

NLH-167 PUB (Re: Page 5, lines 16-17)

Dr. Waverman states that, “the Province’s citizens are its ultimate “owners””. By citizens, does Dr. Waverman mean taxpayers or Hydro customers? Please explain the response, including the basis upon which he arrived at the conclusion.

- A. Hydro’s Annual Report for 2002 states (p. 7) that Hydro “is a Crown Corporation, owned by the Province of Newfoundland and Labrador.” As a Crown corporation, owned by the Province’s citizens and not owned by common stock equity investors who acquire shares in the open capital markets of the world, the Province’s citizens are its ultimate owners. Determining precisely who these owners are is less clear-cut than would be the case for an investor-owned utility, whose common stock shareholders can be readily identified. However, assuming that most of the Province’s citizens use Hydro’s service, there does not appear to be a meaningful distinction between ratepayers (those who pay the bill) and the citizens (all of whom benefit from the service).