

1 Q. Provide evidence to support the statement by WEW that “commencing in
2 1995, Government, as shareholder, required Hydro to pay dividends”. (WEW,
3 page 15, lines 20-21).

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6 A. On March 23, 1995 the Government’s 1995/96 Budget was read in the
7 legislature, and contained the following statement:

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9 “Mr. Speaker, Newfoundland and Labrador Hydro will pay the people of the
10 Province a return on their investment in the electrical industry. Accordingly,
11 Government will receive an annual dividend, starting in 1995-96. In the initial
12 year, this dividend will be \$19.6 million. The major portion of this dividend
13 represents profits earned by Hydro on its electrical sales throughout
14 Newfoundland and Labrador. The balance represents that part of the annual
15 dividend, which Hydro receives from Churchill Falls (Labrador) Corporation
16 which is in excess of Hydro’s cost of servicing the debt related to the
17 purchase of shares in that corporation.”