter Vincent from Corner Brook.

ACTIVITIES DURING THE YEAR

At the beginning of the 2003-04 year the Board completed two major proceedings and was preparing for another busy regulatory year with the NLH's 2003 general rate application expected to be filed early in the new-year. The following summarizes the significant activities and accomplishments during the year.

PUBLIC UTILITY

NP General Rate Application

Order No. P.U. 19(2003)

The public hearing concluded on April 25, 2003 after 23 hearing days, with the Board Decision and Order issued on June 20, 2003. In its Order the Board rejected NP's proposal for an increase in electrical rates of 0.96%, instead ordering a 0.15% decrease in electrical rates effective August 1, 2003 and ordered a rebate to customers of \$ 3,640,000 in revenues previously collected. For the purpose of setting the regulated return on rate base the Board determined that a rate of return on equity of 9.75% was reasonable instead of the 10.75% proposed. As this decision resulted in reducing NP's test year revenue requirement and return on rate base, NP was required to file a revised schedule of rates that incorporated the Board's determinations. The Board also ordered NP to file a proposal for a rebate of 2001 excess earnings of \$944,000 to customers and also continued the use of the automatic adjustment formula to set customers' electrical rates annually for 2005-07. Under the formula the rates will be adjusted annually to reflect changes in long term Canada Bond yields.

Regulatory Efficiency Improvements

In preparation for this hearing the Board afforded the opportunity to parties to mediate certain issues relating to cost of service allocation, rate structure and tariff matters. Agreement was reached on all issues except one item, which was adjudicated at the hearing. This mediation process resulted in reduced regulatory costs, less time spent on expert testimony during the hearing, consensus decision-making and reporting.

Significant improvements in the electronic document management system have given the Commissioners the tools to electronically access and search the evidentiary record more effectively. This has resulted in more efficient public hearings as well as an improved and cost effective decision-making process.

NLH 2003 General Rate Application

In Order P.U. 7(2002-03), arising from NLH's 2001 General Rate Review, the Board ordered NLH to file a general rate application no later than December 31, 2003 and to deal with outstanding issues from this order. On May 21, 2003 NLH filed its general rate application proposing an increase of 14.1% in base rates for Industrial Customers and an increase of 12% to NP which, if approved, would result in a 6.5% rate increase for NP's domestic customers and NLH's rural customers whose rates are based on NP's customer rates. In its application NLH also proposed a rate of return on equity of 9.75%, much higher than the 3% previously accepted by the Board in P.U. 7(2002-03).

The Board also received a ***Notice of Complaint*** from the Towns of Labrador City and Wabush that the rates proposed for Labrador West by NLH in its 2003 general rate application were discriminatory. As part of the public hearing, the Board convened in Labrador West on November 24, 2003 to hear evidence regarding this complaint. The Board's decision with respect to the appropriate rate calculation methodology as well as the assignment of costs for customers serviced by NLH's Labrador Interconnected System will be incorporated in the Board's final order on NLH's rate application.

The pre-hearing conference was held on July 18, 2003. The hearing started on October 21, 2003 and concluded on January 16, 2004 after 35 hearing days, which also included five public participation days held in Stephenville, Corner Brook, Labrador City, Happy Valley-Goose Bay, and St. John's.

The Board is currently in deliberations with a decision anticipated in June of 2004.

Regulatory Process Improvements

Regulatory efficiencies have been realized in both the pre-hearing and post-hearing phases, leading to a significant reduction in costs attributed to actual sitting and deliberation days. Mediation between the parties and information exchanges have helped to clarify the commonly agreed issues thereby allowing the Board to focus on issues that require adjudication. The Board was seized with NLH's application on May 21, 2003 and the proceeding continued for seven months. In this timeframe the parties met independently for 11 days, seven of which were mediation days. The Board believes that these 11 days significantly reduced the amount of time that would have otherwise been required for the Board to sit. Reducing the number of actual hearing/sitting days eliminates the need for witnesses to be present during expert testimony on issues that were resolved through the mediation process. This has resulted in savings in direct hearing costs for all parties.

Capital Budget Applications

In 2003 the Board announced that it would commence a process to review the manner in which the Board deals with capital budget applications. This process is currently ongoing and is expected to continue until the fall of 2004 with recommendations expected to be implemented with the filing of applications in 2005 for 2006 capital budgets.

As the review process was still ongoing the Board required that the utilities file the 2004 applications according to the Board's existing guidelines.

NLH 2004 Capital Budget Application

Order No.'s P.U. 29 (2003) and P.U. 5 (2004)

The application filed on March 28, 2003 requested approval of NLH's 2004 Capital Budget in the amount of \$34,465,000 and NLH's proposed estimated contributions in aid of construction of approximately \$240,000.

After two requests for postponements, the hearing commenced on July 7, 2003. The hearing lasted for six days and concluded with final argument on July 28, 2004.

Before the hearing the Board proposed a settlement conference to allow the parties the opportunity to reach agreement on certain issues in advance of the hearing. During the hearing a settlement report was filed which outlined the issues agreed upon by the registered parties.

In Order No. P.U. 29(2003) the Board thanked the parties for their cooperation in reaching a settlement on certain issues and also acknowledged the positive impact and reduction in hearing sitting days. The Board granted approval of the 2004 capital budget for improvements and additions to NLH's property in the amount of \$27,316,000 as well as the proposed estimated contributions in aid of construction of \$240,000. In supplementary Order No. P.U. 5(2004) the Board further approved additional 2004 capital expenditures of \$1,533,800.

NP 2004 Capital Budget Application

Order No. P.U. 35 (2003)

The application filed on July 25, 2003 requested approval of NP's purchase and construction in 2004 of the improvements and additions to its property in the amount of \$53,909,000; and the fixing and determining NP's average rate base for 2002 in the amount of \$573,337,000.

The hearing began on September 10, 2003 and lasted four days. The final Order was issued on November 5, 2003 granting approval of NP's purchase and construction in 2004 of the improvements and additions to its property in the amount of \$ 52,209,000 and fixing NP's average rate base for 2002 in the amount of \$573,337,00.

AUTOMOBILE INSURANCE

Facility Association Rate Hearing

Order No. A.I. 20(2003)

As required by law Facility Association (FA) provides private passenger and commercial

automobile insurance generally to drivers who, but for the existence of the association, would be unable to obtain automobile insurance. A public hearing to consider an application from FA regarding automobile insurance rates was held in the winter of 2003 and after a 16-day hearing concluded on February 12, 2003.

The Board released its Decision and Order on May 14, 2003. In its application FA had requested a 41.3% overall combined rate increase for private passenger coverage and a 48.3% rate increase for commercial coverage. The Board approved a 31% increase and 48.3% increase respectively for these coverages. However, due to a change in the effective date from February 1, 2003 to September 1, 2003, FA was granted an additional 3.8% rate increase for private passenger and 8.4% rate increase for commercial to allow FA to fully recover of costs.

The Board also ordered FA to file monthly statistical and other information on demographics, vehicle and operating characteristics of drivers comprising the FA market. This information will aid the Board in ensuring legislative compliance and create a database for use in future proceedings.

CHALLENGES AHEAD

The Board is anticipating another busy regulatory year in 2004-05 with the insurance reform initiatives announced by Government expecting to impact the Board's work for the upcoming year.

Given these additional responsibilities, the major challenge for the Board will be to ensure that the routine regulatory calendar and legislative mandate in all areas are managed effectively. In the past three years the Board has issued decisions that have posed significant filing requirements for both the utility and insurance sectors. It remains essential that, despite the growing workload, appropriate compliance monitoring and follow-up continue.

In light of the busy regulatory calendar for the next year the Board will pay particular attention to the following:

AUTOMOBILE INSURANCE REVIEW

On March 17, 2004 Government announced planned reforms applicable to the automobile insurance industry and advised that legislation would be introduced that gives Government the authority to direct the Board to undertake a review of any aspect of insurance in the province. The details regarding the Board's role and added responsibilities as announced by Government will require a specific direction as to the scope and terms of reference of the Board's involvement.

Government also announced that it was introducing a series of reform measures with respect to underwriting guidelines, which will give the Board additional regulatory responsibilities.

The Board is planning to conduct a hearing to review its Insurance Benchmarks. This hearing is expected to take place in October 2004.

PUBLIC UTILITY REGULATION

Review of the Capital Budget Approval Process

The Board initiated this process in 2003 and is continuing its review. The Board is expected to

hold a technical conference with stakeholders and interested persons or parties in the fall of 2004 with recommendations and/or results implemented in advance of the 2006 capital budget applications which are filed in 2005.

Study of Performance Based Regulation

The Board has completed a phase one preliminary investigation into alternative forms of regulation, such as performance based regulation, and will evaluate the results of this investigation before proceeding onto the next phase. The Board plans to continue its research in this area with the intention of completing a background discussion paper.

Maintaining Reasonable Regulatory Costs

Keeping regulatory costs at a reasonable level while ensuring that the principles of natural justice are upheld will continue to be a challenge for the Board. The Board will continue to improve on processes such as mediation and alternative dispute resolution in order to streamline and achieve greater regulatory efficiencies.

EXPROPRIATION REGULATION

The recent Expropriation Hearing highlighted a significant administrative problem for the Board in the prohibitive nature of the *Expropriation Act* requiring the Board to render a decision within a very specific time-period. Section 32 of the *Expropriation Act* requires the Board to make its award within 60 days after being seized with a matter, unless the Minister responsible for *the Act* extends that time period. This restriction can have a negative impact on the hearing process and the principles of natural justice. Because of conditions beyond the Board's control, such as lack of cooperation or participation by parties, the possibility exists that the Board's ability to render a final decision within the required timeframe may not be realized. The Board intends to recommend to Government that the *Expropriation Act* be amended to remedy the limitations of this time restriction.

FINANCIAL STATEMENTS



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

AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2004 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
May 19, 2004

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Financial Position
March 31, 2004**

	2004	2003
ASSETS		
Current		
Cash	\$ 257,972	\$ 317,897
Accounts receivable	129,270	116,903
Hearing costs recoverable (Note 3)	1,325,349	1,131,673
Prepaid expenses	397	5,493
	1,712,988	1,571,966
Designated pension funds (Note 4)	492,446	547,750
	\$2,205,434	\$2,119,716
 LIABILITIES		
Current		
Accounts payable and accruals	\$ 255,542	\$ 414,086
Accrued paid leave	295,599	255,571
Accrued severance pay	149,728	144,527
Pension obligations (Note 4)	349,500	362,500
	1,050,369	1,176,684
 ACCUMULATED SURPLUS		
Per statement	1,155,065	943,032
	\$2,205,434	\$2,119,716

On Behalf of the Board:

_____ Chairperson and CEO

_____ Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2004

	2004	2003
<hr/>		
Revenues		
Assessments	\$1,725,379	\$1,670,609
Hearings room	1,100	8,450
Interest	13,516	16,659
Pension income (Note 4)	10,141	12,684
	<hr/>	<hr/>
	1,750,136	1,708,402
<hr/>		
Expenses		
Advertising and transcription	1,664	173
Consulting fees	200,343	111,146
Loan fee	740	700
Office equipment and supplies	66,557	82,278
Pension obligations estimation adjustment (Note 4)	52,445	52,445
Rent and insurance	142,200	130,506
Salaries and associated costs	994,177	997,004
Telecommunications	26,919	23,140
Training and membership	15,919	56,143
Travel	37,139	60,105
	<hr/>	<hr/>
	1,538,103	1,513,640
<hr/>		
Excess of revenues over expenses	\$ 212,033	\$ 194,762
	<hr/>	<hr/>

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Accumulated Surplus
Year Ended March 31, 2004**

	2004			2003
	Internally Restricted (Note 6)	Unrestricted	Total	Total
Balance as at beginning of year	\$1,057,727	\$(114,695)	\$ 943,032	\$748,270
Excess of revenues over expenses for the year	-	212,033	212,033	194,762
Restricted during the year (Note 6)	18,278	(18,278)	-	-
Balance as at end of year	\$1,076,005	\$ 79,060	\$1,155,065	\$943,032

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2004

	2004	2003
Operating activities		
Cash receipts from assessments and other revenues	\$ 1,737,769	\$ 1,608,684
Cash paid to suppliers and employees	(1,659,322)	(1,113,719)
Cash provided by operating activities	78,447	494,965
Hearing activities – recoverable		
(Increase) decrease in hearing costs recoverable and cash (used in) provided by hearing activities – recoverable	(193,676)	322,595
Investing activities		
Decrease in designated pension funds and cash provided by investing activities	55,304	52,761
(Decrease) increase in cash during year	(59,925)	870,321
Cash position as at beginning of year	317,897	(552,424)
Cash position as at end of year	\$ 257,972	\$ 317,897

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2004**

1. Authority

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

2. Summary of significant accounting policies

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

a) Operating revenues and expenses

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

b) Hearing costs recoverable

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

c) Capital assets

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

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

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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements
March 31, 2004

2. Significant accounting policies (cont'd)

d) Severance pay

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

e) Use of estimates

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

3. Hearing costs recoverable

	2004	2003
Hearing costs recoverable, beginning of year	\$1,131,673	\$1,454,268
Add - specific enquiry costs incurred during the year:		
Actuarial consultants	-	123,248
Consulting fees	1,008,318	674,459
Consumer Advocate	537,802	468,256
Salaries and associates costs	149,871	128,510
Transcription and printing	47,632	54,200
Travel and accommodations	61,993	31,419
Advertising and notice	65,193	72,552
Other	1,847	17,158
	1,872,656	1,569,802
Less - costs recovered during the year	3,004,329	3,024,070
Hearing costs recoverable, end of year	\$1,325,349	\$1,131,673

4. Designated pension funds and pension obligations

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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2004**

4. Designated pension funds and pension obligations (cont'd)

Changes in designated pension funds are as follows:

	2004	2003
Balance, beginning of year	\$547,750	\$600,511
Add – earnings net of expenses	10,141	12,684
	557,891	613,195
Deduct – benefit payments	65,445	65,445
	\$492,446	\$547,750
	\$492,446	\$547,750

Pension obligations at March 31, 2004 in the amount of \$349,500 (2003 - \$362,500) represent the present value of accrued pension benefits as calculated in an actuarial report dated April 28, 2004. A pension obligations estimation adjustment of \$52,445 (2003 - \$52,445) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of \$52,966 (2003 - \$46,638) with respect to other Commissioners and employees who are members of the Public Service Pension Fund Act, 1991 and entitled to benefits under that Act.

5. Bank indebtedness

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

6. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations, together with the amount by which the funds set aside to meet future pension obligations exceed the amount of the pension obligation as calculated by actuarial estimates. The amounts restricted as at March 31, 2004 are as follows:

	2004	2003
Lease commitments	\$ 136,734	\$ 130,140
Payroll contingency	48,324	45,820
Pension obligations	142,946	185,250
Redundancy pay contingency	454,287	416,517
Working capital	293,714	280,000
	\$1,076,005	\$1,057,727
	\$1,076,005	\$1,057,727

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2004

7. Income taxes

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

8. Lease commitments

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

- a) five-year lease agreement in the amount of \$11,394 per month (\$136,728 per annum) commencing June 1, 2003.
- b) two-year lease agreement in the amount of \$500 per month (\$6,000 per annum) commencing July 1, 2002.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Tangible Capital Assets
March 31, 2004**

	Original Cost			Accumulated Amortization			Net Book Value	
	Balance March 31, 2003	Additions	Balance March 31, 2004	Balance March 31, 2003	Additions	Balance March 31, 2004	Balance March 31, 2004	Balance March 31, 2003
Furniture and equipment	\$190,058	\$ 3,683	\$193,741	\$180,876	\$ 11,555	\$192,431	\$ 1,310	\$ 9,182
Leasehold improvements	128,208	1,014	129,222	103,956	4,620	108,576	20,646	24,252
Computer hardware	144,911	13,909	158,820	129,455	18,004	147,459	11,361	15,456
Computer software	12,396	3,518	15,914	11,576	2,579	14,155	1,759	820
	\$475,573	\$ 22,124	\$497,697	\$425,863	\$ 36,758	\$462,621	\$ 35,076	\$ 49,710

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2003 - 2004
UNDER
THE PUBLIC UTILITIES ACT**

Newfoundland Power Inc.

P.U. 8 (2003)

Application:

April 3, 2003

General Rate Application (the "Application") by Newfoundland Power Inc. ("NP") filed pursuant to Order No. P.U. 22 (2002-2003) and in the matter of request from the Consumer Advocate to issue certain subpoenas.

Decision:

1. The request of the Consumer Advocate for the issuance of subpoenas to Mr. Alex Knight, Mr. Gerard Locke, Mr. Brian Martin and Mr. Bruce Gilbert is denied.
2. The request of the Consumer Advocate for the issuance of a subpoena to Mr. Bruce Chafe is granted in the form as set out in Schedule "A" to this Order.

Newfoundland and Labrador Hydro

P.U. 9 (2003)

Application:

April 17, 2003

Application to issue Debenture/s in aggregate not to exceed \$150,000,000 during the year ending December 31, 2003, pursuant to section 91 of the Act.

Decision:

Approval is granted to issued Debenture(s) with an aggregate value not to exceed \$150,000,000 Canadian in the principal amount subject to the certain conditions that are included in the Order.

Newfoundland and Labrador Hydro

P.U. 10 (2003)

Application:

April 17, 2003

Application for approval of certain amendments to the Rules and Regulations pertaining to several classes of Hydro's Rural Customers pursuant to Section 71 of the Act.

Decision:

1. The following amendments to the provisions of Schedule A (the Schedule of Rates) and of Schedule B (the Rules and Regulations) to Order No. P.U. 21 (2002-2003) are hereby approved and are incorporated in the revised portions of Schedule A and Schedule B:
 - (a) The definition of "Government Departments and Agencies" is deleted and replaced by the following definition of "Government Departments", which amendment would occur at subparagraph 1(a)(xii) of Schedule B:

"Government Departments" means electric service accounts of Provincial or Federal government departments, agencies, boards, commissions, and crown corporations but excludes hospitals, fish plants, churches, schools, community halls, municipal buildings and like facilities."
 - (b) The references to "Government Departments and Agencies" shall be substituted by the reference to "Government Departments" which substitutions would occur in the following provisions of Schedule A:
 - In the "Availability" section of page 11 of 30 (Rate No. 4.1D);
 - In the title and the "Availability" sections of page 12 of 30 (Rate No. 1.2G);
 - In the title and the "Availability" sections of page 13 of 30 (Rate No. 2.5G); and
 - In the title and the "Availability" sections of page 14 of 30 (Rate No. 4.1G)
 - (c) Amending the list of rate classes for the Happy Valley-Goose Bay area, found at page 2 of 15, subsection 2(a) of Schedule B by
 - renumbering class 3.1H Secondary Energy as class 5.1H;
 - inserting the rate class of 3.1H Electric Heating General Service; and
 - deleting the words "and Agencies" in the descriptors for Rate Classes 1.2G, 2.5G and 4.1G.

- (d) (i) Amending Schedule A by adding the previously existing \$1.15 per fixture per month rate for streetlights in Labrador City where those streetlights are not owned by the Applicant, which rate class shall be Rate No. 4.12W found at a new page 30A of 30; and
(ii) Amending Schedule B by adding a reference to this rate class 4.12W on page 3 of 15 of Schedule B;
 - (e) (i) Amending Schedule A on page 29 of 30, for rate 4.1W by substituting for the reference date for the installation or replacement of high pressure sodium streetlights of “after December 31, 2001”, the reference date of “on or after September 1, 2002”;
(ii) Amending Schedule A on page 30 of 30, for rate 4.11W by substituting for the reference date “as of December 31, 2001”, the reference date of “as of September 1, 2002”; and
(iii) Amending Schedule B, on page 3 of 15, paragraph 2(a), by substituting for the date reference for Rate 4.11W, the words “Installed on or after September 1, 2002” in the place of the words “Installed as of December 31, 2001”.
2. For those customer owned streetlights in Labrador which have been the subject of payments by the customer under rate 4.11W, the Applicant shall refund to that customer the difference between the amount it paid under rate 4.11W and the amounts payable under rate 4.12W.
3. The Applicant shall pay the Board’s expenses arising from this Application.

Newfoundland Power Inc.

P.U. 11 (2003)

Application:

April 30, 2003

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve seasonal customers, whose residences are located at Lower Bread and Cheese Cove, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$5,720.13, including HST, for each seasonal customer as calculated under the Policy.

Newfoundland and Labrador Hydro

P.U. 12 (2003)

Application:

April 30, 2003

For approval, pursuant to section 41(3) of the Act, to proceed with the construction and purchase of certain improvements to its property.

Decision:

Pursuant to section 41(3) of the Act, the Board approves the supplementary 2003 capital expenditure of \$138,000 for the addition of self-dyked fuel storage at the diesel generating facility in Rigolet as set out in Schedule A to the Application.

Newfoundland Power Inc.

P.U. 13 (2003)

Application:

April 30, 2003

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve the City of St. John’s, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$35,779.00, including HST, as calculated under the Policy to provide three-phase service to a pumping station for the City of St. John’s.

Newfoundland and Labrador Hydro

P.U. 14 (2003)

Application:

April 30, 2003

For approval of a contribution in aid of construction ("CIAC") for a line extension to serve a Pumping Station located in the Town of Seldom, Fogo Island, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$78,452.59, including HST, as calculated under the Policy for the supply of three-phase electrical service to a pumping station located in the Town of Seldom, Fogo Island.

Newfoundland Power Inc.

P.U. 15 (2003)

Application:

April 30, 2003

For approval of a contribution in aid of construction ("CIAC") for a line extension to serve seasonal customers, whose residences are located at Winter Tickle near Botwood, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$2,417.68, including HST, for each seasonal customer, as calculated under the Policy.

Newfoundland and Labrador Hydro

P.U. 16 (2003)

Application:

May 30, 2003

For approval of: (1) its 2004 Capital Budget pursuant to section 41(1) of the Act; (2) its 2004 capital purchases, and construction projects in excess of \$50,000 pursuant to Section 41(3)(a) of the Act; and (3) its estimated contributions in aid of construction for 2004 pursuant to section 41(5) of the Act.

Decision:

1. The motion of the Industrial Customers for an oral hearing is hereby dismissed.
2. The motion of the Industrial Customers for the consolidation of the capital budget application and the general rate application is hereby dismissed.
3. The public hearing of the capital budget application will begin at 9:00 A.M., on June 25, 2003, unless otherwise directed by the Board.

Newfoundland and Labrador Hydro

P.U. 17 (2003)

Application:

June 11, 2003

For approval of: (1) its 2004 Capital Budget pursuant to Section 41(1) of the Act; (2) its 2004 capital purchases, and construction projects in excess of \$50,000 pursuant to Section 41(3)(a) of the Act; and (3) its estimated contributions in aid of construction for 2004 pursuant to Section 41(5) of the Act.

Decision:

The public hearing of the capital budget application will begin at 9:00 A.M. on Monday, July 7, 2003, unless otherwise directed by the Board.

Newfoundland Power Inc.

P.U. 18 (2003)

Application:

June 19, 2003

For approval of rate stabilization and municipal tax adjustments to be applied to the rates of the Applicant for the period July 1, 2003 to June 30, 2004 pursuant to section 71 of the Act.

Decision:

The Board approves the Rate Stabilization Adjustment factor of 0.326 cents/kWh and the MTA factor of 1.02438 to be applied to all bills based on meter readings for the period July 1, 2003 to June 30, 2004.

Newfoundland Power Inc.

P.U. 19 (2003)

Application:

June 20, 2003

General Rate Application (the "Application") by Newfoundland Power Inc. ("NP") filed pursuant to Order No. P.U. 22 (2002-2003).

Decision:

Board order issued as a result of public hearing.

Newfoundland and Labrador Hydro

P.U. 20 (2003)

Application:

July 10, 2003

For approval of: (1) its 2004 Capital Budget pursuant to section 41(1) of the Act; (2) its 2004 capital purchases, and construction projects in excess of \$50,000 pursuant to section 41(3)(a) of the Act; and (3) its estimated contributions in aid of construction for 2004 pursuant to section 41(5) of the Act.

Decision:

Hydro's proposed 2004 expenditure, project C-2, Purchase and Install Transformer, is hereby approved without prejudice to the parties right to 1) address argument on the sufficiency of the documentation supplied to support a capital project generally or the principles and procedures applied in the capital budget process, or 2) advocate an alternative position on the project in other proceedings as they may deem appropriate.

Newfoundland Power Inc.

P.U. 21 (2003)

Application:

July 10, 2003

For approval of a contribution in aid of construction ("CIAC") for a line extension to serve seasonal customers located at Mansfield Pond, near Brigus Junction, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$6,628.13, including HST, for each seasonal customer as calculated under the Policy.

Newfoundland Power Inc.

P.U. 22 (2003)

Application:

July 11, 2003

For approval of the balance of the weather normalization reserve as of December 31, 2003 pursuant to sections 69 (3) and 78 of the Act.

Decision:

Pursuant to sections 69 (3) and 78, the Board approves the weather normalization reserve of a Negative Balance of \$10,918,978 as at December 31, 2002.

Newfoundland Power Inc.

P.U. 23 (2003)

Application:

July 21, 2003

General Rate Application (the "Application") by Newfoundland Power Inc. ("NP") filed pursuant to Order No. P.U. 22 (2002-2003), and in the matter of a filing by NP pursuant to Order No. P.U. 19 (2003) issued in connection with the application.

Decision:

1. The forecast average rate base for 2003 and 2004 is hereby fixed and determined to be \$672,215,000 and \$703,102,000 respectively.
2. The Board hereby fixes and determines a rate of return on rate base for 2003 of 8.96% and for 2004 of 8.91%.
3. The allowed range of rate of return on rate base for 2003 shall be 8.78% to 9.14% and for 2004 shall be 8.73% to 9.09%.
4. Pursuant to section 70(1) of the Act, the Board hereby approves the Schedule of Rates, Tolls and Charges of NP attached hereto and marked Schedule "A", to be effective on monthly bills issued on and after August 1, 2003, as well as other charges which are billed on and after that date.

5. The Board hereby approves NP's proposal for the rebate of 2001 excess revenue of \$944,000 plus HST to customers.
6. Pursuant to section 75(3) of the Act the Board hereby approves NP's proposal to rebate an amount of \$2,696,000, which is the variance between revenue generated based upon 2003 interim rates and the revised 2003 test year revenue requirement, plus HST, to customers.
7. NP shall file a report to the Board no later than October 31, 2003, illustrating the distribution of the rebate in the amount of \$3,640,000 to the various customer classes using actual revenues for the 12 months ending July 2003.
8. Pursuant to section 71 of the Act the Board hereby approves the Rules and Regulations attached hereto as Schedule "B", to be effective August 1, 2003
9. The Board hereby approves the revised definition of the Excess Revenue Account attached hereto and marked as Schedule "C".

Newfoundland and Labrador Hydro

P.U. 24 (2003)

Application:

July 23, 2003

Application by Newfoundland and Labrador Hydro (the "NLH") for approval, inter alia, rates to be charged its customers (the "Application") pursuant to the Electrical Power Control Act, 1994 and the Public Utilities Act R.S.N. 1990, Chapter P-47.

Decision:

1. Each party shall file an issues list in accordance with the schedule of pre-hearing dates setting out all those issues that the party intends to address in the proceeding. The issues list is filed without prejudice to the party's ability to canvass any issue in the proceeding.
2. The Registered Intervenors in this proceeding are set out in Appendix "A" to this Order.
3. The Schedule of Pre-hearing Dates as set out in Appendix "B" to this Order shall be observed by the parties, unless otherwise directed by the Board.
4. The Rules of Procedure as set out in Appendix "C" to this Order shall be observed by the parties, unless otherwise directed by the Board.

Newfoundland and Labrador Hydro

P. U. 25 (2003)

Application:

July 23, 2003

Application by Newfoundland and Labrador Hydro (the "NLH") for approval, inter alia, rates to be charged its customers (the "Application") pursuant to the Electrical Power Control Act, 1994 and the Public Utilities Act R.S.N. 1990, Chapter P-47 and a Motion by the Towns of Labrador City and Wabush respecting costs.

Decision:

1. The motion of the Towns of Labrador City and Wabush is denied.
2. The issue of costs will be addressed upon motion of a party at the conclusion of the proceeding pursuant to section 90(1) of the Act.

Newfoundland Power Inc.

P. U. 26 (2003)

Application:

July 25, 2003

Application by Newfoundland Power Inc. (the "Applicant") for approval of capital expenditures supplemental to the Applicant's approved 2003 capital budget, to proceed with the construction and purchase of certain improvements to its property pursuant to section 41 of the Act.

Decision:

Pursuant to section 41 of the Act, the Board approves:

- a) the construction projects and capital purchases in excess of \$50,000, as set forth in Schedule B to the Application; and
- b) the revised 2003 capital budget as set forth in Schedule C to the Application.

Newfoundland Power Inc.

P.U. 27 (2003)

Application:

August 14, 2003

For approval of a contribution in aid of construction ("CIAC") for a line extension to a single seasonal customer located at Placentia Junction, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$3,709.90, including HST.

Newfoundland and Labrador Hydro

P. U. 28 (2003)

Application:

August 14, 2003

For approval of a contribution in aid of construction ("CIAC") for a single-phase line extension to serve an Arts & Exploration Centre located at the Junction of Route # 360 and # 361, near Bay D'Espoir, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$262,464.50, including HST.

Newfoundland and Labrador Hydro

P.U. 29 (2003)

Application:

September 5, 2003

For approval (i) its 2004 Capital Budget pursuant to s.41 (1) of the Act; (ii) its 2004 capital purchases and construction projects in excess of \$50,000 pursuant to s.41 (3)(a) of the Act; and (iii) its estimated contributions in aid of construction for 2004 pursuant to s. 41 (5) of the Act.

Decision:

1. Pursuant to subsection 41(3)(a) of the Act, improvements and additions to Hydro's property are approved for construction and purchases in excess of \$50,000, as set out in Schedule A attached to this Order.
2. A 2004 capital budget for improvements and additions to Hydro's property in the amount of \$27, 316,000 is approved pursuant to subsection 41(1) of the Act.
3. Hydro's proposed estimated contributions in aid of construction of \$240,000 are approved provided that all such contributions are sought in accordance with the policies approved by the Board.
4. Hydro shall pay costs to the Industrial Customers in the amount of the reasonable fees and expenses of Mr. Barreca as determined by the Board upon receipt of an invoice setting out his fees and expenses.

Newfoundland and Labrador Hydro

P.U. 30 (2003)

Application:

September 5, 2003

For approval of Lease of Office Space in support of NLH 2003 GRA, pursuant to section 41 of the Act.

Decision:

Pursuant to section 41 (3) the proposed six-month lease of office space in the Prince Charles Building for the amount of \$2,600 per month, plus HST.

Newfoundland and Labrador Hydro

P.U. 31 (2003)

Application:

September 5, 2003

For approval of Additional 2003 Capital Budget items, pursuant to section 41(3) of the Act.

Decision:

Pursuant to section 41 (3) of the Act, the Board approves the supplementary 2003 capital expenditures of:

1. \$306,000 for the reconfiguration of TL255 (Grandy Brook to Hope Brook); and
2. \$205,220 for a Load Research Study.

Newfoundland and Labrador Hydro

P. U. 32 (2003)

Application:

September 23, 2003

A Motion by the Industrial Customers seeking an order that the expert's reports proposed to be filed by Board Hearing Counsel be excluded from evidence on the basis that the filing of such reports raises concerns with respect to an apprehension of bias.

Decision:

The motion of the Industrial Customers is denied.

Newfoundland Power Inc.

P.U. 33 (2003)

Application:

September 28, 2003

Application for written consent to remove certain of NP's diesel generating plants from service pursuant to section 38 of the Act.

Decision:

1. Pursuant to section 38 of the Act, the Board consents to and approves the decommissioning by NP of the St. John's Diesel Plant; and
2. Pursuant to section 38 of the Act, the Board consents to and approves the decommissioning by NP of the Portable Diesel # 1 and # 2, after the 2.5 MW portable unit approved in P. U. 36 (2002-2003) is put into service at the Grand Bay Substation.

Newfoundland and Labrador Hydro

P.U. 34 (2003)

Application:

October 30, 2003

A Motion by the Towns of Labrador City and Wabush requesting that the hearings in Labrador scheduled to commence on November 3, 2003 be rescheduled to a later date convenient to all parties and the Board.

Decision:

The motion of the Towns of Labrador City and Wabush is hereby granted and the proceedings scheduled to commence on November 3, 2003 in Labrador are postponed.

Newfoundland Power Inc.

P.U. 35 (2003)

Application:

November 5, 2003

For approval of an application by Newfoundland Power Inc. for an Order pursuant to Sections 41 and 78 of the Act:

- (a) approving its 2004 Capital Budget of \$53,909,000; and
- (b) fixing and determining its average rate base for 2002 in the amount of \$573,337,000.

Decision:

1. Pursuant to section 41 (3) of the Act, improvement and additions to NP's property are approved as follows:
 - Construction and purchases in excess of \$50,000, as set out in Schedule B attached to this Order.
2. The amended 2004 Capital Budget for improvement and additions to NP's property in an amount of \$52,209,000 is approved pursuant to section 41(1) of the Act.
3. Unless otherwise directed by the Board, NP shall follow the guidelines as set out in Schedule A attached to this Order, which may be amended from time to time by the Board.
4. Unless otherwise directed by the Board, NP shall provide in conjunction with the 2005 Capital Budget Application, a status report on the 2004 capital budget expenditures showing for each project:
 - (i) the approved budget for 2004
 - (ii) the expenditures prior to 2004;
 - (iii) the 2004 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2004;
 - (v) the variance between the projected total expenditures and the approved budget; and
 - (vi) an explanation of the variance.
5. Unless otherwise directed by the Board, NP shall file a "Capital Budget Plan" as part of its 2005 and future Capital Budget Applications and should include:
 - (a) An updated five (5) year plan for maintaining the stability of the capital budget and the capital works program, including an amount of maximum budget growth and a contingency for unexpected or unusual events during the period; and
 - (b) Identification of any change or anticipated change in expenditure patterns and full explanation of reasons therefore.
6. Unless otherwise directed by the Board, NP shall file an annual report to the Board on its capital expenditures within sixty (60) days of the end of the year 2004.
7. The rate base for the year ending December 31, 2002 is hereby fixed and determined at \$573,337,000, pursuant to section 78 of the Act.
8. Unless otherwise directed by the Board, NP shall file a report with the Board addressing the amortization period in respect of the unfunded pension liability on or before the filing of an application for approval of its 2003 rate base.
9. NP shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland Power Inc.

P. U. 36 (2003)

Application:

October 29, 2003

For approval of a contribution in aid of construction ("CIAC") for a line extension to serve seasonal customers located near the community of Terra Nova, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$4,218.20, including HST, for each Seasonal Customer, located in the community of Terra Nova, as calculated under the Policy.

Newfoundland and Labrador Hydro

P.U. 37 (2003)

Application:

November 21, 2003

For approval of the installation of interconnection plant for a non-utility wind turbine generation plant at Ramea, pursuant to sections 41(3) and (5) of the Act

Decision:

1. Pursuant to section 41(3) of the Act, the Board approved the supplementary 2003 capital expenditure of 98,000 for the installation of interconnection plant for a non-utility wind turbine generation project at Ramea.
2. Pursuant to section 41(5) of the Act, the Board approves the demand from the customer, Frontier Power Systems Inc., of a contribution not to exceed \$112,700 (\$98,000 plus a maximum variance of 15%) towards the cost of the interconnection.

Newfoundland and Labrador Hydro

P.U. 38 (2003)

Application:

December 4, 2003

For approval of a contribution in aid of construction for a single-phase distribution line extension to the Flatwater Pond Cottage Area, Northside, near the Burlington Highway, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to section 41(5), the Board approves the CIAC in the amount of \$2,962.40, including HST, for the supply of single-phase electrical service to thirteen (13) seasonal residential customers located at the Flatwater Pond Cottage Area, Northside, near the Burlington Highway, Route 413, as calculated under the Policy.

Newfoundland Power Inc.

P. U. 39 (2003)

Application:

December 4, 2003

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve seasonal customers located at Woodford’s Station Road, Holyrood, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the:

1. contribution in aid of construction in the amount of Six thousand nine hundred ninety-two dollars and fifty-eight cents (\$6,992.58), including HST, for each Customer, as calculated under the Policy; and
2. additional contribution in aid of construction in the amount of One thousand nine hundred forty-three dollars and fifty cents (\$1,943.50), including HST.

Newfoundland and Labrador Hydro

P.U. 40 (2003)

Application:

December 16, 2003

Application by Newfoundland and Labrador Hydro (the “NLH”) for approval, inter alia, rates to be charged its customers (the “Application”) in the matter of proposed amendments to the Rate Stabilization Plan pursuant to the Electrical Power Control Act, 1994 and the Public Utilities Act R.S.N. 1990, Chapter P-47 and.

Decision:

Unless otherwise ordered by the Board, the Rate Stabilization Plan is hereby amended as set out in Schedule “A” effective January 1, 2004.

Newfoundland Power Inc.

P.U. 41 (2003)

Application:

December 18, 2003

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve seasonal customers located at Sandy Point near Norris Arm South, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Nine thousand six hundred nineteen dollars and twenty-six cents (\$9,619.26), including HST, for each Seasonal Customer, as calculated under the Policy.

Newfoundland and Labrador Hydro

P.U. 1 (2004)

Application:

January 28, 2004

For approval (i) its 2004 Capital Budget pursuant to s. 41 (1) of the Act; (ii) its 2004 capital purchases and construction projects in excess of \$50,000 pursuant to s. 41 (3)(a) of the Act; and (iii) its estimated contributions in aid of construction for 2004 pursuant to s. 41 (5) of the Act.

Decision:

Pursuant to subsection 90(1) of the Act, (1) the costs of the Industrial Customers are filed at \$23,629.53 (US) and (2) NLH shall, within 30 days, pay intervenor costs to the Industrial Customers in the amount of \$23,629.53 (US).

Newfoundland Power Inc.

P.U. 2 (2004)

Application:

February 3, 2004

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve seasonal customers whose residents are located at Gould’s Pond near Hodgewater Line, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves a CIAC in the amount of \$7,111.03, including HST, for each Seasonal Customer, as calculated under the CIAC Policy.

Newfoundland Power Inc.

P.U. 3 (2004)

Application:

February 3, 2004

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve seasonal customers and residential customers whose residents are located at Lily Brook, near the community of Terra Nova, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves a CIAC in the amount of \$2,683.33, including HST, for each Seasonal Customer, and \$199.33, including HST, for the Residential Customer, as calculated under the CIAC Policy.

Newfoundland Power Inc.

P.U. 4 (2004)

Application:

February 3, 2004

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve a single customer whose seasonal residence is located at Lily Brook, near the community of Terra Nova, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves a CIAC in the amount of \$6,341.10, including HST, as calculated under the CIAC Policy to provide single-phase service to the residence of Mr. Ivan Greening, located at Lily Brook..

Newfoundland and Labrador Hydro

P.U. 5 (2004)

Application:

February 5, 2004

For approval to proceed with the construction and purchase of improvements and additions to its property, pursuant to s.41 (3) of the Act.

Decision:

1. Pursuant to section 41(3) of the Act, (1) the Board approves the supplementary 2004 capital expenditures of: (i) \$793,000 for the End User Evergreen Program; (ii) \$638,800 for the Office Server Operating System and Productivity Tools Evergreen Program; and (iii) \$102,000 for the engineering study into the Upper Salmon Power Canal – Slope Stabilization.
2. NLH shall pay all the expenses of the Board arising from this application.
3. There will be no Order as to the costs.

Newfoundland and Labrador Hydro

P.U. 6 (2004)

Application:

March 9, 2004

For approval of the lease of office space for a five-month period in the Prince Charles Building to support its 2004 regulatory activities pursuant to Section 41 of the Act.

Decision:

Pursuant to section 41(3) of the Act, the Board approves the proposed five-month lease of office space in the Prince Charles Building for the amount of \$1,200 per month, plus HST.

Newfoundland and Labrador Hydro

P.U. 7 (2004)

Application:

March 9, 2004

For approval of the lease of real property upon which to continue to operate an ambient air monitoring station, pursuant to section 41 of the Act.

Decision:

Pursuant to section 41(3) of the Act, the Board approves the proposed five-year lease of a parcel of land in the vicinity of Lawrence Pond in the Town of Conception Bay South upon which to continue to operate an ambient air monitoring station in the amount of \$6,000 per year, plus HST.

Newfoundland Power Inc.

P.U. 8 (2004)

Application:

March 9, 2004

For approval of a contribution in aid of construction for a line extension to serve the Town of Avondale, pursuant to section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Fifty thousand nine hundred ninety-one dollars (\$50,9991.00), including HST, as calculated under the CIAC Policy to provide three-phase service to a pumping station for the Town of Avondale.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2003-2004
UNDER
THE AUTOMOBILE INSURANCE ACT**

Facility Association

A.I. 8 (2003)

Application:

April 9, 2003

Application for an increase in rates pursuant to section n103 of the Act by Facility Association filed pursuant to section 102 of the Act.

Decision:

Order released as result of public hearing.

RBC Insurance

A.I. 9 (2003)

Application:

April 14, 2003

Benchmark application to implement revised rates for its private passenger class of business, effective dates April 21, 2003 for new business and May 29, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

Metro General Insurance Corporation Ltd.

A.I. 10 (2003)

Application:

April 30, 2003

Benchmark application to implement revised rates for its commercial class of business, effective date June 1, 2003 for new business and renewals.

Decision:

Approved as a result of a meeting of the Board.

Elite Insurance Company

A.I. 11 (2003)

Application:

April 30, 2003

Non-Benchmark application to implement revised rates for its private passenger class of business, effective dates June 1, 2003 for new business and July 1, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

CGU Insurance Company of Canada

A.I. 12 (2003)

Application:

April 30, 2003

Non-Benchmark application to implement revised rates for its private passenger class of business, effective dates June 1, 2003 for new business and July 1, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

IAO Actuarial Consulting Services

A.I. 13 (2003)

On behalf of:

April 30, 2003

Pembridge Insurance Company

Application:

Benchmark application to implement revised rates for its private passenger class of business, effective dates June 1, 2003 for new business and July 1, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

Royal & Sunalliance Company of Canada

A.I. 14 (2003)

Application:

April 30, 2003

Benchmark application to implement revised rates for its private passenger and miscellaneous private passenger class of business, effective dates June 1, 2003 for new business and July 15, 2003 for renewals.

Decision:

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

L'Union Canadienne Compagnie D'Assurances

A.I. 15 (2003)

On behalf of:

April 30, 2003

Colonial Fire & General Insurance Company Limited

Application:

Benchmark application to implement revised rates for its private passenger class of business, effective dates July 14, 2003 for new business and September 16, 2003 for renewals.

Decision:

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

Royal & Sunalliance Company of Canada

A.I. 16 (2003)

Application:

April 30, 2003

Benchmark application to implement revised rates for its commercial and miscellaneous commercial vehicle class of business, effective dates June 1, 2003 for new business and July 1, 2003 for renewals.

Decision:

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

The Dominion of Canada General Insurance Company

A.I. 17 (2003)

Application:

April 30, 2003

Benchmark application to implement revised rates for its private passenger class of business, effective dates June 1, 2003 for new business and August 1, 2003 for renewals.

Decision:

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

CGU Insurance Company of Canada

A.I. 18 (2003)

Application:

April 30, 2003

Application to implement certain revisions to its current rates for its Commercial class of business, effective dates June 1, 2003 for new business and July 1, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

Facility Association

A.I. 19 (2003)

Application:

May 7, 2003

Application by Facility Association for approval of revised rates to be charged for private passenger and commercial automobile insurance policies issued through Facility Association (Awarding of costs – Consumer Advocate).

Decision:

The costs of the Consumer Advocate are fixed at \$90,782.28. Facility shall, within thirty days, pay intervenor costs to the Consumer Advocate in the amount of \$90,782.28.

Facility Association

A.I. 20 (2003)

Application:

May 14, 2003

Application by Facility Association for approval of revised rates to be charged for private passenger and commercial automobile insurance policies issued through Facility Association.

Decision:

Approval be and it is hereby granted Facility Association for revised private passenger and commercial automobile insurance rates for policies issued through its servicing carriers as submitted to the Board on April 28, 2003 (see order for more detail). These rates shall be subject to the criteria contained in Facility's underwriting manual where the criteria are in compliance with this Order or A.I. 8 (2003) and shall also be subject to a multi-vehicle discount as provided for in Rule 59 of the same manual.

Facility Association

A.I. 21 (2003)

Application:

May 15, 2003

Application by Facility Association for approval of revised rates to be charged for private passenger and commercial automobile insurance policies issued through Facility Association.

Decision:

Order No. A.I. 20 (2003) be and it is hereby amended by deleting there from, in its entirety, the Schedules of private passenger and commercial rates (see order for more detail). These rates shall be effective for policies issued or renewed on and after September 1, 2003.

Metro General Insurance Corporation Ltd.

A. I. 22 (2003)

Application:

May 30, 2003

Benchmark application to implement revised rates for its private passenger class of business, effective date of July 1, 2003 for new business and renewals.

Decision:

Approved as a result of a meeting of the Board.

L'Union Canadienne Compagnie D'Assurances

A. I. 23 (2003)

on behalf of:

May 30, 2003

The Sovereign General Insurance Company

Application:

Benchmark application to implement revised rates for its private passenger class of business, effective dates July 1, 2003 for new business and September 16, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

Axa Canada

A. I. 24 (2003)

on behalf of:

May 30, 2003

Insurance Corporation of Newfoundland

Application:

Benchmark application to implement revised rates for its private passenger class of business, effective dates of July 1, 2003 for new business and August 1, 2003 for renewals.

Decision:

Approved as a result of a meeting of the Board.

- Lombard Canada** **A. I. 25 (2003)**
on behalf of: **May 30, 2003**
Lombard Insurance Company, Lombard General Insurance Company of Canada, and Tokio Marine & Fire Insurance Company Limited
Application:
Benchmark application to implement revised rates for its private passenger class of business, effective date of August 1, 2003 for new business and renewals.
Decision:
Approved as a result of a meeting of the Board.
- Royal & Sunalliance Company of Canada** **A. I. 26 (2003)**
Application: **June 26, 2003**
Application to amend implementation dates of private passenger auto insurance rates approved in Order No. A.I. 14 (2003).
Decision:
Approval granted as a result of a meeting of the Board.
- Axa Canada** **A. I. 27 (2003)**
on behalf of: **June 26, 2003**
Insurance Corporation of Newfoundland
Application:
Application to amend implementation dates of private passenger auto insurance rates approved in Order No. A.I. 24 (2003).
Decision:
Approved as a result of a meeting of the Board.
- Aviva Insurance Company of Canada** **A. I. 28 (2003)**
Application: **June 26, 2003**
Non-Benchmark application to implement revised rates for its private passenger class of business, effective dates of August 1, 2003 for new business and September 1, 2003 for renewals.
Decision:
Approval granted as a result of a meeting of the Board.
- Traders General Insurance Company** **A. I. 29 (2003)**
Application: **June 26, 2003**
Non-Benchmark application to implement revised rates for its private passenger class of business, effective date of August 1, 2003 for new business and no later than September 1, 2003 for renewals.
Decision:
Approval granted as a result of a meeting of the Board.
- Facility Association** **A.I. 30 (2003)**
Application: **July 28, 2003**
Application for approval of revised rating program for its Interurban Vehicles, Snow Vehicles, Motorcycle, and ATV classes of business.
Decision:
Approval granted as a result of a meeting of the Board.

Pricewaterhouse Coopers **A.I. 31 (2003)**
on behalf of: **July 28, 2003**
CUMIS General Insurance Company
Application:
Application for approval to implement a revised rating program for its Private Passenger class of business.
Decision:
Approval granted as a result of a meeting of the Board.

Unifund Assurance **A.I. 32 (2003)**
Application: **July 28, 2003**
Application for approval to implement a revised rating program for its Private Passenger class of business.
Decision:
Approval granted as a result of a meeting of the Board.

Axa Canada **A.I. 33 (2003)**
on behalf of: **July 28, 2003**
Axa Insurance (Canada)
Application:
Application for approval to implement a revised rating program for its Commercial class of business.
Decision:
Approval granted as a result of a meeting of the Board.

Axa Canada **A.I. 34 (2003)**
on behalf of: **July 28, 2003**
Insurance Corporation of Newfoundland
Application:
Application for approval to implement a revised rating program for its Commercial class of business.
Decision:
Approval granted as a result of a meeting of the Board.

Axa Canada **A.I. 35 (2003)**
on behalf of: **July 28, 2003**
Axa Pacific Insurance Company
Application:
Application for approval to implement a revised rating program for its Commercial class of business.
Decision:
Approval granted as a result of a meeting of the Board.

The Dominion of Canada General Insurance Company **A.I. 36 (2003)**
Application: **July 28, 2003**
Application for approval to implement a revised rating program for its Commercial class of business.
Decision:
Approval granted as a result of a meeting of the Board.

Elite Insurance Company

A.I. 37 (2003)

Application:

September 5, 2003

Non-Benchmark application to implement revised rates for its private passenger class of business, effective dates September 15, 2003 for new business and November 1, 2003 for renewals.

Decision:

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

Facility Association

A.I. 38 (2003)

Application:

September 30, 2003

Application to amend the implementation date of the revised interurban vehicles, snow vehicle, motorcycle and all terrain vehicle automobile insurance rates approved in A. I. 30 (2003) to read December 1, 2003 for both new business and renewals.

Decision:

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

Facility Association

A.I. 39 (2003)

Application:

September 30, 2003

Application for approval of a rate for SEF 38 providing coverage for high-value after-market sound and electronic equipment to implement as filed with the Board, as dated June 2, 2003.

Decision:

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

The Co-operators General Insurance Company

A.I. 40 (2003)

Application:

September 30, 2003

Application for approval to implement revised rates for its commercial class, and revised motorcycle and all terrain vehicle only of its miscellaneous class of business, effective dates October 1, 2003 for new business and November 7, 2003 for renewals.

Decision:

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

The Coseco Insurance Company

A.I. 41 (2003)

Application:

October 29, 2003

Non-Benchmark application for approval to implement revised rates for its private passenger class of business with effective dates of November 15, 2003 for new business and February 1, 2004 for renewals.

Decision:

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

Metro General Insurance Corporation Inc.

A.I. 42 (2003)

Application:

December 18, 2003

Benchmark application for approval to implement revised rates for its private passenger class of business with effective dates of January 1, 2004 for new business and February 1, 2004 for renewals.

Decision:

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

The Personal Insurance Company of Canada

A.I. 43 (2003)

Application:

December 18, 2003

Benchmark application for approval to implement revised rates for its private passenger class of business with effective dates of January 16, 2003 for new business and March 17, 2004 for renewals.

Decision:

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

Royal & Sunalliance Company of Canada

A.I. 1 (2004)

Application:

February 3, 2004

Non-Benchmark application for approval to implement revised rates for its commercial class of business with effective dates of February 15, 2004 for new business and March 31, 2004 for renewals.

Decision:

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

Royal & Sunalliance Company of Canada

A.I. 2 (2004)

Application:

March 9, 2004

Non-Benchmark application for approval to implement revised rates for its private passenger and miscellaneous private passenger vehicle class of business with effective dates of March 15, 2004 for new business and May 15, 2004 for renewals.

Decision:

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

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2003-2004
UNDER
THE MOTOR CARRIER ACT**

Fewer's Ambulance Service Limited

M.C. 3 (2003)

Application:

May 9, 2003

For a motor carrier certificate to provide ambulance service to certain territories pursuant to Section 7 of the Motor Carrier Act, R.S.N. 1990, Chapter M-19 and in the matter of a hearing into such application.

Decision:

1. The application of Fewer's Ambulance Service Limited is hereby dismissed.
2. Fewer's Ambulance Service Limited shall be responsible for and shall pay to the Board forthwith all costs incurred by the Board in connection with the within hearing.

Emergency Medical Services NF Limited

M.C. 4 (2003)

Application:

May 9, 2003

For a motor carrier certificate to provide ambulance service to certain territories pursuant to Section 7 of the Motor Carrier Act, R.S.N. 1990, Chapter M-19.

Decision:

1. The application of Emergency Medical Services NF Limited is hereby dismissed.
2. Emergency Medical Services NF Limited shall be responsible for and shall pay to the Board forthwith all costs incurred by the Board in connection with the within hearing.

Town of Old Perlican

M.C. 5 (2003)

Application:

July 28, 2003

Application to amend Motor Carrier Certificate (No. 4010) to add the communities of Brownsdale, Sibley's Cove, and Lead Cove to its operating authority.

Decision:

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

Town of Winterton

M.C. 6 (2003)

Application:

July 28, 2003

Application to amend Motor Carrier Certificate (No. 4008) to delete the communities of Brownsdale, Sibley's Cove, and Lead Cove from its operating authority.

Decision:

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

Town of Bay L'Argent

M.C. 7 (2003)

Application:

July 28, 2003

Application to amend Motor Carrier Certificate (No. 3585) to add the community of Petite Forte to its operating authority.

Decision:

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

On the Board's own initiative:

M.C. 8 (2003)

Application:

November 12, 2003

Pending cancellation of Motor Carrier Certificate No. 3578 issued to Citizen's Health Group, Mose Ambrose.

Decision:

Certificate cancelled, effective November 12, 2003.

English Hr. West Lion's Club Inc.

M.C. 9 (2003)

Application:

November 12, 2003

Application for a Motor Carrier Certificate (No. 3578) to provide ambulance service.

Decision:

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

Town of Old Perlican

M.C. 10 (2003)

Application:

December 18, 2003

Application to amend Motor Carrier Certificate (No. 4010) to delete the communities of Job's Cove, Burnt Point, Gull Island and Northern Bay from its operating authority.

Decision:

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

Vincent's Enterprise Inc.

M.C. 1 (2004)

Application:

March 29, 2004

Application for a Motor Carrier Certificate (No. 6395) to provide regular public passenger bus service from Musgrave Harbour to St. John's, and reverse thereof, with pick up and drop off privileges at all points between.

Decision:

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

Lawrence Hann

M.C. 2 (2004)

Application:

March 29, 2004

Application for cancellation of Motor Carrier Certificate (No. 869) upon the issuance of a motor carrier certificate to Vincent's Enterprise Inc.

Decision:

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

STAFF
Year End - March 31, 2004

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

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

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

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