

1 **Q. Please provide a copy of all quarterly and annual reports filed with the Board as**  
2 **part of Newfoundland Power's normal reporting requirements from 2009 to**  
3 **present.**  
4

5 A. Attachment A provides Newfoundland Power's Quarterly Regulatory Reports filed with  
6 the Board from 2009 to present.  
7

8 The response to Request for Information CA-NP-127 provides Newfoundland Power's  
9 Annual Reports filed with the Board from 2007 to 2011.

**Newfoundland Power's Quarterly Regulatory Reports filed with the Board  
2009 to Present**

# **Quarterly Regulatory Report**

***For The Period Ended  
March 31, 2009***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**March 31, 2009**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5



## Table of Contents

1. Highlights .....	2
2. Customer Service .....	3
3. System Performance .....	5
4. Financial Matters .....	8
5. Capital Program .....	10
6. Safety .....	11
7. Environment .....	13
8. Community .....	14
<b>Financial Statements</b>	
Balance Sheets .....	15
Statements of Earnings .....	16
Statements of Retained Earnings .....	17
Statements of Cashflows .....	18
<b>Appendices</b>	
A Electricity Statistics .....	19
B Statements of Electricity Sold (GWh) .....	20
C Statements of Revenue .....	21
D Summary of Weather Adjustments .....	22
E Statements of Earnings – Detail .....	23
F Customer and Employee Statistics .....	24
G Service Continuity Performance .....	25



### 1. Highlights

	Highlights			
	1 <sup>st</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Customer Satisfaction (%)	89	89	87	89
Electricity Delivery <sup>1</sup>				
Electricity Sales (GWh)	1,762.9	1,711.6	1,716.2	5,244.5
Peak Demand (MW) <sup>2</sup>	1,237.1	1,234.5	1,188.0	1,234.5
Customer Minutes of Outage <sup>3</sup>	11.8	11.0	8.1	37.6
Employee Injuries <sup>4</sup>	0.0	4.0	5.0	12.0
Revenue (\$millions)	169.7	164.0	164.9	520.1
Earnings (\$millions) <sup>5</sup>	6.2	5.4	6.2	32.8

- ≈ 1<sup>st</sup> quarter customer satisfaction was 89%.
- ≈ 1<sup>st</sup> quarter reliability performance was good.
- ≈ No lost time or medical aid incidents in the first quarter.
- ≈ 1<sup>st</sup> quarter sales higher than plan.
- ≈ 1<sup>st</sup> quarter earnings were above plan.
- ≈ 2009 Energy Conservation Cost Deferral Application approved.
- ≈ Collective bargaining concludes.

<sup>1</sup> Weather adjusted.  
<sup>2</sup> Peak demand for the 2008/2009 winter period occurred on January 27, 2009 at 8:45 a.m.  
<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.  
<sup>4</sup> Total lost time and medical aid incidents.  
<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)				
	1 <sup>st</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Customer Satisfaction	89	89	87	89
First Call Resolution <sup>1</sup>	89	88	88	88
Service Level <sup>2</sup>	80	80	82	80
Trouble Call Response <sup>3</sup>	92	85	86	85

<sup>1</sup> Percent of customer calls resolved on first contact.

<sup>2</sup> Percent of customer calls answered within 40 seconds.

<sup>3</sup> Percent of call response within two hours.

### Customer Service Performance

1<sup>st</sup> quarter customer satisfaction and first-call resolution were 89%. Customer Contact Centre Service level was 80% and trouble call response was 92%. Overall, customer service performance was satisfactory.

### Energy Conservation

In March, the Company received PUB approval of deferred recovery of 2009 costs associated with the implementation of customer conservation programs contained in the *5-Year Energy Conservation Plan*. Implementation of these customer conservation programs is planned to commence late in the 2<sup>nd</sup> quarter of 2009.

During the 1<sup>st</sup> quarter, the Company participated in several events to focus awareness on conservation and encourage customers to visit the joint Newfoundland Power-Newfoundland and Labrador Hydro *takeCHARGE!* website for energy saving tips and advice. These events included the Canadian Homebuilders' Association Eastern Newfoundland Annual General Meeting; the St. John's Board of Trade Business Show; the Construction Association's annual conference; and the Hospitality Newfoundland and Labrador annual conference.

Customer service specialists and coordinators across the province participated in a two-day education and information workshop on energy efficiency activities. The Company launched an electronic *Employee Toolkit* jointly with Newfoundland and Labrador Hydro. The toolkit is an online education and informational website for employees to learn about energy efficiency and how to better help our customers. The toolkit provides information on home heating options, insulation, thermostats, lighting, windows and energy star products.

On March 28<sup>th</sup>, Newfoundland Power participated in Earth Hour by reducing building lighting levels for one hour. We also encouraged customers and employees to pledge their support. Estimates indicate a reduction of approximately one per cent in the overall demand for electricity across the province during Earth Hour.

In March, Newfoundland Power launched an employee CFL recycling program. Drop-off recycling bins have been placed in all area offices.

### **eBills Promotion**

A new *eBills* customer promotion was implemented for the month of March. During March, customer *eBills* participation increased by 925 customers. Approximately 25,000 customers now receive their bill electronically. Each *eBills* account reduces the Company's costs by approximately \$7 per year in postage, paper and envelope costs.

### **Customer Service Improvements**

Enhancements were made to the Company website in the 1<sup>st</sup> quarter of 2009 to enable customers to view up to three years of billing and usage history. In addition, area lighting accounts were added to the information that can be viewed and maintained online.

### **Retail Rate Review**

In accordance with the 2008 GRA Settlement Agreement, Newfoundland Power is conducting an evaluation of its existing rate designs and a review of alternative rate designs to determine their appropriateness for billing customers (the "Retail Rate Review"). The final Rate Design Report was submitted to the Board on January 28, 2009.

During the March-April period, customer feedback was obtained on the alternative rate designs under consideration. The Rate Design Report and the associated customer feedback information will be considered at a technical conference on the Retail Rate Review during 2009. Stakeholders will be contacted during the 2<sup>nd</sup> quarter to establish a schedule for the next step in the Retail Rate Review process.



*takeCHARGE CFL Recycling bins have been placed in all area offices.*

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>			
	1 <sup>st</sup> Quarter		Annual
	Actual 2009	Actual 2008	Plan 2009
Customer Minutes of Outage <sup>2</sup>	11.80	8.10	37.60
SAIDI (Outage hours per customer)	0.86	0.60	2.74
SAIFI (Outages per customer)	0.63	0.48	2.37

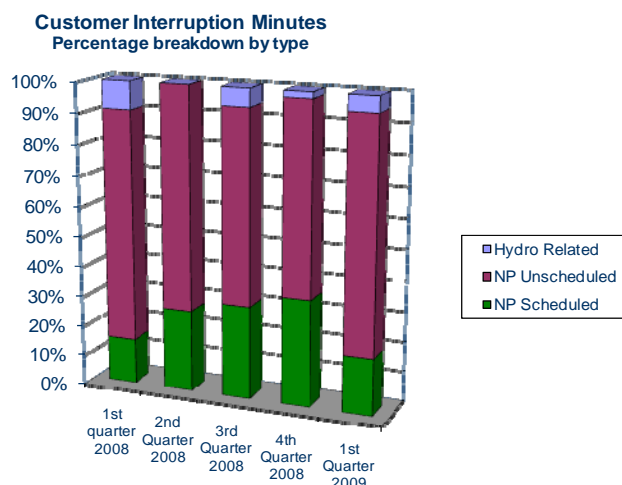
<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

The frequency and duration of outages this quarter were higher than that experienced during the first quarter of 2008.

The number of outage minutes associated with Newfoundland Power's scheduled maintenance increased relative to the 1<sup>st</sup> quarter of last year. This increase was reflective of favorable weather conditions which allowed scheduled maintenance work to be completed earlier in the year.

The significant unplanned power interruptions during the 1<sup>st</sup> quarter were:



1. *January 15<sup>th</sup>*: A broken pole in the Riverhead area resulted in an outage to 743 customers for a total of 287,924 customer minutes.
2. *March 2<sup>nd</sup>*: A tree falling into the line caused an outage to 1,289 customers in the Bonaventure Avenue area of St. John's, totalling 266,823 customer minutes.
3. *March 2<sup>nd</sup>*: A broken cutout caused an outage to 1,421 customers in the Bellevue area for a total of 329,866 customer minutes.
4. *March 2<sup>nd</sup>*: A broken conductor resulted in an outage to 1,195 customers in Cape Broyle for a total of 291,700 customer minutes.

5. *March 16<sup>th</sup>*: A pole damaged by a contractor during blasting operations resulted in an outage to 4,027 customers in Torbay for a total of 778,451 customer outage minutes.
6. *March 25<sup>th</sup>*: A broken conductor caused an outage to 2,447 customers in the Kenmount Road area of St. John's for a total of 335,239 customer outage minutes.
7. *March 25<sup>th</sup>*: A broken insulator caused conductor to make contact with a pole, causing a pole fire. This resulted in an outage to 2,006 customers in the Chamberlains area for a total of 282,846 customer minutes of outage.
8. *March 26<sup>th</sup>*: A power transformer failure caused an outage to 5,297 customers in the Kenmount Road Cowan Heights area of St. John's for a total of 237,472 customer minutes. The Company is currently assessing whether to repair or replace this power transformer.



*Damage to a structure on radial transmission line 59L during blasting operations by a contractor constructing the Torbay By-Pass Road.*

### B. Electricity Supply

	Electricity Supply			
	1 <sup>st</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Energy Purchased (GWh)	1,728.2 <sup>1</sup>	1,707.6	1,685.2 <sup>1</sup>	5,130.6
Peak Demand (MW) <sup>2,3</sup>	1,237.1	1,234.5	1,188.0	1,234.5
Hydro Plant Production (GWh)	120.8	116.5	134.5	425.9
Plant Availability (%)	95.3	95.5	98.3	95.5

<sup>1</sup> Not weather adjusted.

<sup>2</sup> Weather adjusted.

<sup>3</sup> Peak demand for the 2008/2009 winter period occurred on January 27, 2009 at 8:45 a.m.

Energy purchased was higher than plan for the 1<sup>st</sup> quarter due to higher electricity sales. Energy purchased was also higher than the same period of 2008 due to higher electricity sales and lower Company hydro production in 2009.

Various components of peak load management were implemented several times during the 1<sup>st</sup> quarter. Peak demand occurred on January 27, 2009. This peak was higher than that experienced in prior years, and is consistent with growth in customer electricity usage.

Hydro plant production was slightly higher than plan for the 1<sup>st</sup> quarter but was lower than 2008 due to the higher than normal inflows that occurred in the 1<sup>st</sup> quarter of 2008. Total inflows for the 1<sup>st</sup> quarter of 2009 were 104.7 GWh, comparable with the normal inflow of 106.3 GWh.

Hydro plant availability was comparable to plan in the 1<sup>st</sup> quarter. The 47 forced outages in the 1<sup>st</sup> quarter were distributed across the 18 plants. No one plant experienced a disproportionate number of forced outages.



*Generation employees work on the Heart's Content Generator to address a machine vibration issue.*

### Mobile River Watershed

The City of St. John's termination of the Company's rights to use the Mobile River watershed requires the City to pay the Company the value of certain assets, including the Mobile and Morris hydroelectric plants which have combined capacity of 11.6 MW and average production of 49 GWh per year.

On March 9<sup>th</sup>, 2009, an arbitration panel appointed for the purpose of determining the value of the affected assets ruled on certain preliminary questions. A majority of the panel ruled that the termination would not be effective until payment to the Company of the value of the assets, and that the valuation of the assets should be on a going concern basis including land and water rights.

On March 31, 2009, the City of St. John's applied to the Trial Division of the Supreme Court of Newfoundland and Labrador seeking judicial review of the majority ruling of the arbitration panel.



#### 4. Financial Matters

Financial Highlights				
	1 <sup>st</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Revenue (\$millions)	169.7	164.0	164.9	520.1
Purchased Power Costs (\$millions)	127.3	122.6	122.5	340.6
Operating Costs (\$millions) <sup>1</sup>	13.1	13.5	12.9	49.1
Operating Cost per Customer (\$)	58	59	58	215
Earnings (\$millions) <sup>2</sup>	6.2	5.4	6.2	32.8

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Results

Revenue for the 1<sup>st</sup> quarter of 2009 was higher than plan. First quarter electricity sales, increased by 46.7 GWh, or approximately 2.7 per cent over 2008. This was composed of (i) an increase of 1.5 per cent due to customer growth; and, (ii) an increase of 1.2 per cent due to higher average consumption arising from increased use of electric heating.

Purchased power costs for the 1<sup>st</sup> quarter of 2009 were higher than plan due to electricity sales growth.

Operating costs for the 1<sup>st</sup> quarter were lower than plan.

Earnings for the first quarter were higher than plan. This primarily reflects electricity sales growth, lower finance charges and timing of operating expenses, partially offset by higher pension costs.

#### Operating Cost per Customer

Operating cost per customer for the 1<sup>st</sup> quarter of 2009 was consistent with the same quarter last year.



### Collective Bargaining

During the 1st quarter, the Company successfully negotiated three-year contracts with its clerical and craft bargaining units. The clerical and craft agreements were ratified on February 24, 2009 and April 20, 2009, respectively.

The three-year contracts provide for base wage increases of 3%, 3% and 3½% per year over the term of the contracts. In addition, trade adjustments were negotiated for skilled trades to bring wages in line with current Atlantic Canadian levels.

### Defined Benefit Pension Plan

In April 2009, Newfoundland Power received the Actuarial Valuation Report for its Defined Benefit Pension Plan as of December 31, 2008. Based on the valuation, the solvency ratio of the plan is 92.4 per cent and indicates a solvency deficit of \$6.9 million. Pension regulation requires a solvency deficit to be funded over a five-year period, commencing in the year the valuation is completed.

### International Financial Reporting Standards (“IFRS”)

In February 2009, the International Accounting Standards Board (“IASB”) considered the scope of its project on rate-regulated activities. The IASB decided that the two criteria which should define rate-regulated activities are (i) an authorized body empowered to establish rates that bind customers, and (ii) the rate regulation is cost-of-service regulation.

Publication of an *exposure draft* covering the matter of regulatory assets and liabilities is now expected by July, 2009. A reporting standard is currently expected to be finalized in June 2010, six months in advance of IFRS adoption in 2011.

### Corporate Income Taxes

During the 1<sup>st</sup> quarter, the PUB ordered that there was no reasonable basis for the creation of a deferral account to capture changes in 2009 and 2010 corporate income tax rates that were anticipated during the Company's last general rate hearing.

## 5. Capital Program

2009 Capital Expenditures			
	1 <sup>st</sup> Quarter		Annual
	Actual	Plan	Plan <sup>1</sup>
Total (\$000s)	12,485	9,748	62,421

<sup>1</sup> Plan includes \$32,000 carryover for Fermeuse wind turbine project and \$1,568,000 carryover for the water street civil work. Plan excludes \$750,000 allowance for unforeseen items.

### 2009 Capital Expenditure

Capital expenditures for the 1<sup>st</sup> quarter were above plan. This increase relates principally to higher residential connections in the first quarter of 2009.

Customer driven work continued through the winter, and engineering and procurement are progressing on large capital projects.

The increase in residential connections over the 2009 plan is expected to increase 2009 distribution capital costs. This increase will be partially offset by reduced energy supply capital costs related to lower than expected steel prices associated with the Rocky Pond penstock replacement project.

## 6. Safety

Safety Performance			
	1 <sup>st</sup> Quarter		Annual
	Actual 2009	Actual 2008	Plan 2009
Injury Frequency Rate <sup>1</sup>	0.0	3.6	2.2 <sup>2</sup>
Employee Injuries <sup>3</sup>	0.0	5.0	12.0

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> Based on a 10% improvement over the three-year average from 2006 to 2008.

<sup>3</sup> Total lost time and medical aid incidents.

### Safety Performance

There were no lost time or medical aid injuries in the first quarter of 2009. This was the first quarter without a safety incident since the 3<sup>rd</sup> quarter of 2005. This is a significant improvement over the first quarter of 2008 during which five injuries totaling 123 days of lost time occurred. The injury frequency rate at March 31, 2009 is zero compared to 3.6 on March 31, 2008.

There were eight preventable vehicle accidents during the quarter. Six of these accidents occurred while reversing. This compares with seven preventable vehicle accidents in the first quarter of 2008.

### OHSD Regulation

On December 2<sup>nd</sup>, 2008, the Company's investigation report on the October 22<sup>nd</sup> employee fatality was submitted to the provincial Occupational Health and Safety division ("OHSD"). On January 9, 2009, OHSD issued two orders to the Company relating to the accident. The orders were consistent with the recommendations in the Company's report and required the Company to clarify its procedure for the use of Hold-Off Protection and update its procedures requiring additional information on job site hazard identification forms. On January 21, 2009, the Company presented its safe work procedures for working on or near energized equipment to officials of OHSD. The requirements of the orders are considered complete.

On March 18, 2009, the Company received an order from the OHSD regarding two separate but related incidents that occurred in the east end of St John's on March 9, 2009. The first incident occurred when a contractor installing poles on behalf of the Company contacted an underground high voltage cable. The second incident occurred when the line was re-energized and the overhead conductor burned off and fell to the ground. No injuries resulted from these incidents, although the conductor that fell made contact with a shipping container with two people working inside. The OHSD order directed the Company to provide incident reports, contractor management procedures, site drawings and safe work procedures related to the two incidents. All information required by the order was provided to OHSD on March 27, 2009.

## Safety Management

The annual review of the Company's Health & Safety Management System was completed in the 1<sup>st</sup> quarter. The review confirmed the adequacy and effectiveness of the system. The review also established health and safety priorities for 2009 which are subject to annual audit.

The 2009 key safety priorities include transmission and distribution work methods; contractors' safety; meter reading safety; and risk management and job safety planning.

Occupational Health and Safety Committees were restructured during the 1<sup>st</sup> quarter of 2009. The overall number of Committees was reduced and Committee membership was increased. The aim of restructuring the Committees was to increase the consistency of safety management throughout the Company's service territory.

Two departments achieved safety milestones during the 1<sup>st</sup> quarter. On January 25<sup>th</sup>, employees in the St. John's Operations group had worked two years without a lost-time injury. On January 23<sup>rd</sup>, Gander employees had worked one year without a lost-time injury.

## Public Safety

There were three electrical incidents involving the public during the 1<sup>st</sup> quarter. On February 16, 2009, a forklift tore a high voltage service from a building. On March 11, 2009, an excavator made contact with a 7,200 volt primary conductor causing the conductor to burn off. The third incident occurred on March 18<sup>th</sup> when a wire fell across a shipping container with two people inside. There were no injuries resulting from these incidents.

On February 26, 2009, a member of the public was slightly injured when the snowmobile on which he was riding struck a pole guy anchor rod. The anchor rod had been placed to accommodate the installation of cable television (CATV) conductor on the Company's poles. Subsequently, there was a change in the design requirements for the CATV installation and the anchor rod was no longer required. Unfortunately, the anchor rod was not removed. The Company has sent written requests to all CATV companies asking that it be notified when installed guy anchors are no longer required to ensure they are promptly removed. The Company advised its pole setting contractors that guy anchors must be clearly marked to warn the public.

A new television safety advertisement was launched in February 2009. The advertisement reminds viewers to use extreme caution around electrical hazards at work, at home and when engaged in recreational activities.

The Company, in partnership with Newfoundland and Labrador Hydro, has secured its hunter safety advertisement *Keep Safety in your Sight* on the back cover in the *2009-10 Provincial Hunting and Trapping Guide*.

During the 1<sup>st</sup> quarter, the Company presented electrical safety training to 2,000 students from 42 schools throughout the province. In addition, the Company presented Fire Fighting and Electricity seminars to approximately 100 volunteer firefighters.

## 7. Environment

Environment Performance			
	1 <sup>st</sup> Quarter		Annual
	Actual 2009	Actual 2008	Plan 2009
Number of Oil Spills	14	13	62
Reportable PCB oil spills <sup>1</sup>	0	1	2
Volume of Oil Spills (Litres)	649 <sup>2</sup>	184	961

- <sup>1</sup> Criteria for reporting of PCB spills have been revised as a result of the new PCB Regulations. PCB spills must be reported if any of the following conditions exist:
- All PCB spills that have a concentration of 50 ppm PCBs or more.
  - All PCB spills that exceed the one gram rule.
  - All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.
- <sup>2</sup> Of the fourteen recorded spills to date, one spill resulted in a release of 519 litres.

Both the number and volume of spills that occurred in the 1<sup>st</sup> Quarter of 2009 were higher than those recorded during the same period in 2008. 80% of the total volume released was attributed to one spill of 519 litres of oil from a transformer at Holy Trinity School in Torbay.

### PCB Regulations

Implementation of Environment Canada's September 2008 PCB regulations has become the subject of discussion between Environment Canada and Canadian utilities. Prior to the September release, there was an exemption for specific substation equipment, such as high voltage bushings that contain small amounts of oil and are very difficult to test and replace. The September release did not include this exemption. The Canadian Electricity Association is currently working with Environment Canada to address the issue.

Compliance with the remaining portions of the September 2008 PCB regulations will increase the Company's expenditures for insulating oils used in equipment maintenance.

### Environmental Management

The annual review of the Company's Environmental Management System was completed in the 1<sup>st</sup> quarter. The review confirmed the adequacy and effectiveness of the system.

During the 1<sup>st</sup> quarter, environmental training was provided to approximately 25 employees and 28 contractor employees performing work on behalf of the Company.

### 8. Community

#### The Power of Life Project

The Clarendville Area employees held their 5<sup>th</sup> annual family Snowmobile Run and salmon dinner on February 28<sup>th</sup>. Approximately \$16,000 was raised through this event with the proceeds equally shared between *The Power of Life Project* and the local Triple Bay Eagles Ground Search and Rescue Team. Prior to the start of the run, the Company also made a donation of a retired Argo to the Triple Bay Eagles Ground Search and Rescue Team.

Since 2005, the Snowmobile Run has raised approximately \$30,000.



*Earl Ludlow presents an ARGO to the Triple Bay Eagles Ground Search and Rescue Team during this year's Snow Run.*

#### Fish Friends

For the 12<sup>th</sup> consecutive year, the Company is continuing its partnership with the Atlantic Salmon Federation (ASF) *Fish Friends* program. The *Fish Friends* program is delivered to more than 60 schools in the province and educates students about environmental stewardship and freshwater ecology. The Company provides the program with an annual donation of \$6,000. In addition, the Company's Environmental Coordinators assisted in delivering salmon eggs to the participating schools in March.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At March 31**  
**(\$000s)**

	<b>2009</b>	<b>2008 <sup>1</sup></b>
<b>Capital Assets</b>		
Property plant and equipment	1,193,054	1,148,085
Less: accumulated depreciation	430,781	410,238
	<u>762,273</u>	<u>737,847</u>
<b>Current Assets</b>		
Cash	239	941
Accounts receivable	82,636	87,518
Income tax receivable	719	876
Materials and supplies	1,021	964
Prepaid expenses	985	1,356
Regulatory assets	8,763	7,663
	<u>94,363</u>	<u>99,318</u>
<b>Accrued Pension and Other</b>	94,556	90,995
<b>Regulatory Assets</b>	56,676	58,982
<b>Intangible Assets, net of amortization</b>	15,855	16,864
<b>Customer Finance Plans</b>	1,750	1,733
	<u>1,025,473</u>	<u>1,005,739</u>
<b>Total Assets</b>		
	<u><u>1,025,473</u></u>	<u><u>1,005,739</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	303,290	288,757
Common shareholder's equity	<u>373,611</u>	<u>359,078</u>
Preference shares	9,352	9,352
	<u>382,963</u>	<u>368,430</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	66,775	66,096
Current portion of long-term debt	4,550	57,550
Regulatory liabilities	6,428	8,418
	<u>77,753</u>	<u>132,064</u>
<b>Future Income Taxes</b>	1,739	251
<b>Long-term Debt</b>	463,149	406,022
<b>Other Liabilities</b>	46,229	39,648
<b>Regulatory Liabilities</b>	53,640	59,324
	<u>1,025,473</u>	<u>1,005,739</u>
<b>Total Shareholders' Equity and Liabilities</b>		
	<u><u>1,025,473</u></u>	<u><u>1,005,739</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2009</b>	<b>Plan 2009</b>	<b>Actual 2008</b>	<b>Plan 2009</b>	<b>Actual 2008</b>
<b>Revenue</b>	169,683	164,008	164,920	520,084	516,889
<b>Purchased Power</b>	127,330	122,565	122,474	340,582	336,658
<b>Contribution</b>	42,353	41,443	42,446	179,502	180,231
<b>Operating Expenses</b>	13,082	13,464	12,942	49,122	47,132
<b>Pension and Early Retirement Program Costs</b>	624	201	787	771	3,040
<b>Amortization</b>	10,051	10,015	9,276	41,639	40,649
<b>Amortization True-Up Deferral</b>	966	966	891	3,860	3,862
<b>Finance Charges</b>	8,206	8,512	8,520	34,230	33,507
<b>Earnings Before Income Taxes</b>	9,424	8,285	10,030	49,880	52,041
<b>Income Taxes</b>	3,110	2,735	3,691	16,466	19,146
<b>Net Earnings</b>	6,314	5,550	6,339	33,414	32,895
<b>Dividends on Preference Shares</b>	147	148	114	586	554
<b>Earnings Applicable to Common Shares</b>	<b>6,167</b>	<b>5,402</b>	<b>6,225</b>	<b>32,828</b>	<b>32,341</b>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Balance, Beginning of the Period</b>	303,417	286,350
Net Earnings	6,314	6,339
<b>Dividends</b>		
Preference Shares	(147)	(114)
Common Shares	(6,294)	(3,818)
<b>Balance, End of the Period</b>	<u><u><b>303,290</b></u></u>	<u><u><b>288,757</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>2009</b>	<b>2008 <sup>1</sup></b>
<b>Cash From (Used In) Operating Activities</b>		
Net earnings	6,314	6,339
Items not affecting cash:		
Amortization of capital assets	9,328	8,501
Amortization of intangibles and other	782	850
Change in regulatory assets and liabilities	96	1,014
Future income taxes	134	251
Employee future benefits	(1,238)	(2,293)
Change in non-cash working capital	(25,950)	(17,965)
	<u>(10,534)</u>	<u>(3,303)</u>
<b>Cash From (Used In) Investing Activities</b>		
Capital expenditures (net of salvage)	(13,052)	(12,861)
Intangible expenditures	(433)	(398)
Contributions in aid of construction	696	279
Other	(116)	89
	<u>(12,905)</u>	<u>(12,891)</u>
<b>Cash From (Used In) Financing Activities</b>		
Net proceeds from committed credit facility	29,500	20,000
Dividends		
Preference shares	(147)	(114)
Common shares	(6,294)	(3,818)
	<u>23,059</u>	<u>16,068</u>
<b>Decrease in Cash</b>	(380)	(126)
<b>Cash, Beginning of the Period</b>	<u>619</u>	<u>1,067</u>
<b>Cash, End of the Period</b>	<u><b>239</b></u>	<u><b>941</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended March 31</b>			
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2008</b></u>
<b>Sales (GWh)</b>			
Actual	1,735.7	1,707.8	5,115.2
Weather adjusted	1,762.9	1,716.2	5,208.2
Plan <sup>1</sup>	1,711.6		
<b>Produced &amp; Purchased (GWh)</b>			
Actual	1,849.1	1,819.7	5,415.6
Weather adjusted	1,878.0	1,828.5	5,513.8
Plan <sup>1</sup>	1,823.3		
<b>Hydro Production (GWh)</b>			
Actual	120.8	134.5	454.3

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

<b>NEWFOUNDLAND POWER INC.</b> <b>STATEMENTS OF ELECTRICITY SOLD (GWh)</b> <b>For The Periods Ended March 31</b>  <b>WEATHER ADJUSTED</b>					
BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	1,139.2	1,100.8	1,100.6	3,135.2	3,130.3
<b>Commercial</b>					
0-10 kW	28.2	27.2	28.3	88.7	88.8
10-100 kW	203.4	204.3	205.7	657.3	641.8
110-1000 kVA	268.8	264.4	263.5	902.2	878.5
1000 kVA and Over	113.1	104.8	107.9	424.6	432.3
<b>Total Commercial</b>	613.5	600.7	605.4	2,072.8	2,041.4
<b>Street Lighting</b>	10.2	10.1	10.2	36.5	36.5
<b>Total Sales</b>	<u><b>1,762.9</b></u>	<u><b>1,711.6</b></u>	<u><b>1,716.2</b></u>	<u><b>5,244.5</b></u>	<u><b>5,208.2</b></u>
<b>BY REGION</b>					
Eastern <sup>2</sup>	1,238.6	1,207.6	1,208.4	3,692.7	3,659.5
Western <sup>3</sup>	524.3	504.0	507.8	1,551.8	1,548.7
<b>Total Sales</b>	<u><b>1,762.9</b></u>	<u><b>1,711.6</b></u>	<u><b>1,716.2</b></u>	<u><b>5,244.5</b></u>	<u><b>5,208.2</b></u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarendville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended March 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	105,949	102,810	102,896	303,405	302,916
<b>Commercial</b>					
0-10 kW	3,546	3,431	3,573	11,652	11,742
10-100 kW	19,417	19,607	19,728	64,699	63,129
110-1000 kVA	22,195	21,860	21,801	75,000	72,997
1000 kVA and Over	8,283	7,648	7,925	30,242	31,208
<b>Total Commercial</b>	53,441	52,546	53,027	181,593	179,076
Street Lighting	3,218	3,204	3,180	12,839	12,722
Forfeited Discounts	981	953	940	2,846	2,646
<b>Revenue From Rates</b>	<b>163,589</b>	<b>159,513</b>	<b>160,043</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	1,659	(100)	69	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	(224)	-	(560)
<b>Amortizations <sup>4</sup></b>					
2005 Unbilled Income Tax Settlement	-	-	596	-	2,592
2005 Unbilled Remaining Balance	1,155	1,155	1,067	4,618	4,618
<b>Total Reported Revenue</b>	<b>166,403</b>	<b>160,568</b>	<b>161,551</b>	<b>506,305</b>	<b>503,622</b>
Other Revenue	3,280	3,440	3,369	13,779	13,267
<b>Total Operating Revenue</b>	<b>169,683</b>	<b>164,008</b>	<b>164,920</b>	<b>520,084</b>	<b>516,889</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective July 1, 2008 as approved by Orders No. P.U. 35(2008).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended March 31**  
**(\$000s)**

	FIRST QUARTER			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>REVENUE FROM ELECTRICITY SALES</b>					
Actual	161,409	159,513	159,367	500,683	489,785
Degree Day & Wind Adjustment	2,180	-	676	-	7,575
<b>Weather Adjusted</b>	<b>163,589</b>	<b>159,513</b>	<b>160,043</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	1,659	(100)	69	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	(224)	-	(560)
<b>Amortizations<sup>4</sup></b>					
2005 Unbilled Income Tax Settlement	-	-	596	-	2,592
2005 Unbilled Remaining Balance	1,155	1,155	1,067	4,618	4,618
<b>Total Reported Revenue</b>	<b>166,403</b>	<b>160,568</b>	<b>161,551</b>	<b>506,305</b>	<b>503,622</b>
<b>PURCHASED POWER EXPENSE</b>					
Actual	123,910	122,064	119,583	338,572	321,557
Degree Day & Wind Adjustment	2,540		776	-	8,652
Hydro Equalization Adjustment	382		1,651	-	3,797
<b>Purchased Power Weather Adjusted</b>	<b>126,832</b>	<b>122,064</b>	<b>122,010</b>	<b>338,572</b>	<b>334,006</b>
Demand Management Incentive Account <sup>5</sup>	-		-	-	641
<b>Amortizations<sup>6</sup></b>					
Rattling Brook Deferral	150	150	138	597	598
PPUCVR Balance at Dec 31, 2006	(174)	(171)	(159)	(688)	(688)
Weather Normalization Reserve	522	522	485	2,101	2,101
<b>Weather Adjusted</b>	<b>127,330</b>	<b>122,565</b>	<b>122,474</b>	<b>340,582</b>	<b>336,658</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective July 1, 2008 as approved by Orders No. P.U. 35(2008).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

<sup>5</sup> Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

<sup>6</sup> Amortizations for 2008 as approved in Order No. P.U. 32(2007).



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2009</b>	<b>Plan 2009</b>	<b>Actual 2008</b>	<b>Plan 2009</b>	<b>Actual 2008</b>
<b>Other Revenue</b>					
<b>Joint Use Revenue</b>					
Aliant	1,745	1,788	1,696	7,152	6,981
CATV	502	483	470	1,945	1,880
Total Joint Use Revenue	2,247	2,271	2,166	9,097	8,861
<b>Miscellaneous</b>					
Customer Jobbing	98	102	114	568	434
Rental Income	-	5	10	20	26
Municipal Tax Liability <sup>1</sup>	342	341	314	1,362	1,362
Interest - Customer Accounts	266	365	380	1,358	1,155
Interest - RSA	50	28	37	56	116
Interest - CIAC	27	24	26	100	108
Interest - Other	33	39	35	150	135
Reconnections	6	11	8	73	84
NSF Cheque Charges	10	6	11	20	38
Wheeling Charges	160	173	156	613	615
Miscellaneous	(7)	25	61	100	65
Service Connection Fees	48	50	51	262	268
Total Miscellaneous	1,033	1,169	1,203	4,682	4,406
<b>Total Other Revenue</b>	<b>3,280</b>	<b>3,440</b>	<b>3,369</b>	<b>13,779</b>	<b>13,267</b>
<b>Finance Charges</b>					
Interest on Long-term Debt	8,015	8,015	8,106	31,971	32,334
Interest on Long-term Committed Credit Facility	192	507	379	2,444	1,445
Interest on Short-term Uncommitted Demand Facility	1	-	1	-	11
Amortization of Deferred Debt Issue Costs	49	44	59	177	236
Amortization of Capital Stock Issue Expenses	9	9	16	38	62
Interest on Security Deposits	5	-	12	-	37
Allowance For Funds Used During Construction (AFUDC)	(65)	(63)	(53)	(400)	(618)
<b>Total Finance Charges</b>	<b>8,206</b>	<b>8,512</b>	<b>8,520</b>	<b>34,230</b>	<b>33,507</b>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At March 31</b>				
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2009</b>	<b>Actual 2008</b>	<b>Plan 2009</b>	<b>Actual 2008</b>
<b>Customers</b>	236,590	233,236	237,723	235,778
<b>Employees <sup>1</sup></b>				
Regular	559	547	562	551
Temporary	79	65	76	77
<b>Total</b>	638	612	638	628

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended March 31</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2009 #	2008 #	2009 #	2008 #		2009 HOURS	2008 HOURS	2009 HOURS	2008 HOURS	
St. John's	0.75	0.73	2.32	3.03	2.42	0.87	0.73	2.10	3.47	2.42
Avalon	0.61	0.44	1.95	2.53	2.08	0.69	0.61	1.89	3.93	3.06
Burin	0.87	0.73	3.96	3.88	5.05	1.53	1.39	4.30	3.62	4.45
Bonavista	0.43	1.13	5.55	6.73	5.27	0.63	0.92	6.80	41.10	12.71
Gander	1.02	0.22	4.76	2.32	4.48	1.21	0.38	5.43	5.73	6.11
Grand Falls	0.94	0.32	3.06	2.11	3.14	0.44	0.23	3.42	2.36	4.64
Corner Brook	0.45	0.57	1.84	4.09	2.49	0.56	0.41	2.63	4.44	2.90
Stephenville	1.17	1.12	4.65	3.35	4.57	1.30	0.80	3.03	3.65	4.45
<b>Company Totals</b>	<b>0.75</b>	<b>0.65</b>	<b>2.94</b>	<b>3.23</b>	<b>3.07</b>	<b>0.85</b>	<b>0.66</b>	<b>2.99</b>	<b>6.27</b>	<b>3.98</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2009 #	2008 #	2009 #	2008 #	
Loss of Supply (NF Hydro)	0.12	0.17	0.41	0.82	0.53
Transmission	0.07	0.07	0.82	0.80	0.87
Distribution	0.56	0.41	1.71	1.61	1.67
<b>Company Totals</b>	<b>0.75</b>	<b>0.65</b>	<b>2.94</b>	<b>3.23</b>	<b>3.07</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2009 HOURS	2008 HOURS	2009 HOURS	2008 HOURS	
Loss of Supply (NF Hydro)	0.05	0.06	0.11	0.56	0.23
Transmission	0.09	0.03	0.72	0.79	0.84
Distribution	0.71	0.57	2.16	4.92	2.91
<b>Company Totals</b>	<b>0.85</b>	<b>0.66</b>	<b>2.99</b>	<b>6.27</b>	<b>3.98</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>First Quarter 2009</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.07	0.02	0.68	0.85	0.75	0.87
Avalon	0.02	0.01	0.59	0.67	0.61	0.68
Burin	0.35	0.38	0.52	1.16	0.87	1.54
Bonavista	0.21	0.22	0.21	0.41	0.42	0.63
Gander	0.62	0.89	0.40	0.33	1.02	1.22
Grand Falls	0.23	0.22	0.71	0.22	0.94	0.44
Corner Brook	0.10	0.05	0.35	0.51	0.45	0.56
Stephenville	0.70	0.85	0.47	0.46	1.17	1.31
<b>Company Totals</b>	<b>0.19</b>	<b>0.20</b>	<b>0.56</b>	<b>0.65</b>	<b>0.75</b>	<b>0.85</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended March 31, 2009**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and indicates the portion of the annual capital budget remaining to be expended (difference between annual budget and current quarter actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended March 31, 2009**  
**(\$000s)**

	BUDGET	EXPENDITURE <sup>1</sup>	
	Approved by Order No. P.U. 27 (2008)	First Quarter	Unexpended Balance
Generation Hydro	8,899	414	8,485
Generation Thermal	100	17	83
Substations	7,172	1,466	5,706
Transmission	4,507	265	4,242
Distribution	30,178	7,678	22,500
General Property	835	126	709
Transportation	2,255	468	1,787
Telecommunications	350	82	268
Information Systems	3,725	1,074	2,651
Unforeseen Items	750	-	750
General Expenses Capital	2,800	829	1,971
TOTAL	61,571	12,419	49,152

Leasing Arrangements Entered Into			
Brief description	Period	Annual Cost	Quarterly Payments
Postage Meters	3 Years	\$10,000	\$2,500

<sup>1</sup> Excludes capital expenditures of approximately \$66,000 related to prior years capital projects carried forward into 2009.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended March 31, 2009**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and the same period last year, as well as comparable annual charges for the previous year.
2. The second section breaks down the charges *from* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
3. The third section breaks down the charges *to* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended March 31, 2009**

**Charges from Associated Companies**

	First Quarter 2009	First Quarter 2008	Annual 2008
<u>Regulated Charges</u>			
Listing & Filing Fees	\$ -	\$ -	\$ -
Trustee & Share Plan Costs	10,000	8,000	34,000
Hotel/Banquet Facilities	4,380	8,340	52,171
Staff Charges <sup>1</sup>	12,000	-	-
Joint-use Pole Purchases	1,337	10,134	108,942
Miscellaneous	26,744	18,616	68,978
Sub-total	\$ 54,461	\$ 45,090	\$ 264,091
 <u>Non-Regulated Charges</u>	 First Quarter 2009	 First Quarter 2008	 Annual 2008
Directors' Fees & Travel	\$ 43,000	\$ 56,000	\$ 112,000
Annual & Quarterly Reports	28,000	31,000	96,000
Staff Charges	50,000	24,000	120,000
Miscellaneous	61,000	47,000	590,057
Sub-total	\$ 182,000	\$ 158,000	\$ 918,057
 TOTAL	 \$ 236,461	 \$ 203,090	 \$ 1,182,148

**Charges to Associated Companies**

	First Quarter 2009	First Quarter 2008	Annual 2008
Printing & Stationery	\$ 237	\$ 411	\$ 1,216
Postage	5,714	5,422	19,907
Staff Charges	144,380	121,748	1,057,284
Staff Charges - Insurance	68,811	49,557	229,330
IS Charges	-	-	31,192
Pole Installations	3,305	3,470	19,295
Miscellaneous	3,485	4,634	154,799
 TOTAL	 \$ 225,932	 \$ 185,242	 \$ 1,513,023

<sup>1</sup> Short-term Incentive payment for Jan - Jun 2008 for employee transferred to Fortis Properties in July 2008.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended March 31, 2009**

	<u><b>First Quarter 2009</b></u>			<u><b>First Quarter 2008</b></u>			<u><b>Annual 2008</b></u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Listing & Filing Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Directors' Fees & Travel	-	43,000	43,000	-	56,000	56,000	-	112,000	112,000
Annual & Quarterly Reports	-	28,000	28,000	-	31,000	31,000	-	96,000	96,000
Trustee & Share Plan Costs	10,000	-	10,000	8,000	-	8,000	34,000	-	34,000
Staff Charges	-	50,000	50,000	-	24,000	24,000	-	120,000	120,000
Joint-use Pole Purchases <sup>1</sup>	1,337	-	1,337	10,134	-	10,134	108,942	-	108,942
Miscellaneous	21,973	61,000	82,973	2,000	47,000	49,000	27,783	590,057	617,840
Total	<u>\$ 33,310</u>	<u>\$ 182,000</u>	<u>\$ 215,310</u>	<u>\$ 20,134</u>	<u>\$ 158,000</u>	<u>\$ 178,134</u>	<u>\$ 170,725</u>	<u>\$ 918,057</u>	<u>\$ 1,088,782</u>
<b>Fortis Properties Corporation</b>									
Staff Charges	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	4,380	-	4,380	8,340	-	8,340	52,171	-	52,171
Miscellaneous	-	-	-	5,569	-	5,569	5,569	-	5,569
Total	<u>\$ 16,380</u>	<u>\$ -</u>	<u>\$ 16,380</u>	<u>\$ 13,909</u>	<u>\$ -</u>	<u>\$ 13,909</u>	<u>\$ 57,740</u>	<u>\$ -</u>	<u>\$ 57,740</u>
<b>Maritime Electric Co. Ltd.</b>									
Miscellaneous	\$ 2,636	\$ -	\$ 2,636	\$ -	\$ -	\$ -	\$ 2,497	\$ -	\$ 2,497
Total	<u>\$ 2,636</u>	<u>\$ -</u>	<u>\$ 2,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 2,497</u>
<b>FortisOntario Inc.</b>									
Miscellaneous	\$ -	\$ -	\$ -	\$ 5,972	\$ -	\$ 5,972	\$ 9,172	\$ -	\$ 9,172
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,972</u>	<u>\$ -</u>	<u>\$ 5,972</u>	<u>\$ 9,172</u>	<u>\$ -</u>	<u>\$ 9,172</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 2,135	\$ -	\$ 2,135	\$ 5,075	\$ -	\$ 5,075	\$ 23,957	\$ -	\$ 23,957
Total	<u>\$ 2,135</u>	<u>\$ -</u>	<u>\$ 2,135</u>	<u>\$ 5,075</u>	<u>\$ -</u>	<u>\$ 5,075</u>	<u>\$ 23,957</u>	<u>\$ -</u>	<u>\$ 23,957</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2009**

	<b>First Quarter 2009</b>	<b>First Quarter 2008</b>	<b>Annual 2008</b>
<b>Fortis Inc. <sup>1</sup></b>			
Printing & Stationery	\$ -	\$ 55	\$ 135
Postage	5,714	5,422	19,907
Staff Charges	74,043	62,233	324,686
Staff Charges - Insurance	55,385	26,220	148,679
IS Charges	-	-	8,971
Pole Installations	3,305	3,470	19,295
Miscellaneous	437	2,119	6,056
Total	<u>\$ 138,884</u>	<u>\$ 99,519</u>	<u>\$ 527,729</u>
<b>Fortis Properties Corporation</b>			
Printing & Stationery	\$ 237	\$ 356	\$ 1,081
Staff Charges - Insurance	6,753	2,878	26,905
IS Charges	-	-	4,432
Miscellaneous	601	1,280	6,301
Total	<u>\$ 7,591</u>	<u>\$ 4,514</u>	<u>\$ 38,719</u>
<b>Maritime Electric Company, Limited</b>			
Staff Charges	\$ 347	\$ 2,170	\$ 6,036
Staff Charges - Insurance	437	51	5,834
IS Charges	-	-	2,424
Miscellaneous	101	81	1,081
Total	<u>\$ 885</u>	<u>\$ 2,302</u>	<u>\$ 15,375</u>
<b>FortisOntario Inc.</b>			
Staff Charges - Insurance	\$ 134	\$ 459	\$ 4,638
IS Charges	-	-	2,424
Miscellaneous	3	-	850
Total	<u>\$ 137</u>	<u>\$ 459</u>	<u>\$ 7,912</u>
<b>Fortis US Energy Corporation</b>			
Staff Charges - Insurance	\$ -	\$ -	\$ 2,424
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,424</u>
<b>Belize Electric Company Limited</b>			
Staff Charges	\$ 22,070	\$ 31,847	\$ 89,390
Staff Charges - Insurance	810	592	1,996
Total	<u>\$ 22,880</u>	<u>\$ 32,439</u>	<u>\$ 91,386</u>

<sup>1</sup> In prior reports, Fortis Inc. included charges to Terasen Gas Inc., Caribbean Utilities Co. Limited, and Fortis Turks and Caicos. Charges to these companies are now shown separately in the report. As result of this change charges to Fortis Inc. in 2008 have been restated.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2009**

	<b>First Quarter 2009</b>	<b>First Quarter 2008</b>	<b>Annual 2008</b>
<b>Belize Electricity Limited</b>			
Staff Charges	\$ 889	\$ 8,072	\$ 23,173
Staff Charges - Insurance	2,376	395	661
IS Charges	-	-	4,240
Miscellaneous	201	421	19,564
Total	<u>\$ 3,466</u>	<u>\$ 8,888</u>	<u>\$ 47,638</u>
<b>FortisAlberta Inc.</b>			
Staff Charges	\$ -	\$ 10,969	\$ 152,837
Staff Charges - Insurance	432	3,545	7,361
IS Charges	-	-	391
Miscellaneous	551	487	18,180
Total	<u>\$ 983</u>	<u>\$ 15,001</u>	<u>\$ 178,769</u>
<b>FortisBC Inc.</b>			
Staff Charges - Insurance	\$ 216	\$ 4,274	\$ 9,344
IS Charges	-	-	8,310
Miscellaneous	225	162	3,362
Total	<u>\$ 441</u>	<u>\$ 4,436</u>	<u>\$ 21,016</u>
<b>Terasen Gas Inc.</b>			
Staff Charges	\$ -	\$ -	\$ 216
Staff Charges - Insurance	-	9,170	12,485
Miscellaneous	420	3	134
Total	<u>\$ 420</u>	<u>\$ 9,173</u>	<u>\$ 12,835</u>
<b>Caribbean Utilities Co. Limited</b>			
Staff Charges - Insurance	\$ 108	\$ 355	\$ 1,167
Miscellaneous	101	81	81
Total	<u>\$ 209</u>	<u>\$ 436</u>	<u>\$ 1,248</u>
<b>Fortis Turks and Caicos</b>			
Staff Charges	\$ 47,031	\$ 6,457	\$ 460,946
Staff Charges - Insurance	2,160	1,618	7,836
IS Charges	-	-	-
Miscellaneous	845	-	99,190
Total	<u>\$ 50,036</u>	<u>\$ 8,075</u>	<u>\$ 567,972</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended March 31, 2009**

No loans or agreements with related companies were entered into during the quarter ending March 31, 2009.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending March 31, 2009**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - First Quarter**

The total number of damage claims received during the first quarter of 2009 has increased in comparison to the number of claims received during the same period in 2008. The increase is found primarily in the Miscellaneous and Improper Workmanship categories.

The number of claims outstanding from the last quarter has been reduced by three. Two claims, originally reported in the Equipment Failure category in Eastern Region, and one claim in the Third Party category in Western Region were withdrawn by customers. The new total of outstanding claims is 9, down from 12 as reported in the summary for the quarter ending December 2008.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending March 31, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	4	-	4	1	\$ 200	\$ 200	-	\$ -	3	\$ 1,245
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	14	1	15	10	18,631	8,870	-	-	5	8,650
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	35	6	41	34	32,426	24,144	-	-	7	8,700
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	20	2	22	16	10,508	7,338	-	-	6	45,447
Total	<u>73</u>	<u>9</u>	<u>82</u>	<u>61</u>	<u>\$ 61,765</u>	<u>\$ 40,552</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 64,042</u>

**For the Quarter Ending March 31, 2008**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	3	1	4	1	\$ 112	\$ 112	-	\$ -	3	\$ 670
Power Interruptions	1	-	1	1	50	50	-	-	-	-
Improper Workmanship	4	4	8	6	9,074	8,394	-	-	2	18,796
Weather Related	-	2	2	2	4,285	4,285	-	-	-	-
Equipment Failure	43	6	49	34	53,831	31,350	-	-	15	15,350
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6	2	8	6	41,405	21,405	-	-	2	14,500
Total	<u>57</u>	<u>15</u>	<u>72</u>	<u>50</u>	<u>\$ 108,757</u>	<u>\$ 65,596</u>	<u>-</u>	<u>\$ -</u>	<u>22</u>	<u>\$ 49,316</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending March 31, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	46	4	50	31	\$ 42,547	\$ 21,334	-	\$ -	19	\$ 62,042
Western Region	27	5	32	30	19,218	19,218	-	-	2	2,000
Total	<u>73</u>	<u>9</u>	<u>82</u>	<u>61</u>	<u>\$ 61,765</u>	<u>\$ 40,552</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 64,042</u>

**For the Quarter Ending March 31, 2008**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	46	12	58	39	\$ 103,127	\$ 60,668	-	\$ -	19	\$ 45,416
Western Region	11	3	14	11	5,630	4,928	-	-	3	3,900
Total	<u>57</u>	<u>15</u>	<u>72</u>	<u>50</u>	<u>\$ 108,757</u>	<u>\$ 65,596</u>	<u>-</u>	<u>\$ -</u>	<u>22</u>	<u>\$ 49,316</u>



## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

**NEWFOUNDLAND POWER INC.**

**CONTRIBUTION IN AID OF CONSTRUCTION  
QUARTERLY ACTIVITY REPORT**

**For the Period Ended March 31, 2009**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the first quarter of 2009. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted			CIACs Disposition		
	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	10	9	19	6	1	12
- Outside Planning Area	11	29	40	8	12	20
	21	38	59	14	13	32
General Service	19	9	28	15	9	4
Total	40	47	87	29	22	36

The tables on Page 2 and 3 of the report provide specific information for the 40 CIACs quoted to customers during the period January 1, 2009 to March 31, 2009. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>						
2/20/2009	Gillingham, Edgar	Broad Cove	2009-20-106	2,225.00	4,350.00	
1/29/2009	Grandy, Shawn	Garnish	2009-31-100	1,900.00	4,025.00	Yes
1/12/2009	Green, Sam	Port de Grave	2009-20-101	5,377.70	7,502.70	
1/26/2009	Harter, Christine	Brigus South	2009-10-107	3,399.10	5,524.10	Yes
1/15/2009	Hawkins, Donald	Cape Broyle	2009-10-105	3,045.00	5,670.00	
3/18/2009	Hynes, Eric	Ferryland	2008-10-146	3,375.00	5,875.00	
2/17/2009	Lynch, Renee	Bay Bulls	2009-10-112	1,275.00	3,900.00	
1/13/2009	Madden, Danny	Maddox Cove	2009-10-102	30,073.00	53,448.00	Yes
2/16/2009	Penney, Rod & Geraldine	Terra Nova	2009-41-101	1,399.10	3,524.10	Yes
3/23/2009	Whyte, Gregory	Lewins Cove	2009-31-102	850.00	2,975.00	Yes
<b>DOMESTIC (outside Residential Planning Area)</b>						
3/30/2009	Budden, Paul	Horse Chops Road Cottage Area	2009-10-116	12,581.50	15,081.50	Yes
3/27/2009	Ford, Adolphus	Lower Bread & Cheese Cove Cottage Area	2009-40-103	19,764.71	25,483.88	
3/23/2009	Harding, William	Cape Pond Road Cottage Area	2008-10-162	1,455.01	2,080.01	
2/27/2009	Hayward, William	Hodderville	2009-30-100	7,982.50	8,607.50	
2/25/2009	Henley, Donna	Skibereen Road (Holyrood) Cottage Area	2009-20-103	57,670.00	65,670.00	
2/20/2009	Howlett, Jerome	Mobile First Pond Cottage Area	2008-10-168	2,149.14	2,774.14	
2/12/2009	Jones, Arthur	Loon Bay	2008-40-135	3,280.73	4,270.18	
2/2/2009	Moss, Don	Butt's Pond West Cottage Area	2009-41-100	57,100.00	67,100.00	
2/2/2009	Petras, Anna	North Harbour Cottage Area	2009-20-111	48,285.50	59,660.50	
1/9/2009	Rogers, Darryl	Lawn Cottage Area	2009-31-101	25,200.00	31,200.00	
1/8/2009	Young, Trevor	Belbin's Pond Cottage Area	2009-20-100	3,545.06	4,171.06	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>GENERAL SERVICE</b>						
1/29/2009	Bishop's Roadworks Inc.	Goulds (asphalt contractor)	2008-10-174	1,050.00	3,175.00	Yes
2/9/2009	City of St. John's	Robin Hood Bay (gas extraction facility)	2008-10-159	70,356.94	80,256.94	Yes
1/15/2009	CMH Construction Ltd.	Mount Pearl (office/warehouse facility)	2009-10-106	310.00	9,925.00	Yes
1/28/2009	Dept. Transportation & Works	Port aux Basques (highway camera)	2009-51-100	13,525.00	15,650.00	Yes
1/15/2009	Dept. Transportation & Works	Outer-Ring Road (weigh scales)	2008-10-176	25,350.00	27,475.00	Yes
1/15/2009	Dept. Transportation & Works	CBS Access Road (weigh scales)	2008-10-175	17,325.00	19,450.00	Yes
2/5/2009	Ev-Cor Enterprises Ltd.	Northern Arm (woodworking facility)	2009-40-101	6,795.00	10,295.00	
1/7/2009	Hickman Motors Ltd.	St. John's (storage/warehouse facility)	2008-10-167	2,614.00	9,680.00	Yes
2/6/2009	JFT Enterprises Ltd.	Mount Arlington Heights (welding shop)	2009-20-104	42,142.00	56,756.00	
2/5/2009	Jumping Bean Coffee	Paradise (coffee shop)	2008-10-177	2,240.00	9,400.00	Yes
1/15/2009	Jumping Bean Coffee	Paradise (coffee shop)	2008-10-160	4,351.40	5,820.00	
2/6/2009	Long Range Development Board	Robinsons (regional three-phase upgrade)	2009-51-101	203,332.39	203,332.39	Yes
3/23/2009	Magna Contracting Ltd.	Foxtrap (office building)	2009-10-124	3,522.00	6,282.00	
3/23/2009	Sliding K Ranch	Seal Cove, Conception Bay (livestock farm)	2009-10-119	3,050.00	5,550.00	Yes
3/20/2009	Steele Communications Inc.	Corner Brook (radio transmitter)	2009-50-101	11,331.00	12,189.00	
3/17/2009	Stillwater Amusements Ltd.	Hopeall (recreation park)	2009-20-109	2,500.00	4,625.00	Yes
3/19/2009	Twin Cabinets Ltd.	Bloomfield (woodworking facility)	2008-30-125	685.00	9,554.00	Yes
1/27/2009	Tyson Properties	Mount Pearl (office building)	2009-10-113	940.00	10,450.00	Yes
1/16/2009	Tyson Properties	Mount Pearl (office building)	2009-10-101	240.00	9,890.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
June 30, 2009***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**June 30, 2009**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

### Table of Contents

1. Highlights .....	2
2. Customer Service .....	3
3. System Performance .....	6
4. Financial Matters .....	8
5. Capital Program .....	10
6. Safety .....	11
7. Environment .....	13
8. Community .....	14
 <b>Financial Statements</b>	
Balance Sheets .....	15
Statements of Earnings .....	16
Statements of Retained Earnings .....	17
Statements of Cashflows .....	18
 <b>Appendices</b>	
A Electricity Statistics .....	19
B Statements of Electricity Sold (GWh) .....	20
C Statements of Revenue .....	21
D Summary of Weather Adjustments .....	22
E Statements of Earnings – Detail .....	23
F Customer and Employee Statistics .....	24
G Service Continuity Performance .....	25

### 1. Highlights

	Highlights			
	2 <sup>nd</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Customer Satisfaction (%)	90	89	91	89
Electricity Delivery <sup>1</sup>				
Electricity Sales (GWh)	1,177.2	1,206.3	1,183.0	5,244.5
Peak Demand (MW) <sup>2</sup>	1,237.1	1,234.5	1,188.0	1,234.5
Customer Minutes of Outage <sup>3</sup>	5.7	7.5	7.1	37.6
Employee Injuries <sup>4</sup>	2	3	4	12
Revenue (\$millions)	118.1	121.1	118.9	520.1
Earnings (\$millions) <sup>5</sup>	10.7	11.2	10.1	32.8

- ≈ 2<sup>nd</sup> quarter customer satisfaction was 90%.
- ≈ 2<sup>nd</sup> quarter reliability performance was good.
- ≈ 2<sup>nd</sup> quarter sales lower than plan.
- ≈ Safety performance better than plan and last year.
- ≈ 2<sup>nd</sup> quarter earnings below plan.
- ≈ Energy conservation programs launched during the 2<sup>nd</sup> quarter.
- ≈ 2010 General Rate Application filed with Public Utilities Board ("PUB").
- ≈ 2010 Capital Budget Application filed with PUB.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2008/2009 winter period occurred on January 27<sup>th</sup>, 2009 at 8:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Total lost time and medical aid incidents.

<sup>5</sup> Earnings applicable to common shares.



## 2. Customer Service

Customer Service Performance (%)					
	Year to Date			Annual	
	Actual 2009	Plan 2009	Actual 2008		Plan 2009
Customer Satisfaction	90	89	89		89
First Call Resolution <sup>1</sup>	89	88	88		88
Service Level <sup>2</sup>	79	80	81		80
Trouble Call Response <sup>3</sup>	93	85	88		85

<sup>1</sup> Percent of customer calls resolved on first contact.

<sup>2</sup> Percent of customer calls answered within 40 seconds.

<sup>3</sup> Percent of trouble call response within two hours.

### Customer Service Performance

Second quarter customer satisfaction was higher than plan at 90%. Overall customer service performance for the quarter was good.

### Energy Conservation

During the 2<sup>nd</sup> quarter, four conservation programs were launched in partnership with Newfoundland & Labrador Hydro; Residential Insulation, Thermostats and ENERGY STAR® Windows, and Commercial Lighting.

The residential programs were launched on June 11<sup>th</sup> with customer and media events at building supply outlets across the province. More than 150 retailers were provided with in-store promotion materials. Radio, newspaper and online advertising encouraged customers to visit the enhanced takeCHARGE website, contact the Company or visit a building supply retailer for information.



*Dena Senior, Engineer, Bernice Whalen, Customer Service Coordinator, and Kingsley Gifford, Engineer, at the Stephenville takeCHARGE Program launch.*

The Commercial Lighting program was launched on June 29<sup>th</sup> following distributor training sessions held in St. John's, Grand Falls and Corner Brook. All five lighting distributors in the province are participating in the program.

The Customer Service System was enhanced to process conservation program rebates and track program results. The system enhancements provide a better display of the rebate on customers' electricity bills, and allows the Company to track energy and demand results for each program, participant numbers, and incentives paid.

During the 2<sup>nd</sup> quarter, a Business Analyst and a Marketing Specialist were added to the energy conservation team and five Contact Centre employees were trained as "Energy Representatives". Energy efficiency calls to the Contact Centre are now automatically routed to the Energy Representatives.

During the quarter, Newfoundland Power participated in a number of community outreach events focused on conservation. These events included the Canadian Homebuilders Association Eastern Newfoundland Home Show, the Exploits Regional Chamber of Commerce "Expo 2009", and the Building Owners and Managers Association's annual gala and awards dinner.

### Customer Service Improvements

During the 2<sup>nd</sup> quarter, eBill customers were provided an opportunity to receive all future customer letters and notices electronically. Approximately 93% of eBill customers chose the electronic option.



*John Hogan, Area Customer Representative, helps a customer at the Gander takeCHARGE launch.*

All inbound calls to the Contact Centre are now being recorded. The recordings are used primarily to assist coaching of Customer Account Representatives on the service they provide. The recordings have also assisted in reviews of communications with individual customers.

### Customer Rates

Effective July 1, 2009, there was an overall average decrease in electricity rates charged to customers of approximately 6.6 per cent. The decrease is a result of the annual operation of the Rate Stabilization Account.

### Retail Rate Review

In accordance with the 2008 GRA Settlement Agreement, Newfoundland Power is conducting an evaluation of its existing rate designs and a review of alternative rate designs to determine their appropriateness for billing customers (the "Retail Rate Review"). The final Rate Design Report was submitted to the Board on January 28, 2009.

During the March-April period, customer feedback was obtained on the alternative rate designs under consideration. A Customer Feedback Report was filed with the Board on June 19, 2009.

Before any rate design changes are finalized, the Rate Design Report is to be assessed at a Technical Conference involving all interested stakeholders, as recommended in the Settlement Agreement. The objective of the Technical Conference is to examine whether new rate design policies should be used in the design of Newfoundland Power's rate structures for its Domestic and General Service customers. The Company continues to discuss with stakeholders the process and timelines for proceeding with the next stage of the Retail Rate Review process.

### 3. System Performance

#### A. Reliability

	System Reliability <sup>1</sup>		
	Year to Date		Annual
	Actual 2009	Actual 2008	Plan 2009
Customer Minutes of Outage <sup>2</sup>	16.6	15.2	37.6
SAIDI (Outage hours per customer)	1.21	1.13	2.74
SAIFI (Outages per customer)	0.98	0.89	2.37

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

The frequency and duration of outages during the second quarter were lower than that experienced during the second quarter of 2008. Customers experienced 5.7 million minutes of outages in the second quarter of 2009, compared to 7.1 million in the same quarter of 2008.

Both SAIDI and SAIFI attributed to unscheduled outages were the lowest ever recorded during a second quarter. During the 2<sup>nd</sup> quarter, unscheduled outages resulted in 3.1 million minutes of customer outages in 2009, a 40% decline compared to 5.2 million minutes in 2008.

The significant unplanned power interruptions during the 2<sup>nd</sup> quarter were:

1. *April 4<sup>th</sup>*: A faulted lightning arrestor caused an outage to 3,227 customers in the Gambo – Wesleyville area for a total of 491,227 customer minutes.
2. *May 26<sup>th</sup>*: Snow buildup on trees caused an outage to 1,406 customers in Grand Falls – Windsor for a total of 216,194 customer minutes.
3. *June 23<sup>rd</sup>*: A broken insulator resulted in an outage to 1,210 customers in the Chamberlains area for a total of 206,910 customer minutes.



*Heavy snow in Grand Falls-Windsor in late May.*

## B. Electricity Supply

	Electricity Supply			Annual	
	2 <sup>nd</sup> Quarter				
	Actual 2009	Plan 2009	Actual 2008		Plan 2009
Energy Purchased (GWh)	1,076.0 <sup>1</sup>	1,133.4	1,105.6 <sup>1</sup>		5,130.6
Peak Demand (MW) <sup>2, 3</sup>	1,237.1	1,234.5	1,188.0		1,234.5
Hydro Plant Production (GWh)	112.0	141.3	150.6		425.9
Plant Availability (%)	95.8	95.5	96.2		95.5

<sup>1</sup> Not weather adjusted.

<sup>2</sup> Weather adjusted.

<sup>3</sup> Peak demand for the 2008/2009 winter period occurred on January 27<sup>th</sup>, 2009 at 8:45 a.m.

Energy purchased during the second quarter was 57.4 GWh lower than plan due to warmer than normal weather conditions and reduced electricity sales, partially offset by lower than normal hydro plant production.

During the 2<sup>nd</sup> quarter, hydro plant production was 29.3 GWh lower than plan and 38.6 GWh lower than the same quarter in 2008. This lower production is reflective of the low snow cover and dry spring experienced. Compared to a normal inflow of 139.4 GWh, total inflows for the 2<sup>nd</sup> quarter were 99.4 GWh.

Hydro plant availability was 95.8% in the second quarter compared to a plan of 95.5%. There were 30 forced outages in the 2<sup>nd</sup> quarter, lower than the 50 experienced in the 2<sup>nd</sup> quarter of 2008. Year to date there have been 77 forced outages compared to 128 during the same period of 2008.

### Mobile River Watershed

On June 25<sup>th</sup>, 2009, the Trial Division of the Supreme Court of Newfoundland and Labrador heard the City of St. John's' application to set aside the ruling of the arbitration panel regarding the Mobile River watershed lease agreement. A ruling from the Court is pending.

#### 4. Financial Matters

Financial Highlights				
	2 <sup>nd</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Revenue (\$millions)	118.1	121.1	118.9	520.1
Purchased Power Costs (\$millions)	69.2	72.0	69.4	340.6
Operating Costs (\$millions) <sup>1</sup>	12.2	12.1	11.9	49.1
Operating Cost per Customer (\$)	111	112	110	215
Earnings (\$millions) <sup>2</sup>	10.7	11.2	10.1	32.8

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Results

Revenue for the 2<sup>nd</sup> quarter of 2009 was \$3.0 million less than plan. Second quarter electricity sales decreased by 0.5% compared to the 2<sup>nd</sup> quarter of 2008. This decrease was composed of a 2.1 per cent decrease in average consumption offset by an increase of 1.6 per cent due to customer growth.

Purchased power costs for the 2<sup>nd</sup> quarter of 2009 were less than plan due to lower than anticipated electricity sales.

Operating costs for the 2<sup>nd</sup> quarter were comparable to plan.

Earnings for the 2<sup>nd</sup> quarter were lower than plan. This primarily reflects lower electricity sales and higher pension costs.

Earnings for the 2<sup>nd</sup> quarter increased by \$0.6 million compared to the 2<sup>nd</sup> quarter of 2008. The increase was primarily the result of lower amortization costs resulting from a change in the quarterly allocation of amortization costs.



### General Rate Application

On May 28<sup>th</sup>, 2009, the Company filed an application with the PUB proposing an average increase to electricity rates of 6.1% effective January 1<sup>st</sup>, 2010. The public hearing on this application is scheduled to begin October 14<sup>th</sup>, 2009.

### Debt Issue

On May 25<sup>th</sup>, 2009, the Company issued \$65 million 6.606%, first mortgage sinking fund bonds due May 25<sup>th</sup>, 2039. The net proceeds from this issuance were used principally to repay amounts outstanding under the Company's committed credit facility. These amounts were previously borrowed primarily for the Company's capital expenditure program.

### International Financial Reporting Standards ("IFRS")

The International Accounting Standard Board ("IASB") continued with its ongoing special project on rate-regulated operations during the second quarter. The IASB released an *exposure draft* on rate regulated operations on July 23<sup>rd</sup>, 2009. A final standard is currently expected to be published by the IASB in 2010. Currently, it appears that the IASB accepts, in principle, that rate regulation may create assets and liabilities recognizable under IFRS; however, uncertainty exists pending completion of the final standard.

## 5. Capital Program

2009 Capital Expenditures			
	Year to Date		Annual
	Actual	Plan	Plan <sup>1</sup>
Total (\$000s)	29,939	28,944	62,421

<sup>1</sup> Plan includes \$32,000 carryover for Fermeuse wind turbine project and \$1,568,000 for Water Street underground civil work. Annual plan excludes the \$750,000 allowance for unforeseen items, and the recently approved \$710,000 supplemental application to rebuild a power transformer at Kenmount Substation.

### 2009 Capital Expenditure

Year-to-date capital expenditures are higher than plan due principally to increased residential connections.

The following capital projects progressed during the 2<sup>nd</sup> quarter:

- The rebuild of transmission line 111L is proceeding with the section from Port Union to Catalina complete.
- The plant and substation refurbishment at the Rocky Pond hydroelectric facility is on schedule.
- Refurbishment and modernization of the Kingsbridge Substation in St. John's has started with the civil work under way.

On July 27<sup>th</sup>, 2009, the PUB approved a supplemental capital budget application to rebuild one of the two power transformers at the Kenmount Substation at a cost of approximately \$710,000. This unit failed in March.



*Electrical Maintenancepersons Russ Kennedy and Terry Kennedy work on the Kingsbridge Substation refurbishment.*

### 2010 Capital Budget Application

On June 19<sup>th</sup>, 2009, the Company filed an application with the PUB requesting approval for its 2010 capital expenditure plan totalling \$64.7 million.



## 6. Safety

Safety Performance			
	Year to Date		Annual
	Actual 2009	Actual 2008	Plan 2009
Injury Frequency Rate <sup>1</sup>	0.7	2.8	2.2 <sup>2</sup>

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> Based on a 10% improvement over the three-year average from 2006 to 2008.

### Safety Performance

During the second quarter and year to date, there was one medical aid and one lost time injury resulting in 35 days of lost time. The safety results improved over the first half of 2008, during which four medical aid and four lost time injuries occurred, resulting in 369 days of lost time.

There were four preventable vehicle accidents during the quarter bringing the mid-year total to twelve. This compares with ten preventable vehicle accidents recorded in the first half of 2008.

### OHSD Regulation

On April 21<sup>st</sup>, 2009, the Company received a stop work order from the Occupational Health and Safety Division ("OHSD") resulting from an inspection of a Company contractor working in the Beck's Cove area of St. John's. The contractor's employees were observed on the roof of a building without adequate fall protection equipment. Company officials met with the Contractor and the OHSD Officer at the site, at which time the procedures for fall protection were reviewed and implemented. The stop work order was lifted and work proceeded without further incident.

On May 14<sup>th</sup>, 2009, an inspection of two line crews working in Grand Bank was conducted by OHSD. No orders were issued. The OHSD Officer questioned the work procedures being used. After clarification was provided, it was determined that the procedures used by the crews were correct. Subsequently, a communication was sent to employees reminding them of the requirement to use rubber gloves while working on energized low voltage circuits.

### Safety Management

On April 16<sup>th</sup>, 2009, a new internal safety awareness and communication program was introduced, ***Safety... Live It.*** The program challenges employees to become more active in safety at both work and home.

The Company presented its findings on the employee electrical fatality that occurred in October 2008 to the Canadian Electricity Association's OH&S Task Group and safety representatives from Fortis utilities.

North American Occupational Safety and Health Week was celebrated throughout the Company from May 3<sup>rd</sup> to 9<sup>th</sup>. Safety related activities were conducted, including worksite inspections, work observations, safety meetings and safety training. The week also included health and wellness activities such as heart healthy breakfasts, lifestyle/wellness presentations and fitness walks.



*John Curran, Safety & Environmental Specialist, and Maureen Penney, Safety Coordinator, unveil the new internal safety logo.*

During the 2<sup>nd</sup> quarter, training was delivered to approximately 250 employees to increase hazard awareness regarding switching in substations. Additionally, operations staff were provided training on new traffic control procedures.

Three departments achieved significant safety milestones during the second quarter. On April 20<sup>th</sup>, 2009, employees in the Burin Area celebrated seven years without a lost-time injury. As of April 5<sup>th</sup>, 2009, Stephenville employees had worked three years without a lost-time injury. As of June 5<sup>th</sup>, 2009, the Customer Relations Department had worked one year without a lost-time injury or medical aid.

### Public Safety

There were two electrical incidents involving the public during the 2<sup>nd</sup> quarter. On April 17<sup>th</sup>, 2009, an excavator damaged a service wire in Bay Roberts. On June 17<sup>th</sup>, 2009, an employee working for a telecommunications contractor received an electrical sensation upon contacting a telecommunications cable strand wire. No injuries resulted from these incidents.

During the 2<sup>nd</sup> quarter, electrical safety information was presented to fourteen elementary school classes and 100 volunteer fire fighters.

## 7. Environment

Environment Performance				
	Year to Date			Annual
	Actual 2009	Actual 2008		Plan 2009
Number of Oil Spills	37	36		62
Reportable PCB oil spills <sup>1</sup>	1	1		2
Volume of Oil Spills (Litres)	945	490		961

- <sup>1</sup> PCB spills must be reported if any of the following conditions exist:
- All PCB spills that have a concentration of 50 ppm PCBs or more.
  - All PCB spills that exceed one gram of PCBs.
  - All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

The number of spills reported to the end of June 2009 is comparable to the number of spills for the same period in 2008. The volume of spills nearly doubled due to a single spill of 519 litres at Holy Trinity School, Torbay.

### Environmental Management

A new electronic reporting system named "PREVENT" was launched. This system combines and simplifies reporting of spills, employee injuries, vehicle, environmental and near-miss incidents.

Environmental training was provided to 301 employees and 111 contractor employees in the 2<sup>nd</sup> quarter bringing the totals for the year to 326 and 139 respectively.

In late June, a web based Environmental Job Specific Training Module for the Generation group was launched to complement the existing training program.

### 8. Community

#### EnviroFest 2009

More than 5,000 individuals participated in the 12<sup>th</sup> annual *EnviroFest* celebrations. Eight events were held in early June in partnership with the Provincial Government. During *EnviroFest*, individuals and communities were encouraged to **takeCHARGE of their Environment**. *EnviroFest* celebrations included legacy tree planting and beautification projects at Goulds Elementary and Fatima Academy, and in the Towns of St. Bride's, Port Union and Deer Lake.



*Employees and community volunteers undertook a tree planting in Deer Lake.*

#### Motorcycle Ride for Dad

On June 20<sup>th</sup>, 2009, the Company's Kenmount Road parking lot was the site of the start and finish of the Motorcycle Ride for Dad. Bob Pike, Manager, Corporate Relations, is a member of the Ride's Volunteer Executive Team. The event raised approximately \$75,000 for prostate cancer research and education in Newfoundland and Labrador.



*The Company's Kenmount Road parking lot prior to the start of the Motorcycle Ride for Dad.*

#### Volunteer Week

Every year in April, Community Services Council, Newfoundland and Labrador hosts Volunteer Week. This year, the theme was "Volunteers Light Up Communities". Earl Ludlow was appointed Honorary Chair of Volunteer Week. The Company participated in events in Corner Brook, Gander and St. John's where individuals were recognized for their commitment to volunteerism.

#### The Power of Life Project

The 13<sup>th</sup> annual Garden of Hope Radiothon took place on April 22<sup>nd</sup>, 2009 and again this year employees donated their time to answer the phones. Proceeds from the Radiothon go toward development and maintenance of the Dr. H. Bliss Murphy Cancer Care Foundation's Gardens of Hope in St. John's and Grand Falls-Windsor.

During the weekend of June 5<sup>th</sup>, 2009, employees, families and friends gathered in St. John's and Stephenville to participate in two events in support of *The Power of Life Project*. A golf tournament at Harmon Seaside Links in Stephenville and the 2<sup>nd</sup> Annual Peter Halliday Memorial Softball Tournament in Pleasantville raised approximately \$6,000.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At June 30**  
**(\$000s)**

	<u>2009</u>	<u>2008 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,201,493	1,156,476
Less: accumulated depreciation	<u>431,564</u>	<u>412,293</u>
	<u>769,929</u>	<u>744,183</u>
<b>Current Assets</b>		
Cash	2,572	932
Accounts receivable	59,095	62,202
Income tax receivable	1,605	-
Materials and supplies	1,019	948
Prepaid expenses	711	735
Regulatory assets	<u>10,360</u>	<u>7,634</u>
	<u>75,362</u>	<u>72,451</u>
<b>Accrued Pension and Other</b>	96,480	91,737
<b>Regulatory Assets</b>	196,732	57,197
<b>Intangible Assets, net of amortization</b>	15,641	16,013
<b>Customer Finance Plans</b>	<u>1,714</u>	<u>1,731</u>
<b>Total Assets</b>	<u><b>1,155,858</b></u>	<u><b>983,312</b></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>307,753</u>	<u>294,997</u>
Common shareholder's equity	<u>378,074</u>	<u>365,318</u>
Preference shares	<u>9,113</u>	<u>9,352</u>
	<u>387,187</u>	<u>374,670</u>
<b>Current Liabilities</b>		
Short-term borrowings	-	400
Accounts payable and accrued charges	40,838	37,113
Regulatory liabilities	9,956	7,724
Current portion of long-term debt	5,200	23,050
Future income taxes	129	-
Income tax payable	-	2,034
Due to related party	<u>-</u>	<u>32,500</u>
	<u>56,123</u>	<u>102,821</u>
<b>Future Income Taxes</b>	120,565	554
<b>Long-term Debt</b>	471,166	406,066
<b>Other Liabilities</b>	47,543	41,241
<b>Regulatory Liabilities</b>	<u>73,274</u>	<u>57,960</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><b>1,155,858</b></u>	<u><b>983,312</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
For The Periods Ended June 30  
(\$000s)

	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009	Actual 2008	Plan 2009	Actual 2008
Revenue	118,118	121,077	118,845	287,801	285,085	283,765	520,084	516,889
Purchased Power	69,213	72,007	69,426	196,543	194,572	191,900	340,582	336,658
Contribution	48,905	49,070	49,419	91,258	90,513	91,865	179,502	180,231
Operating Expenses	12,151	12,089	11,860	25,233	25,553	24,802	49,122	47,132
Pension and Early Retirement Program Costs	699	171	746	1,323	372	1,533	771	3,040
Amortization	10,318	10,277	11,097	20,369	20,292	20,373	41,639	40,649
Amortization True-Up Deferral	965	966	1,040	1,931	1,932	1,931	3,860	3,862
Finance Charges	8,542	8,609	8,546	16,748	17,121	17,066	34,230	33,507
Earnings Before Income Taxes	16,230	16,958	16,130	25,654	25,243	26,160	49,880	52,041
Income Taxes	5,330	5,606	5,925	8,440	8,341	9,616	16,466	19,146
Net Earnings	10,900	11,352	10,205	17,214	16,902	16,544	33,414	32,895
Dividends on Preference Shares	143	146	146	290	294	260	586	554
Earnings Applicable to Common Shares	<u>10,757</u>	<u>11,206</u>	<u>10,059</u>	<u>16,924</u>	<u>16,608</u>	<u>16,284</u>	<u>32,828</u>	<u>32,341</u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended June 30**  
(\$000s)

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Balance, Beginning of the Period</b>	303,417	286,350
Net Earnings	17,214	16,544
<b>Dividends</b>		
Preference Shares	(290)	(260)
Common Shares	(12,588)	(7,637)
<b>Balance, End of the Period</b>	<u><u><b>307,753</b></u></u>	<u><u><b>294,997</b></u></u>



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>2009</b>	<b>2008 <sup>1</sup></b>
<b>Cash From (Used In) Operating Activities</b>		
Net earnings	17,214	16,544
Items not affecting cash:		
Amortization of capital assets	18,923	18,823
Amortization of intangibles and other	1,569	1,700
Change in regulatory assets and liabilities	857	1,479
Future income taxes	942	554
Employee future benefits	(3,135)	(3,023)
Change in non-cash working capital	(28,960)	(17,909)
	<u>7,410</u>	<u>18,168</u>
<b>Cash From (Used In) Investing Activities</b>		
Capital expenditures (net of salvage)	(30,850)	(28,574)
Intangible asset expenditures	(942)	(1,098)
Contributions in aid of construction	1,451	722
Other	(121)	144
	<u>(30,462)</u>	<u>(28,806)</u>
<b>Cash From (Used In) Financing Activities</b>		
Change in short-term borrowings	-	400
Net proceeds from (repayment of) committed credit facility	(26,500)	(14,500)
Proceeds from long-term debt	65,000	-
Proceeds from related party loan	-	32,500
Payment of debt financing costs	(378)	-
Redemption of preference shares	(239)	-
Dividends		
Preference shares	(290)	(260)
Common shares	(12,588)	(7,637)
	<u>25,005</u>	<u>10,503</u>
<b>Increase/(Decrease) in Cash</b>	1,953	(135)
<b>Cash, Beginning of the Period</b>	<u>619</u>	<u>1,067</u>
<b>Cash, End of the Period</b>	<u><u>2,572</u></u>	<u><u>932</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended June 30</b>					
	<b>SECOND QUARTER</b>		<b>YEAR TO DATE</b>		<b>ANNUAL</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2008</u></b>
<b>Sales (GWh)</b>					
Actual	1,125.3	1,189.6	2,861.0	2,897.4	5,115.2
Weather adjusted	1,177.2	1,183.0	2,940.1	2,899.2	5,208.2
Plan <sup>1</sup>	1,206.3		2,917.9		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	1,188.0	1,256.2	3,037.1	3,075.9	5,415.6
Weather adjusted	1,242.8	1,249.3	3,120.8	3,077.8	5,513.8
Plan <sup>1</sup>	1,273.9		3,097.2		
<b>Hydro Production (GWh)</b>					
Actual	112.0	150.6	232.8	285.1	454.3

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended June 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	691.5	705.4	694.1	1,830.7	1,806.2	1,794.7	3,135.2	3,130.3
<b>Commercial</b>								
0-10 kW	20.1	20.9	20.3	48.3	48.1	48.6	88.7	88.8
10-100 kW	146.2	153.0	147.3	349.6	357.3	353.0	657.3	641.8
110-1000 kVA	202.9	213.6	206.3	471.7	478.0	469.8	902.2	878.5
1000 kVA and Over	109.6	106.4	108.1	222.7	211.2	216.0	424.6	432.3
<b>Total Commercial</b>	478.8	493.9	482.0	1,092.3	1,094.6	1,087.4	2,072.8	2,041.4
<b>Street Lighting</b>	6.9	7.0	6.9	17.1	17.1	17.1	36.5	36.5
<b>Total Sales</b>	<b>1,177.2</b>	<b>1,206.3</b>	<b>1,183.0</b>	<b>2,940.1</b>	<b>2,917.9</b>	<b>2,899.2</b>	<b>5,244.5</b>	<b>5,208.2</b>
<b>BY REGION</b>								
Eastern <sup>2</sup>	827.0	853.1	832.8	2,065.6	2,060.7	2,041.2	3,692.7	3,659.5
Western <sup>3</sup>	350.2	353.2	350.2	874.5	857.2	858.0	1,551.8	1,548.7
<b>Total Sales</b>	<b>1,177.2</b>	<b>1,206.3</b>	<b>1,183.0</b>	<b>2,940.1</b>	<b>2,917.9</b>	<b>2,899.2</b>	<b>5,244.5</b>	<b>5,208.2</b>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarenville operating areas

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended June 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	67,990	69,050	68,143	173,939	171,860	171,039	303,405	302,916
<b>Commercial</b>								
0-10 kW	2,715	2,778	2,746	6,261	6,209	6,319	11,652	11,742
10-100 kW	14,600	15,166	14,640	34,017	34,773	34,368	64,699	63,129
110-1000 kVA	16,827	17,584	16,954	39,022	39,444	38,755	75,000	72,997
1000 kVA and Over	7,773	7,361	7,706	16,056	15,009	15,631	30,242	31,208
<b>Total Commercial</b>	41,915	42,889	42,046	95,356	95,435	95,073	181,593	179,076
Street Lighting	3,181	3,206	3,180	6,399	6,410	6,360	12,839	12,722
Forfeited Discounts	641	778	682	1,622	1,731	1,622	2,846	2,646
<b>Revenue From Rates</b>	<b>113,727</b>	<b>115,923</b>	<b>114,051</b>	<b>277,316</b>	<b>275,436</b>	<b>274,094</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	(542)	503	(300)	1,117	403	(231)	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	(336)	-	-	(560)	-	(560)
<b>Amortizations <sup>4</sup></b>								
2005 Unbilled Income Tax Settlement	-	-	700	-	-	1,296	-	2,592
2005 Unbilled Remaining Balance	1,155	1,155	1,242	2,310	2,310	2,309	4,618	4,618
<b>Total Reported Revenue</b>	<b>114,340</b>	<b>117,581</b>	<b>115,357</b>	<b>280,743</b>	<b>278,149</b>	<b>276,908</b>	<b>506,305</b>	<b>503,622</b>
Other Revenue	3,778	3,496	3,488	7,058	6,936	6,857	13,779	13,267
<b>Total Operating Revenue</b>	<b>118,118</b>	<b>121,077</b>	<b>118,845</b>	<b>287,801</b>	<b>285,085</b>	<b>283,765</b>	<b>520,084</b>	<b>516,889</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective July 1, 2008 as approved by Orders No. P.U. 35(2008).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>SUMMARY OF WEATHER ADJUSTMENTS</b> <b>For The Periods Ended June 30</b> <b>(\$000s)</b>								
	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	109,540	115,923	114,587	270,949	275,436	273,954	500,683	489,785
Degree Day & Wind Adjustment	4,187	-	(536)	6,367	-	140	-	7,575
<b>Weather Adjusted</b>	<b>113,727</b>	<b>115,923</b>	<b>114,051</b>	<b>277,316</b>	<b>275,436</b>	<b>274,094</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	(542)	503	(300)	1,117	403	(231)	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	(336)	-	-	(560)	-	(560)
<b>Amortizations <sup>4</sup></b>								
2005 Unbilled Income Tax Settlement	-	-	700	-	-	1,296	-	2,592
2005 Unbilled Remaining Balance	1,155	1,155	1,242	2,310	2,310	2,309	4,618	4,618
<b>Total Reported Revenue</b>	<b>114,340</b>	<b>117,581</b>	<b>115,357</b>	<b>280,743</b>	<b>278,149</b>	<b>276,908</b>	<b>506,305</b>	<b>503,622</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	66,465	71,506	68,530	190,375	193,570	188,113	338,572	321,557
Degree Day & Wind Adjustment	4,824	-	(608)	7,364	-	168	-	8,652
Hydro Equalization Adjustment	(2,580)	-	904	(2,198)	-	2,555	-	3,797
<b>Purchased Power Weather Adjusted</b>	<b>68,709</b>	<b>71,506</b>	<b>68,826</b>	<b>195,541</b>	<b>193,570</b>	<b>190,836</b>	<b>338,572</b>	<b>334,006</b>
Demand Management Incentive Account <sup>5</sup>	-	-	63	-	-	63	-	641
<b>Amortizations <sup>6</sup></b>								
Rattling Brook Deferral	150	150	161	300	300	299	597	598
PPUCVR Balance at Dec 31, 2006	(174)	(177)	(185)	(348)	(348)	(344)	(688)	(688)
Weather Normalization Reserve	528	528	561	1,050	1,050	1,046	2,101	2,101
<b>Weather Adjusted</b>	<b>69,213</b>	<b>72,007</b>	<b>69,426</b>	<b>196,543</b>	<b>194,572</b>	<b>191,900</b>	<b>340,582</b>	<b>336,658</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective July 1, 2008 as approved by Orders No. P.U. 35(2008).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

<sup>5</sup> Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

<sup>6</sup> Amortizations for 2008 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended June 30**  
**(\$000s)**

	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009	Actual 2008	Plan 2009	Actual 2008
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
Aliant	1,864	1,788	1,795	3,609	3,576	3,491	7,152	6,981
CATV	499	482	468	1,001	965	938	1,945	1,880
Total Joint Use Revenue	2,363	2,270	2,263	4,610	4,541	4,429	9,097	8,861
<b>Miscellaneous</b>								
Customer Jobbing	175	148	149	273	250	263	568	434
Rental Income	10	5	4	10	10	14	20	26
Municipal Tax Liability <sup>1</sup>	342	340	367	684	681	681	1,362	1,362
Interest - Customer Accounts	244	390	341	510	755	721	1,358	1,155
Interest - RSA	12	16	16	62	44	53	56	116
Interest - CIAC	26	24	26	53	48	52	100	108
Interest - Other	31	38	34	64	77	69	150	135
Reconnections	22	22	27	28	33	35	73	84
NSF Cheque Charges	8	5	10	18	11	21	20	38
Wheeling Charges	135	152	180	295	325	336	613	615
Miscellaneous	351	24	7	344	49	68	100	65
Service Connection Fees	59	62	64	107	112	115	262	268
Total Miscellaneous	1,415	1,226	1,225	2,448	2,395	2,428	4,682	4,406
<b>Total Other Revenue</b>	<b>3,778</b>	<b>3,496</b>	<b>3,488</b>	<b>7,058</b>	<b>6,936</b>	<b>6,857</b>	<b>13,779</b>	<b>13,267</b>
<b>Finance Charges</b>								
Interest on Long-term Debt	8,456	8,016	8,105	16,471	16,031	16,211	31,971	32,334
Interest on Long-term Committed Credit Facility	140	636	474	332	1,143	853	2,444	1,445
Interest on Short-term Uncommitted Demand Facility	6	-	9	7	-	10	-	11
Amortization of Deferred Debt Issue Costs	55	45	59	104	89	118	177	236
Amortization of Capital Stock Issue Expenses	10	10	15	19	19	31	38	62
Interest on Security Deposits	1	-	10	6	-	22	-	37
Allowance For Funds Used During Construction (AFUDC)	(126)	(98)	(126)	(191)	(161)	(179)	(400)	(618)
<b>Total Finance Charges</b>	<b>8,542</b>	<b>8,609</b>	<b>8,546</b>	<b>16,748</b>	<b>17,121</b>	<b>17,066</b>	<b>34,230</b>	<b>33,507</b>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At June 30</b>				
	<b>SECOND QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2009</b>	<b>Actual 2008</b>	<b>Plan 2009</b>	<b>Actual 2008</b>
<b>Customers</b>	237,261	233,563	237,723	235,778
<b>Employees <sup>1</sup></b>				
Regular	571	549	562	551
Temporary	70	67	76	77
<b>Total</b>	641	616	638	628

<sup>1</sup> Refers to full time equivalents.



<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended June 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2009 #	2008 #	2009 #	2008 #		2009 HOURS	2008 HOURS	2009 HOURS	2008 HOURS	
St. John's	0.13	0.19	2.25	2.88	2.36	0.24	0.20	2.12	3.23	2.40
Avalon	0.19	0.32	1.82	2.28	2.07	0.21	0.18	1.91	3.45	3.00
Burin	0.97	0.56	4.36	4.35	4.94	0.54	0.64	4.20	4.13	4.35
Bonavista	0.29	1.13	4.70	6.73	4.99	0.54	2.26	5.09	42.21	12.32
Gander	1.12	1.66	4.23	3.31	4.26	1.00	1.78	4.65	6.61	5.42
Grand Falls	0.93	0.20	3.78	2.01	3.06	1.10	0.46	4.07	2.37	4.12
Corner Brook	0.19	0.15	1.88	3.77	2.48	0.27	0.30	2.60	3.89	2.81
Stephenville	0.37	0.19	4.82	2.93	4.51	0.25	0.31	2.96	3.19	4.33
<b>Company Totals</b>	<b>0.36</b>	<b>0.41</b>	<b>2.89</b>	<b>3.16</b>	<b>2.99</b>	<b>0.41</b>	<b>0.53</b>	<b>2.87</b>	<b>6.19</b>	<b>3.81</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2009 #	2008 #	2009 #	2008 #	
Loss of Supply (NF Hydro)	0.01	0.00	0.43	0.78	0.52
Transmission	0.14	0.14	0.82	0.79	0.84
Distribution	0.21	0.27	1.64	1.59	1.63
<b>Company Totals</b>	<b>0.36</b>	<b>0.41</b>	<b>2.89</b>	<b>3.16</b>	<b>2.99</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2009 HOURS	2008 HOURS	2009 HOURS	2008 HOURS	
Loss of Supply (NF Hydro)	0.00	0.00	0.11	0.53	0.23
Transmission	0.08	0.12	0.68	0.72	0.76
Distribution	0.33	0.41	2.08	4.94	2.82
<b>Company Totals</b>	<b>0.41</b>	<b>0.53</b>	<b>2.87</b>	<b>6.19</b>	<b>3.81</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Second Quarter 2009</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.05	0.14	0.08	0.10	0.13	0.24
Avalon	0.02	0.05	0.17	0.16	0.19	0.21
Burin	0.32	0.36	0.65	0.18	0.97	0.54
Bonavista	0.22	0.30	0.07	0.24	0.29	0.54
Gander	0.61	0.39	0.51	0.61	1.12	1.00
Grand Falls	0.25	0.45	0.68	0.65	0.93	1.10
Corner Brook	0.02	0.02	0.17	0.25	0.19	0.27
Stephenville	0.24	0.10	0.13	0.15	0.37	0.25
<b>Company Totals</b>	<b>0.14</b>	<b>0.18</b>	<b>0.22</b>	<b>0.23</b>	<b>0.36</b>	<b>0.41</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended June 30, 2009**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report contains three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended June 30, 2009**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 27(2008)	Second Quarter	Year To Date	Unexpended Balance
Generation Hydro	8,899	2,069	2,483	6,416
Generation Thermal	100	26	43	57
Substations	7,172	1,389	2,855	4,317
Transmission	4,507	778	1,043	3,464
Distribution	30,178	10,039	17,717	12,461
General Property	835	143	269	566
Transportation	2,255	1,411	1,879	376
Telecommunications	350	76	158	192
Information Systems	3,725	739	1,813	1,912
Unforeseen Items	750	-	-	750
General Expenses Capital	2,800	735	1,564	1,236
<b>TOTAL</b>	<b>61,571</b>	<b>17,405</b>	<b>29,824</b>	<b>31,747</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations in excess of \$5,000 annually entered into during the second quarter of 2009.		

<sup>1</sup> Excludes capital expenditures of approximately \$115,000 related to prior years capital projects carried forward into 2009.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended June 30, 2009**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended June 30, 2009**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Second Quarter 2009</u>	<u>Second Quarter 2008</u>	<u>Year To Date 2009</u>	<u>Year To Date 2008</u>	<u>Annual 2008</u>
Trustee & Share Plan Costs	\$ 10,000	\$ 8,000	\$ 20,000	\$ 16,000	\$ 34,000
Hotel/Banquet Facilities	4,245	382	8,625	8,722	52,171
Staff Charges	-	-	12,000	-	-
Joint-use Pole Purchases	1,027	3,533	2,364	13,667	108,942
Miscellaneous	17,451	28,027	44,195	46,643	68,978
Sub-total	\$ 32,723	\$ 39,942	\$ 87,184	\$ 85,032	\$ 264,091
 <u>Non-Regulated Charges</u>	 <u>Second Quarter 2009</u>	 <u>Second Quarter 2008</u>	 <u>Year To Date 2009</u>	 <u>Year To Date 2008</u>	 <u>Annual 2008</u>
Directors' Fees & Travel	\$ 43,000	\$ 53,000	\$ 86,000	\$ 109,000	\$ 112,000
Annual & Quarterly Reports	28,000	30,000	56,000	61,000	96,000
Staff Charges	50,000	22,000	100,000	46,000	120,000
Miscellaneous	460,521	413,057	521,521	460,057	590,057
Sub-total	\$ 581,521	\$ 518,057	\$ 763,521	\$ 676,057	\$ 918,057
 TOTAL	 \$ 614,244	 \$ 557,999	 \$ 850,705	 \$ 761,089	 \$ 1,182,148

**Charges to Associated Companies**

	<u>Second Quarter 2009</u>	<u>Second Quarter 2008</u>	<u>Year To Date 2009</u>	<u>Year To Date 2008</u>	<u>Annual 2008</u>
Printing & Stationery	\$ 265	\$ 238	\$ 502	\$ 649	\$ 1,216
Postage	5,643	5,491	11,357	10,913	19,907
Staff Charges	108,350	205,615	252,730	327,363	1,057,284
Staff Charges - Insurance	74,857	73,558	143,668	123,115	229,330
IS Charges	-	2,841	-	2,841	31,192
Pole Installations	4,591	5,541	7,896	9,011	19,295
Miscellaneous	10,887	7,046	14,372	11,680	154,799
 TOTAL	 \$ 204,593	 \$ 300,330	 \$ 430,525	 \$ 485,572	 \$ 1,513,023

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2009**

	<u>Second Quarter 2009</u>			<u>Second Quarter 2008</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 43,000	\$ 43,000	\$ -	\$ 53,000	\$ 53,000
Annual & Quarterly Reports	-	28,000	28,000	-	30,000	30,000
Trustee & Share Plan Costs	10,000	-	10,000	8,000	-	8,000
Staff Charges	-	50,000	50,000	-	22,000	22,000
Joint-use Pole Purchases <sup>1</sup>	1,027	-	1,027	3,533	-	3,533
Miscellaneous	6,567	460,521	467,088	20,292	413,057	433,349
Total	<u>\$ 17,594</u>	<u>\$ 581,521</u>	<u>\$ 599,115</u>	<u>\$ 31,825</u>	<u>\$ 518,057</u>	<u>\$ 549,882</u>
<b>Fortis Properties Corporation</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	4,245	-	4,245	382	-	382
Miscellaneous	3,178	-	3,178	-	-	-
Total	<u>\$ 7,423</u>	<u>\$ -</u>	<u>\$ 7,423</u>	<u>\$ 382</u>	<u>\$ -</u>	<u>\$ 382</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 2,570	\$ -	\$ 2,570	\$ -	\$ -	\$ -
Total	<u>\$ 2,570</u>	<u>\$ -</u>	<u>\$ 2,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisOntario Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ 3,200	\$ -	\$ 3,200
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,200</u>	<u>\$ -</u>	<u>\$ 3,200</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 5,136	\$ -	\$ 5,136	\$ 4,535	\$ -	\$ 4,535
Total	<u>\$ 5,136</u>	<u>\$ -</u>	<u>\$ 5,136</u>	<u>\$ 4,535</u>	<u>\$ -</u>	<u>\$ 4,535</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category.



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2009**

	<u>Year To Date 2009</u>			<u>Year To Date 2008</u>			<u>Annual 2008</u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 86,000	\$ 86,000	\$ -	\$ 109,000	\$ 109,000	\$ -	\$ 112,000	\$ 112,000
Annual & Quarterly Reports	-	56,000	56,000	-	61,000	61,000	-	96,000	96,000
Trustee & Share Plan Costs	20,000	-	20,000	16,000	-	16,000	34,000	-	34,000
Staff Charges	-	100,000	100,000	-	46,000	46,000	-	120,000	120,000
Joint-use Pole Purchases <sup>1</sup>	2,364	-	2,364	13,667	-	13,667	108,942	-	108,942
Miscellaneous	28,540	521,521	550,061	22,292	460,057	482,349	27,783	590,057	617,840
Total	<u>\$ 50,904</u>	<u>\$ 763,521</u>	<u>\$ 814,425</u>	<u>\$ 51,959</u>	<u>\$ 676,057</u>	<u>\$ 728,016</u>	<u>\$ 170,725</u>	<u>\$ 918,057</u>	<u>\$ 1,088,782</u>
<b>Fortis Properties Corporation</b>									
Staff Charges	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	8,625	-	8,625	8,722	-	8,722	52,171	-	52,171
Miscellaneous	3,178	-	3,178	5,569	-	5,569	5,569	-	5,569
Total	<u>\$ 23,803</u>	<u>\$ -</u>	<u>\$ 23,803</u>	<u>\$ 14,291</u>	<u>\$ -</u>	<u>\$ 14,291</u>	<u>\$ 57,740</u>	<u>\$ -</u>	<u>\$ 57,740</u>
<b>Maritime Electric Co. Ltd.</b>									
Miscellaneous	\$ 5,206	\$ -	\$ 5,206	\$ -	\$ -	\$ -	\$ 2,497	\$ -	\$ 2,497
Total	<u>\$ 5,206</u>	<u>\$ -</u>	<u>\$ 5,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 2,497</u>
<b>FortisOntario Inc.</b>									
Miscellaneous	\$ -	\$ -	\$ -	\$ 9,172	\$ -	\$ 9,172	\$ 9,172	\$ -	\$ 9,172
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,172</u>	<u>\$ -</u>	<u>\$ 9,172</u>	<u>\$ 9,172</u>	<u>\$ -</u>	<u>\$ 9,172</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 7,271	\$ -	\$ 7,271	\$ 9,610	\$ -	\$ 9,610	\$ 23,957	\$ -	\$ 23,957
Total	<u>\$ 7,271</u>	<u>\$ -</u>	<u>\$ 7,271</u>	<u>\$ 9,610</u>	<u>\$ -</u>	<u>\$ 9,610</u>	<u>\$ 23,957</u>	<u>\$ -</u>	<u>\$ 23,957</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2009**

	<b>Second Quarter 2009</b>	<b>Second Quarter 2008</b>	<b>Year To Date 2009</b>	<b>Year To Date 2008</b>	<b>Annual 2008</b>
<b>Fortis Inc. <sup>1</sup></b>					
Printing & Stationery	\$ 60	\$ 40	\$ 60	\$ 95	\$ 135
Postage	5,643	5,491	11,357	10,913	19,907
Staff Charges	66,299	87,284	140,342	149,517	324,686
Staff Charges - Insurance	67,669	63,442	123,054	89,662	148,679
IS Charges	-	2,694	-	2,694	8,971
Pole Installations	4,591	5,541	7,896	9,011	19,295
Miscellaneous	3,410	235	3,847	2,354	6,056
Total	<u>\$ 147,672</u>	<u>\$ 164,727</u>	<u>\$ 286,556</u>	<u>\$ 264,246</u>	<u>\$ 527,729</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 205	\$ 198	\$ 442	\$ 554	\$ 1,081
Staff Charges - Insurance	3,312	5,039	10,065	7,917	26,905
IS Charges	-	-	-	-	4,432
Miscellaneous	1,250	360	1,851	1,640	6,301
Total	<u>\$ 4,767</u>	<u>\$ 5,597</u>	<u>\$ 12,358</u>	<u>\$ 10,111</u>	<u>\$ 38,719</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ 794	\$ 2,721	\$ 1,141	\$ 4,891	\$ 6,036
Staff Charges - Insurance	182	143	619	194	5,834
IS Charges	-	-	-	-	2,424
Miscellaneous	-	-	101	81	1,081
Total	<u>\$ 976</u>	<u>\$ 2,864</u>	<u>\$ 1,861</u>	<u>\$ 5,166</u>	<u>\$ 15,375</u>
<b>FortisOntario Inc.</b>					
Staff Charges - Insurance	\$ 3,046	\$ -	\$ 3,180	\$ 459	\$ 4,638
IS Charges	-	-	-	-	2,424
Miscellaneous	-	-	3	-	850
Total	<u>\$ 3,046</u>	<u>\$ -</u>	<u>\$ 3,183</u>	<u>\$ 459</u>	<u>\$ 7,912</u>
<b>Fortis US Energy Corporation</b>					
Staff Charges - Insurance	\$ -	\$ -	\$ -	\$ -	\$ 2,424
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,424</u>
<b>Belize Electric Company Limited</b>					
Staff Charges	\$ 15,208	\$ 19,476	\$ 37,278	\$ 51,323	\$ 89,390
Staff Charges - Insurance	216	-	1,026	592	1,996
Total	<u>\$ 15,424</u>	<u>\$ 19,476</u>	<u>\$ 38,304</u>	<u>\$ 51,915</u>	<u>\$ 91,386</u>

<sup>1</sup> In prior reports, Fortis Inc. included charges to Terasen Gas Inc., Caribbean Utilities Co. Limited, and Fortis Turks and Caicos. Charges to these companies are now shown separately in the report. As result of this change charges to Fortis Inc. in 2008 have been restated.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2009**

	<b>Second Quarter 2009</b>	<b>Second Quarter 2008</b>	<b>Year To Date 2009</b>	<b>Year To Date 2008</b>	<b>Annual 2008</b>
<b>Belize Electricity Limited</b>					
Staff Charges	\$ -	\$ 5,247	\$ 889	\$ 13,319	\$ 23,173
Staff Charges - Insurance	-	-	2,376	395	661
IS Charges	-	85	-	85	4,240
Miscellaneous	1,405	119	1,606	540	19,564
Total	<u>\$ 1,405</u>	<u>\$ 5,451</u>	<u>\$ 4,871</u>	<u>\$ 14,339</u>	<u>\$ 47,638</u>
<b>FortisAlberta Inc.</b>					
Staff Charges	\$ -	\$ 48,000	\$ -	\$ 58,969	\$ 152,837
Staff Charges - Insurance	-	162	432	3,707	7,361
IS Charges	-	62	-	62	391
Miscellaneous	-	6,005	551	6,492	18,180
Total	<u>\$ -</u>	<u>\$ 54,229</u>	<u>\$ 983</u>	<u>\$ 69,230</u>	<u>\$ 178,769</u>
<b>FortisBC Inc.</b>					
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -
Staff Charges - Insurance	-	266	216	4,540	9,344
IS Charges	-	-	-	-	8,310
Miscellaneous	-	-	225	162	3,362
Total	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 441</u>	<u>\$ 4,702</u>	<u>\$ 21,016</u>
<b>Terasen Gas Inc.</b>					
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ 216
Staff Charges - Insurance	-	988	-	10,158	12,485
Miscellaneous	-	128	420	131	134
Total	<u>\$ -</u>	<u>\$ 1,116</u>	<u>\$ 420</u>	<u>\$ 10,289</u>	<u>\$ 12,835</u>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges	\$ 888	\$ -	\$ 888	\$ -	\$ -
Staff Charges - Insurance	162	108	270	463	1,167
Miscellaneous	-	-	101	81	81
Total	<u>\$ 1,050</u>	<u>\$ 108</u>	<u>\$ 1,259</u>	<u>\$ 544</u>	<u>\$ 1,248</u>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 25,161	\$ 42,887	\$ 72,192	\$ 49,344	\$ 460,946
Staff Charges - Insurance	270	3,410	2,430	5,028	7,836
Miscellaneous	4,822	199	5,667	199	99,190
Total	<u>\$ 30,253</u>	<u>\$ 46,496</u>	<u>\$ 80,289</u>	<u>\$ 54,571</u>	<u>\$ 567,972</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended June 30, 2009**

<u>Company Name</u>	<u>Amount</u>	<u>Date Borrowed</u>	<u>Date Repaid</u>	<u>Interest Rate</u>	<u>Interest</u>
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No loans or agreements with related companies were entered into during the quarter ending June 30, 2009.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending June 30, 2009**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Second Quarter**

The total number of damage claims received during the second quarter of 2009 is not materially different from the number received during the same period in 2008. There were some slight increases in the Equipment Failure and Miscellaneous categories and a reduction in claims associated with Improper Workmanship.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending June 30, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	3	3	2	\$ 195	\$ 195	-	\$ -	1	\$ 1,000
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	1	5	6	5	3,978	1,878	-	-	1	5,000
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	25	7	32	22	38,894	22,711	1	3,394	9	32,615
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	22	6	28	21	25,348	17,485	2	3,713	5	46,697
Total	<u>48</u>	<u>21</u>	<u>69</u>	<u>50</u>	<u>\$ 68,415</u>	<u>\$ 42,269</u>	<u>3</u>	<u>\$ 7,107</u>	<u>16</u>	<u>\$ 85,312</u>

**For the Quarter Ending June 30, 2008**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	3	4	3	\$ 1,070	\$ 756	-	\$ -	1	\$ 100
Power Interruptions	1	-	1	1	50	50	-	-	-	-
Improper Workmanship	8	2	10	6	4,655	3,560	-	-	4	21,796
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	17	15	32	25	24,004	16,147	-	-	7	12,650
Third Party	1	-	1	-	-	-	-	-	1	400
Miscellaneous	14	2	16	14	23,905	23,132	-	-	2	1,200
Total	<u>42</u>	<u>22</u>	<u>64</u>	<u>49</u>	<u>\$ 53,684</u>	<u>\$ 43,645</u>	<u>-</u>	<u>\$ -</u>	<u>15</u>	<u>\$ 36,146</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending June 30, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	29	19	48	32	\$ 46,931	\$ 28,067	2	\$ 4,494	14	\$ 81,912
Western Region	19	2	21	18	21,484	14,202	1	2,613	2	3,400
Total	<b>48</b>	<b>21</b>	<b>69</b>	<b>50</b>	<b>\$ 68,415</b>	<b>\$ 42,269</b>	<b>3</b>	<b>\$ 7,107</b>	<b>16</b>	<b>\$ 85,312</b>

**For the Quarter Ending June 30, 2008**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	24	19	43	28	\$ 36,643	\$ 26,604	-	\$ -	15	\$ 36,146
Western Region	18	3	21	21	17,041	17,041	-	-	-	-
Total	<b>42</b>	<b>22</b>	<b>64</b>	<b>49</b>	<b>\$ 53,684</b>	<b>\$ 43,645</b>	<b>-</b>	<b>\$ -</b>	<b>15</b>	<b>\$ 36,146</b>

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.



## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended June 30, 2009**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the second quarter of 2009. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	28	12	40	19	5	16
- Outside Planning Area	65	20	85	41	7	37
	93	32	125	60	12	53
General Service	12	4	16	7	0	9
Total	105	36	141	67	12	62

The tables on Page 2 to 6 of the report provide specific information for the 105 CIACs quoted to customers during the period April 1, 2009 to June 30, 2009. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>						
02-Apr-09	Bennett, Glenn	Cottlesville	2009-40-105	3,144.00	5,269.00	Yes
10-Jun-09	Bradbury, Deborah	Carbonear	2009-20-146	2,875.00	5,000.00	
05-Jun-09	Buckingham, John	Meadows	2009-50-111	1,850.00	3,975.00	Yes
20-May-09	Butt, Ron	Blaketown	2009-20-137	11,550.00	11,550.00	Yes
03-Apr-09	Butt, Ron	Blaketown	2009-20-110	16,050.00	16,050.00	
24-Jun-09	Chippett, Hebert	Campbellton	2009-40-121	619.00	2,744.00	
05-May-09	Cole, Philip	Victoria	2009-20-117	6,675.00	9,175.00	
08-Jun-09	Forsey, Paul	Reidville	2009-50-112	8,350.00	10,475.00	
03-Apr-09	Gabriel, Deanna	Bay Bulls	2009-10-114	350.00	2,475.00	Yes
11-May-09	Guy, Gerald	Gull Island	2009-20-131	4,675.00	6,800.00	Yes
28-May-09	Hefferan, Derrick	Bellevue Beach	2009-20-138	350.00	2,475.00	Yes
28-May-09	Hefferan, William	Bellevue Beach	2009-20-139	350.00	2,475.00	Yes
08-Jun-09	Hunter, Rex	Salvage	2009-41-108	4,575.00	6,700.00	
30-Jun-09	Hynes, Alban	Point Au Maul	2009-51-116	675.00	3,300.00	
06-May-09	Hynes, Eric	Ferryland	2009-10-131	4,000.00	6,500.00	Yes
30-Jun-09	Jesso, Toby John	Ship Cove	2009-51-108	2,700.00	5,075.00	
15-May-09	Jones, Raymond	Blaketown	2009-20-136	3,475.00	6,100.00	
30-Jun-09	Legge, Neville	Whiteway	2009-20-157	850.00	2,975.00	
09-Jun-09	Maloney, Eric	Bay Bulls	2009-10-138	2,925.00	5,050.00	Yes
02-Jun-09	McKay, Perry	Reidville	2009-50-109	397.80	2,897.80	Yes
09-Apr-09	Morris, David	St. Georges	2009-51-106	1,575.00	3,950.00	Yes
03-Apr-09	Olivero, Tina	Blaketown	2009-20-112	7,400.00	7,400.00	Yes
03-Apr-09	Power, Christopher	Branch	2009-20-113	11,750.00	11,750.00	
16-Jun-09	Power, George	Chapel Arm	2009-20-149	2,205.25	4,830.25	
16-Jun-09	Spurrell, Harry	Chapel Arm	2009-20-148	336.00	2,711.00	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>						
29-May-09	Strowbridge, Christopher	Grand Bank	2009-31-105	375.00	2,500.00	Yes
07-May-09	Thorne, Cliff	Cupids	2009-20-122	575.00	2,700.00	Yes
08-Jun-09	Turner, Gloria	Cox's Cove	2009-50-113	950.00	3,075.00	Yes
<b>DOMESTIC (outside Residential Planning Area)</b>						
05-May-09	Adams, Don	Salmonier Line	2009-20-120	175.00	1,100.00	Yes
08-May-09	Bailey, Gordon	Sandy Point Cottage Area	2009-40-109	2,641.89	3,266.89	Yes
16-Jun-09	Barbour, Peter	Sou'west Pond	2009-41-111	4,850.00	5,475.00	Yes
15-May-09	Barrett, Colin	Placentia Junction Cottage Area	2009-20-134	2,877.34	3,502.34	Yes
03-Apr-09	Barrett, Ray	New Harbour	2009-20-107	6,530.00	7,155.00	Yes
12-May-09	Bath, Alex	Mobile First Pond Cottage Area	2009-10-135	2,149.14	2,774.14	
03-Jun-09	Boisvert, Jennifer	Sandy Point Cottage Area	2009-40-116	2,641.89	3,266.89	Yes
01-Jun-09	Boone, Dave	Makinsons	2009-20-143	1,825.00	2,450.00	
08-May-09	Boylan, Kenneth	Sandy Point Cottage Area	2009-40-111	2,641.89	3,266.89	Yes
30-Jun-09	Bradbury, Gertrude	Pinchgut Lake Cottage Area (Phase 2)	2008-50-152	42,117.50	54,617.50	
27-May-09	Butler, David	Port Blandford Cottage Area	2009-30-102	2,153.74	2,778.74	Yes
05-Jun-09	Clarke, Roger	Southern Lake (near Leading Tickles)	2009-40-117	2,750.00	3,375.00	Yes
01-Jun-09	Coffin, Hazen	Mansfield Pond Cottage Area	2009-20-141	3,106.34	3,731.34	
30-Jun-09	Coffin, Jody	Mansfield Pond Cottage Area	2009-20-160	3,106.34	3,731.34	
20-Apr-09	Collins, Derm	The Landing Cottage Area (Buchans)	2009-40-102	94,513.50	129,763.50	
25-Jun-09	Cooke, Alex	Exploit's River Cottage Area	2009-40-122	47,113.67	47,113.67	
30-Jun-09	Costard, Jerome	Little Port Harmon	2009-51-115	4,835.00	5,460.00	Yes
15-May-09	Critch, Richard	Mahers Cottage Area	2009-20-132	2,102.30	2,727.30	
02-Jun-09	Currie, Angela	Beachy Cove Road Cottage Area	2009-10-142	3,372.00	3,997.00	Yes
19-Jun-09	Deer, Rosemary	Mahers Cottage Area	2009-20-153	2,102.30	2,727.30	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>						
05-May-09	Faulkner, Roxanne	Clarke's Pond Cottage Area	2009-30-101	1,000.00	1,625.00	Yes
06-Apr-09	Fitzgerald, Keith	Mobile First Pond Cottage Area (Phase 2)	2009-10-117	49,112.50	61,987.50	
06-May-09	Foley, Roger	Witless Bay Line Cottage Area 1	2009-10-134	1,879.34	2,504.34	Yes
15-May-09	Francis, Ronald	Nine Island Pond North Cottage Area	2009-20-133	3,061.48	3,686.48	
25-Jun-09	Freake, Graham	Monroe's Pond Cottage Area	2009-40-123	3,318.18	3,943.18	
05-May-09	Garland, Derek	Little Flings Pond Cottage Area	2009-20-118	1,335.40	1,960.40	Yes
08-Jun-09	Gilliam, Terry	Pitt's Pond South Cottage Area	2009-41-110	85,755.00	93,880.00	
11-May-09	Goulding, Aubrey	Ryan's/Whelan's Pond Cottage Area	2009-20-130	2,813.68	3,438.68	Yes
17-Jun-09	Graham, James	Mansfield Pond Cottage Area	2009-20-151	3,106.34	3,731.34	
17-Jun-09	Handrigan, Frank	Mansfield Pond Cottage Area	2009-20-150	3,106.34	3,731.34	
25-May-09	Hann, Angela	Bonne Bay Big Pond Cottage Area	2009-50-108	225.00	850.00	Yes
17-Jun-09	Hayter, Hubert	Winter Tickle Cottage Area	2009-40-120	1,939.30	2,564.30	
01-Jun-09	Keough, Len	Makinsons	2009-20-144	1,700.00	2,325.00	Yes
22-May-09	King, Donna	Horse Chops Road (Cape Broyle)	2009-10-139	900.00	1,525.00	Yes
05-May-09	Leslie, Calvin	Howley CottageArea	2009-50-106	2,961.54	3,586.54	Yes
05-May-09	Loveless, Lindsay	Ryan's/Whelan's Pond Cottage Area	2009-20-124	2,813.68	3,438.68	Yes
17-Jun-09	Martin, Harry	Witless Bay Line Cottage Area 3	2009-10-103	165,020.75	199,895.75	
11-May-09	Matthews, Neil	Nine Island Pond Cottage Area	2009-20-129	2,807.82	3,432.82	
28-May-09	McCarthy, Martin	Beachy Cove Road Cottage Area	2009-10-132	3,372.00	3,992.00	Yes
09-Apr-09	Mcneil, Geraldine	Wreckhouse/McDougals Cottage Area	2009-51-104	1,135.89	1,760.89	Yes
02-Jun-09	Morris, Barbara	Cape Pond Road Cottage Area	2009-10-141	1,455.01	2,080.01	Yes
30-Jun-09	Murphy, Perry	Fairhaven Road	2009-20-159	1,575.00	2,200.00	
11-May-09	Murphy, William	Pond That Feeds The Brook Cottage Area	2009-20-127	5,101.43	5,726.43	Yes
09-Apr-09	Murray, Raymond	Nine Mile Road Cottage Area	2009-20-115	3,475.74	4,100.74	
03-Jun-09	Noel, George	Badger Lake Cottage Area	2009-40-115	1,952.72	2,577.72	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERY ACTIVITY REPORT INC.**  
**Second Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>						
06-May-09	Noftall, Thomas	Hell Hill Pond Cottage Area	2009-10-121	41,576.75	51,826.75	
08-Apr-09	Power, William	1st & 2nd Pond Cottage Area (Butlerville)	2009-20-108	376,175.00	452,800.00	
15-May-09	Pynn, Don	Gambo Pond Cottage Area	2009-41-106	182,325.00	221,075.00	
22-Apr-09	Richards, Wayne	Wreckhouse/McDougals Cottage Area	2009-51-105	1,135.89	1,760.89	Yes
30-Apr-09	Rogers, Darryl	Lawn Cottage Area	2009-31-103	24,525.00	34,775.00	Yes
30-Jun-09	Rowe, Robert	Dribble Road Cottage Area	2009-51-110	1,421.01	2,046.01	
07-Apr-09	Ryan, Anthony	Mobile First Pond Cottage Area	2009-10-108	2,149.14	2,774.14	Yes
05-May-09	Ryan, Derrick	Mansfield Pond Cottage Area	2009-20-123	3,106.34	3,731.34	Yes
05-May-09	Scott, Cyril	Mansfield Pond Cottage Area	2009-20-119	3,106.34	3,731.34	Yes
01-Jun-09	Smith, Gary	Gould's Pond Cottage Area	2009-20-142	3,660.36	4,285.36	Yes
08-Jun-09	Snelgrove, Roger	Ocean Pond	2009-20-145	1,550.00	2,475.00	
11-May-09	Sooley, Cecil	Placentia Junction Cottage Area	2009-20-128	2,877.34	3,502.34	Yes
05-May-09	Stearns, Terrie	Mahers Cottage Area	2009-20-121	2,102.30	2,727.30	Yes
30-Jun-09	Strickland, Paul	Wreckhouse/McDougals Cottage Area	2009-51-112	1,135.89	1,760.89	
17-Jun-09	Stuckless, Donald	Sandy Point Cottage Area	2009-40-119	2,641.89	3,266.89	Yes
19-Jun-09	Upshall, Glen	Mahers Cottage Area	2009-20-152	2,102.30	2,727.30	
30-Jun-09	Warren, Pam	Wreckhouse/McDougals Cottage Area	2009-51-111	1,135.89	1,760.89	
15-May-09	Webber, Shawn	Placentia Junction Cottage Area 2	2009-20-126	22,425.00	29,550.00	
05-May-09	Whalen, Joseph	Gould's Pond	2009-20-125	7,725.00	8,350.00	Yes
19-Jun-09	Whalen, Philip	Gould's Big Pond Cottage Area	2009-20-155	4,331.37	4,956.45	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERY ACTIVITY REPORT INC.**  
**Second Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>GENERAL SERVICE</b>						
03-Jun-09	BAE Newplan	Chapel Island (waste management facility)	2009-40-106	13,555.00	20,080.00	
11-May-09	Canadian Tire Ltd.	Kenmount Road, St John's (gas bar)	2009-10-130	3,055.20	4,500.00	Yes
09-Jun-09	Cupid's Library	Cupids (library building)	2009-20-116	19,151.05	27,357.25	
09-Jun-09	Department of Tourism	Whitbourne (visitor's information centre)	2009-20-140	11,492.10	13,339.20	
22-Apr-09	Efco Enterprises Inc.	Stephenville (boat lift facility)	2009-51-107	3,625.00	10,479.00	
29-May-09	Exmount Manor Ltd.	Catamaran Park, TCH (recreation park)	2009-40-114	4,525.00	6,650.00	Yes
02-Apr-09	Fun In the Sun Ltd.	Gander Bay (recreation park)	2009-41-103	6,865.00	10,750.00	Yes
06-May-09	Hunts Cove Park	Port Albert (recreation park)	2009-40-110	9,300.00	11,925.00	
03-Apr-09	LeFarge Canada Inc.	Corner Brook (recycling facility)	2009-50-104	1,893.00	10,738.00	Yes
05-May-09	Nor'west Sod Ltd.	Winterland (sod farm)	2009-31-104	8,400.00	11,775.00	Yes
29-May-09	Old Mill Road RV Park Ltd.	Avondale (recreation park)	2009-20-135	40,375.00	42,500.00	
08-Apr-09	Town of Placentia	Argentia (sewer lift station)	2009-20-114	2,500.00	8,925.00	Yes

# **Quarterly Regulatory Report**

***For The Period Ended  
September 30, 2009***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**September 30, 2009**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5



### Table of Contents

1. Highlights .....	2
2. Customer Service .....	3
3. System Performance .....	5
4. Financial Matters .....	7
5. Capital Program .....	9
6. Safety .....	10
7. Environment .....	12
8. Community .....	13
<b>Financial Statements</b>	
Balance Sheets .....	14
Statements of Earnings .....	15
Statements of Retained Earnings .....	16
Statements of Cashflows .....	17
<b>Appendices</b>	
A Electricity Statistics .....	18
B Statements of Electricity Sold (GWh) .....	19
C Statements of Revenue .....	20
D Summary of Weather Adjustments .....	21
E Statements of Earnings – Detail .....	22
F Customer and Employee Statistics .....	23
G Service Continuity Performance .....	24

### 1. Highlights

	Highlights			
	3 <sup>rd</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Customer Satisfaction (%)	89	89	89	89
Electricity Delivery <sup>1</sup>				
Electricity Sales (GWh)	885.0	906.6	896.8	5,244.5
Peak Demand (MW) <sup>2</sup>	1,237.1	1,234.5	1,188.0	1,234.5
Customer Minutes of Outage <sup>3</sup>	4.5	8.5	11.3	37.6
Employee Injuries <sup>4</sup>	2	3	4	12
Revenue (\$millions)	92.9	95.3	94.1	520.1
Earnings (\$millions) <sup>5</sup>	7.1	8.2	8.1	32.8

- Customer satisfaction on plan at 89%.
- 3<sup>rd</sup> quarter electricity sales lower than plan and 2008.
- 3<sup>rd</sup> quarter reliability and safety performance better than plan and 2008.
- 3<sup>rd</sup> quarter earnings below plan and 2008.
- Fall marketing campaign for energy conservation programs launched.
- Revised 2010 General Rate Application filed in September.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2008/2009 winter period occurred on January 27<sup>th</sup>, 2009 at 8:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Total lost time and medical aid incidents.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)				
	Year to Date			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Customer Satisfaction	90	89	89	89
First Call Resolution <sup>1</sup>	89	88	88	88
Service Level <sup>2</sup>	78	80	80	80
Trouble Call Response <sup>3</sup>	92	85	90	85

<sup>1</sup> Percent of customer calls resolved on first contact.

<sup>2</sup> Percent of customer calls answered within 40 seconds.

<sup>3</sup> Percent of trouble call response within two hours.

### Customer Service Performance

Overall customer service performance for the quarter was good. Customer satisfaction, first call resolution and trouble call response continue to be higher than both plan and the same period last year. Service level performance is slightly below plan due to higher than normal employee illness and employee turnover.

### Energy Conservation

In September, Newfoundland Power hosted in-store launch events with its trade allies for the fall energy efficiency campaign focused on promoting the Energy Savers Program. The events were supported with radio and newspaper advertising as well as in-store flyers. In addition the Company continued to visit and train its trade allies' staff on energy efficiency tools and programs.

The fall energy efficiency advertising campaign also began in September. The campaign includes three television ads, newspaper, online and radio promotions, new point-of-purchase material for our retailers and new how-to videos for the website. The takeCHARGE website is currently being updated to include more interactive features and easier access to the rebate program materials.



*Dave Lewis and Dianne Drover, Customer Service Coordinators, at the takeCHARGE Retail launch event in Corner Brook.*

Activity on the takeCHARGE website is up 100 percent since the June launch of the Energy Saver programs and up a further 16 percent since the launch events in September. There are currently 1,500 website visits per day, with the majority of the activity going to the Programs and Rebates pages.

During the 3<sup>rd</sup> quarter, an emphasis was placed on employee energy efficiency education. A Newfoundland Power Energy Conservation Engineer completed training to obtain a Certified Energy Manager designation. A St. John's building contractor provided two days of *House as a System* training for Energy Conservation team members. In addition, a number of these employees attended a *Spot the Energy Savings* workshop hosted by Natural Resources Canada's Office of Energy Efficiency.



*An Ad copy for the Energy Savers Rebate programs.*

### Customer Service Improvements

To improve service to seniors, a new Fixed Discount Day option was added for customers on fixed monthly incomes. This option extends the normal discount period for electricity bill payment to coincide with the date these customers receive their monthly income cheques.

### Retail Rate Review

In accordance with the 2008 General Rate Application Settlement Agreement, Newfoundland Power is conducting an evaluation of its existing rate designs and a review of alternative rate designs to determine their appropriateness for billing customers (the "Retail Rate Review"). The final Rate Design Report was submitted to the Public Utilities Board ("PUB") on January 28, 2009. A Customer Feedback Report was filed with the PUB on June 19, 2009.

Before any rate design changes are finalized, the Rate Design Report is to be assessed at a Technical Conference involving all interested stakeholders, as recommended in the Settlement Agreement.

It was originally expected that rate design alternatives would be assessed in a Technical Conference during 2009. A settlement agreement associated with the Company's 2010 General Rate Application provides for adjustments to the original schedule for the Rate Design Review to reflect delays arising from the 2010 General Rate Application. As a result, the Technical Conference is now likely to occur in 2010.

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>			
	Year to Date		Annual
	Actual 2009	Actual 2008	Plan 2009
Customer Minutes of Outage <sup>2</sup>	22.7	26.5	37.6
SAIDI (Outage hours per customer)	1.65	1.83	2.74
SAIFI (Outages per customer)	1.45	1.56	2.37

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

The frequency and duration of outages during the 3<sup>rd</sup> quarter were lower than that experienced during the 3<sup>rd</sup> quarter of 2008. Customers experienced 6.8 million fewer outage minutes this quarter compared to the same quarter of 2008.

Both SAIDI and SAIFI are lower year to date than in any of the last five years. Since 2005, SAIDI has dropped from 2.41 to 1.65; a 32 percent improvement. SAIFI has dropped from 1.95 to 1.45, a 26 percent improvement during the same time period.

The significant unplanned power interruptions during the 3<sup>rd</sup> quarter were:

1. *August 20:* Lightning caused an outage to 9,279 customers on the Burin Peninsula resulting in 385,950 customer outage minutes.
2. *August 27:* A jumper burned off a substation switch resulting in an outage to 2,442 customers on the Port au Port Peninsula for a total of 442,002 customer outage minutes.
3. *August 27:* While the main transmission line to the Port aux Basques area was down for scheduled maintenance by Newfoundland & Labrador Hydro, a trip at the Port Aux Basques generation plant, which was supplying power to the area resulted in an outage to 3,355 customers and 168,494 customer outage minutes.



*The mobile generation unit was installed at Robinsons substation to facilitate the movement of a transmission line without the need for significant customer outages.*

### B. Electricity Supply

	Electricity Supply				
	3 <sup>rd</sup> Quarter			Annual	
	Actual 2009	Plan 2009	Actual 2008	Plan 2009	
Energy Purchased (GWh)	871.8 <sup>1</sup>	902.0	845.0 <sup>1</sup>		5,130.6
Peak Demand (MW) <sup>2, 3</sup>	1,237.1	1,234.5	1,188.0		1,234.5
Hydro Plant Production (GWh)	61.0	50.0	68.9		425.9
Plant Availability (%)	97.8	95.5	92.6		95.5

<sup>1</sup> Not weather adjusted.

<sup>2</sup> Weather adjusted.

<sup>3</sup> Peak demand for the 2008/2009 winter period occurred on January 27<sup>th</sup>, 2009 at 8:45 a.m.

Energy purchased during the 3<sup>rd</sup> quarter was 30.2 GWh lower than plan due to reduced electricity sales and higher than expected hydro plant production.

During the 3<sup>rd</sup> quarter, hydro plant production was 11 GWh higher than plan. This higher production was reflective of the higher than normal inflows in the quarter. Compared to a normal inflow of 59.2 GWh, total inflows for the 3<sup>rd</sup> quarter were 67.3 GWh.

Hydro plant availability was 97.8 percent in the 3<sup>rd</sup> quarter compared to a plan of 95.5 percent. There were 39 forced outages in the 3<sup>rd</sup> quarter, lower than the 69 experienced in the 3<sup>rd</sup> quarter of 2008. Year to date there have been 116 forced outages compared to 197 during the same period of 2008.

## 4. Financial Matters

Financial Highlights				
	3 <sup>rd</sup> Quarter			Annual
	Actual 2009	Plan 2009	Actual 2008	Plan 2009
Revenue (\$millions)	92.9	95.3	94.1	520.1
Purchased Power Costs (\$millions)	49.8	51.6	50.5	340.6
Operating Costs (\$millions) <sup>1</sup>	11.2	11.0	10.3	49.1
Operating Cost per Customer (\$)	159	160	155	215
Earnings (\$millions) <sup>2</sup>	7.1	8.2	8.1	32.8

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

### Financial Results

Revenue for the 3<sup>rd</sup> quarter of 2009 was \$2.4 million less than plan primarily due to decreased electricity sales. Third quarter electricity sales were down 1.3 percent compared to the 3<sup>rd</sup> quarter of 2008. This decrease is comprised of a 2.9 percent decrease in average usage offset by a 1.6 percent increase due to customer growth.

Purchased power costs for the 3<sup>rd</sup> quarter of 2009 were \$1.8 million less than plan due to lower than anticipated electricity sales.

Operating costs for the 3<sup>rd</sup> quarter were comparable to plan.

Earnings for the 3<sup>rd</sup> quarter were lower than plan by \$1.1 million. This primarily reflects lower electricity sales and higher pension and finance costs partially offset by a lower effective tax rate.

### General Rate Application

On September 28<sup>th</sup>, the Company filed a revised 2010 General Rate Application with the PUB proposing an overall average increase to electricity rates of 7.2 percent effective January 1<sup>st</sup>, 2010. The public hearing on this application began on October 14<sup>th</sup> and concluded on November 10<sup>th</sup>.



### International Financial Reporting Standards (“IFRS”)

The International Accounting Standards Board (“IASB”) continued with its ongoing special project on rate-regulated activities during the 3<sup>rd</sup> quarter. On July 23, 2009, the IASB issued an Exposure Draft on Rate-Regulated Activities. Comments on the Exposure Draft are to be submitted for consideration to the IASB by November 20, 2009. Based on the current project timeline, a final standard is expected to be issued in the 2<sup>nd</sup> quarter of 2010.

Based on the Exposure Draft, regulatory assets and liabilities arising from activities subject to cost-of-service regulation can be recognized under IFRS when certain conditions are met. The ability to record regulatory assets and liabilities, as proposed, should reduce the earnings’ volatility of the Company that may have otherwise resulted under IFRS. However, uncertainty will exist until the final standard on accounting for rate-regulated activities under IFRS is issued.



## 5. Capital Program

	2009 Capital Expenditures		
	Year to Date		Annual
	Actual	Plan	Plan <sup>1</sup>
Total (\$000s)	49,047	44,148	64,671

<sup>1</sup> Plan includes \$32,000 carryover for Fermeuse wind turbine project and \$1,568,000 for Water Street underground civil work. Plan also includes the supplemental capital expenditure approvals associated with the rebuild of a power transformer at Kenmount Substation, feeder improvements to accommodate the Vale Inco project in Long Harbour and repairs to the Seal Cove Plant. Annual plan excludes the \$750,000 allowance for unforeseen items.

### 2009 Capital Expenditure

Year-to-date capital expenditures are higher than plan due primarily to increased residential connections.

Capital projects progressed during the 3<sup>rd</sup> quarter as follows:

- The rebuilds of transmission lines 110L and 111L on the Bonavista Peninsula are complete.
- The Rocky Pond penstock installation is complete. Rocky Pond Plant will be returned to service when the plant and substation electrical work are completed in the 4<sup>th</sup> quarter.
- The Rose Blanche spillway has been raised to increase energy production.
- Refurbishment and modernization of the King's Bridge Substation in St. John's is nearing completion.

On July 27<sup>th</sup>, 2009, the PUB approved an addition of \$710,000 to the Company's 2009 Allowance for Unforeseen Items associated with the rebuild of a damaged power transformer at the Kenmount Substation.

On September 4<sup>th</sup>, 2009, a supplemental capital budget application was approved by the PUB to construct a distribution feeder to service the Vale Inco construction site outside the community of Long Harbour at a cost of approximately \$1,165,000. The customer is contributing \$721,000 towards this work.

On October 9<sup>th</sup>, 2009, the PUB approved an addition of \$375,000 to the Company's 2009 Allowance for Unforeseen Items associated with repairs to the Seal Cove Plant.

### 2010 Capital Budget Application

On November 4<sup>th</sup>, 2009 the PUB approved Newfoundland Power's 2010 Capital Budget Application in the amount of \$64.7 million.

## 6. Safety

Safety Performance			
	Year to Date		Annual
	Actual 2009	Actual 2008	Plan 2009
Injury Frequency Rate <sup>1</sup>	0.9	2.4	2.2 <sup>2</sup>

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> Based on a 10% improvement over the three-year average from 2006 to 2008.

### Safety Performance

During the 3<sup>rd</sup> quarter, there was one medical aid injury. There were no lost time injuries. Year to date, there have been two lost time and two medical aid injuries totaling 53 days of lost work. This is a significant improvement compared to the same period in 2008 during which five medical aid and five lost time injuries totaling 371 days of lost time were recorded.

The number of vehicle accidents are down slightly compared to 2008. There was one preventable vehicle accident during the quarter bringing the total year to date to thirteen. Fifteen preventable vehicle accidents were recorded during the first three quarters of 2008.

Two Company departments achieved safety milestones during the 3<sup>rd</sup> quarter. On August 15<sup>th</sup>, employees in the Generation Department had worked three years without a lost-time injury. On August 27<sup>th</sup>, the employees of Grand Falls-Windsor achieved eight consecutive years without a lost-time injury.

### Safety Management

During July, the Provincial Occupational Health and Safety Division conducted inspections with a pole installation contractor working in Garnish and several Newfoundland Power line crews working in Grand Bank. There were no orders issued as a result of these inspections.

OH&S Regulations were released in August, to be effective on September 1<sup>st</sup>, 2009. A review of the new regulations indicates that no significant impacts on the Company's day-to-day operations are anticipated.



*Crews discuss the safety aspects of overhead work at King's Bridge substation.*

On July 2<sup>nd</sup>, the Company implemented a new system for reporting safety and environment performance and improvement opportunities. The system, known as "PREVENT" streamlines the reporting of safety and environmental incidents, resulting in timelier reporting and corrective actions.

During the 3<sup>rd</sup> quarter, the Company participated in several joint safety initiatives with Newfoundland & Labrador Hydro, including developing uniform procedures for conducting work while in the proximity of energized electrical equipment and sharing information on the Company's OHSAS 18001, Safety Management System and H1N1 Pandemic Plans.

During the 3<sup>rd</sup> quarter, three new training programs were initiated. These include a video on the safe installation and removal of electric meters; a preparatory course for participants of the Company's two-day Worker Protection Training course; and, a new computer based safety orientation program that can substitute for in-class training when necessary.

During the quarter, the Company implemented its H1N1 pandemic plan, which included monitoring developments and information from health agencies and other utilities, providing information to employees and improving the capabilities of critical employees to work from home.

### Public Safety

Contractor Safety continues to be an area of focus for the Company. To assess the safety record of bidding contractors during the tendering process, the Company now requires detailed information on contractor compliance training, safety statistics, certifications and safety meetings. This process will be used for all work considered at high risk for worker injury.

There was a significant increase in public contacts during the 3<sup>rd</sup> quarter. Fifteen incidents involving contact with distribution or transmission lines were reported, bringing the year to date total to 20. This compares to a total of 20 incidents for all of 2007 and 2008 combined. None of these incidents resulted in injuries to the public. The majority of these incidents involved construction equipment contacting power lines or contacting guy wires. A number of these incidents caused damage to electrical structures.

The Company increased its safety advertising in provincial newspapers. In September, a campaign targeting General Contractors was launched. Newfoundland Power worked jointly with Newfoundland & Labrador Hydro to partner with Municipalities Newfoundland & Labrador, the Newfoundland & Labrador Construction Safety Association and the *Newfoundland & Labrador Construction Magazine* to bring safety messaging to those audiences. A joint media release on contractor electrical contacts was also issued. This resulted in wide television and radio coverage.

## 7. Environment

	Environment Performance		
	Year to Date		Annual
	Actual 2009	Actual 2008	Plan 2009
Number of Spills	60	49	62
Reportable PCB spills <sup>1</sup>	1	1	2
Volume of Oil Spills (Litres)	1,145	715	961

- <sup>1</sup> PCB spills must be reported if any of the following conditions exist:
- All PCB spills that have a concentration of 50 ppm PCBs or more.
  - All PCB spills that exceed one gram of PCBs.
  - All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

Both the number and volume of spills in the 3<sup>rd</sup> quarter of 2009 were higher than those recorded during the same period in 2008. Forty-five percent of the total volume released year to date is attributable to a mineral oil spill of 519 litres near Holy Trinity School in Torbay that occurred in the 1<sup>st</sup> quarter.

### Environmental Management

During the 3<sup>rd</sup> quarter, environmental training was provided to 148 employees and 266 contractor employees, bringing the total year to date to 474 and 405 participants, respectively.

## 8. Community

### The Power of Life Project

Clarenville area employees held the 5<sup>th</sup> Annual Clarenville Golf Tournament on Saturday, September 12<sup>th</sup> in support of *The Power of Life Project*. The event was well attended by almost 80 golfers who raised over \$10,000.

### Camp Delight

Newfoundland Power, through *The Power of Life Project*, donated \$3,000 to Camp Delight. Camp Delight is an eight day camp that hosts approximately 50 young people, ages 7 to 17 years, who have been affected by cancer. Carbonear area employees have supported Camp Delight for the past 14 years through the donation of backpacks that are filled with goodies and enjoyed by the children.



## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At September 30**  
**(\$000s)**

	<u>2009</u>	<u>2008<sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,216,728	1,169,987
Less: accumulated depreciation	<u>438,757</u>	<u>419,667</u>
	<u>777,971</u>	<u>750,320</u>
<b>Current Assets</b>		
Cash	10,625	474
Accounts receivable	40,421	43,792
Income tax receivable	3,348	-
Materials and supplies	913	815
Prepaid expenses	1,904	1,472
Regulatory assets	<u>10,821</u>	<u>8,476</u>
	<u>68,032</u>	<u>55,029</u>
<b>Accrued Pension and Other</b>	97,211	92,530
<b>Regulatory Assets</b>	195,135	56,048
<b>Intangible Assets, net of amortization</b>	15,491	15,673
<b>Customer Finance Plans</b>	<u>1,648</u>	<u>1,795</u>
<b>Total Assets</b>	<u><u>1,155,488</u></u>	<u><u>971,395</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>308,521</u>	<u>299,324</u>
Common shareholder's equity	378,842	369,645
Preference shares	<u>9,111</u>	<u>9,352</u>
	<u>387,953</u>	<u>378,997</u>
<b>Current Liabilities</b>		
Short-term borrowings	-	875
Accounts payable and accrued charges	43,658	40,415
Income tax payable	-	6,074
Current portion of long-term debt	5,200	4,550
Future income taxes	211	-
Regulatory liabilities	<u>11,145</u>	<u>7,106</u>
	<u>60,214</u>	<u>59,020</u>
<b>Future Income Taxes</b>	121,222	856
<b>Long-term Debt</b>	465,713	433,110
<b>Other Liabilities</b>	48,887	42,757
<b>Regulatory Liabilities</b>	<u>71,499</u>	<u>56,655</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,155,488</u></u>	<u><u>971,395</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
For The Periods Ended September 30  
(\$000s)

	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009	Actual 2008	Plan 2009	Actual 2008
Revenue	92,872	95,298	94,132	380,673	380,383	377,897	520,084	516,889
Purchased Power	49,833	51,632	50,513	246,376	246,204	242,413	340,582	336,658
Contribution	43,039	43,666	43,619	134,297	134,179	135,484	179,502	180,231
Operating Expenses	11,143	10,970	10,271	36,376	36,523	35,073	49,122	47,132
Pension and Early Retirement Program Costs	687	201	791	2,010	573	2,324	771	3,040
Amortization	10,565	10,523	10,026	30,934	30,815	30,399	41,639	40,649
Amortization True-Up Deferral	966	966	966	2,897	2,898	2,897	3,860	3,862
Finance Charges	9,020	8,583	8,333	25,768	25,704	25,399	34,230	33,507
Earnings Before Income Taxes	10,658	12,423	13,232	36,312	37,666	39,392	49,880	52,041
Income Taxes	3,452	4,101	4,939	11,892	12,442	14,555	16,466	19,146
Net Earnings	7,206	8,322	8,293	24,420	25,224	24,837	33,414	32,895
Dividends on Preference Shares	142	146	147	432	440	407	586	554
Earnings Applicable to Common Shares	<u>7,064</u>	<u>8,176</u>	<u>8,146</u>	<u>23,988</u>	<u>24,784</u>	<u>24,430</u>	<u>32,828</u>	<u>32,341</u>



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Balance, Beginning of the Period</b>	303,417	286,350
Net Earnings	24,420	24,837
<b>Dividends</b>		
Preference Shares	(432)	(407)
Common Shares	(18,884)	(11,456)
<b>Balance, End of the Period</b>	<u><u><b>308,521</b></u></u>	<u><u><b>299,324</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<b>2009</b>	<b>2008 <sup>1</sup></b>
<b>Cash From (Used In) Operating Activities</b>		
Net earnings	24,420	24,837
Items not affecting cash:		
Amortization of capital assets	28,765	28,074
Amortization of intangibles and other	2,366	2,548
Change in regulatory assets and liabilities	3,108	1,461
Future income taxes	960	856
Employee future benefits	(3,821)	(3,723)
Change in non-cash working capital	(10,293)	7,241
	<u>45,505</u>	<u>61,294</u>
<b>Cash From (Used In) Investing Activities</b>		
Capital expenditures (net of salvage)	(50,274)	(45,650)
Intangible asset expenditures	(1,515)	(1,534)
Contributions in aid of construction	3,248	2,309
Other	(23)	26
	<u>(48,564)</u>	<u>(44,849)</u>
<b>Cash From (Used In) Financing Activities</b>		
Change in short-term borrowings	-	875
Net repayment of committed credit facility	(32,000)	(6,000)
Proceeds from long-term debt	65,000	-
Proceeds from related party loan	-	32,500
Repayment of related party loan	-	(32,500)
Payment of debt financing costs	(378)	(50)
Redemption of preference shares	(241)	-
Dividends		
Preference shares	(432)	(407)
Common shares	(18,884)	(11,456)
	<u>13,065</u>	<u>(17,038)</u>
<b>Increase (Decrease) in Cash</b>	10,006	(593)
<b>Cash, Beginning of the Period</b>	<u>619</u>	<u>1,067</u>
<b>Cash, End of the Period</b>	<u><u>10,625</u></u>	<u><u>474</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended September 30</b>					
	<b>THIRD QUARTER</b>		<b>YEAR TO DATE</b>		<b>ANNUAL</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2008</u></b>
<b>Sales (GWh)</b>					
Actual	886.3	868.9	3,747.3	3,766.3	5,115.2
Weather adjusted	885.0	896.8	3,825.1	3,796.0	5,208.2
Plan <sup>1</sup>	906.6		3,824.5		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	932.8	914.6	3,969.9	3,990.5	5,415.6
Weather adjusted	931.5	944.0	4,052.2	4,021.8	5,513.8
Plan <sup>1</sup>	954.3		4,051.5		
<b>Hydro Production (GWh)</b>					
Actual	61.0	68.9	293.8	354.0	454.3

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended September 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	449.2	452.7	453.4	2,279.9	2,258.9	2,248.1	3,135.2	3,130.3
<b>Commercial</b>								
0-10 kW	17.4	17.8	17.3	65.7	65.9	65.9	88.7	88.8
10-100 kW	121.8	128.7	123.2	471.4	486.0	476.2	657.3	641.8
110-1000 kVA	182.0	189.2	183.4	653.7	667.2	653.2	902.2	878.5
1000 kVA and Over	106.6	110.2	111.5	329.3	321.4	327.5	424.6	432.3
<b>Total Commercial</b>	427.8	445.9	435.4	1,520.1	1,540.5	1,522.8	2,072.8	2,041.4
<b>Street Lighting</b>	8.0	8.0	8.0	25.1	25.1	25.1	36.5	36.5
<b>Total Sales</b>	<b>885.0</b>	<b>906.6</b>	<b>896.8</b>	<b>3,825.1</b>	<b>3,824.5</b>	<b>3,796.0</b>	<b>5,244.5</b>	<b>5,208.2</b>
<b>BY REGION</b>								
Eastern <sup>2</sup>	616.9	636.9	627.5	2,682.5	2,697.6	2,668.7	3,692.7	3,659.5
Western <sup>3</sup>	268.1	269.7	269.3	1,142.6	1,126.9	1,127.3	1,551.8	1,548.7
<b>Total Sales</b>	<b>885.0</b>	<b>906.6</b>	<b>896.8</b>	<b>3,825.1</b>	<b>3,824.5</b>	<b>3,796.0</b>	<b>5,244.5</b>	<b>5,208.2</b>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarendville operating areas

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended September 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	47,466	47,720	47,561	221,405	219,580	218,600	303,405	302,916
<b>Commercial</b>								
0-10 kW	2,431	2,468	2,407	8,692	8,677	8,727	11,652	11,742
10-100 kW	12,294	12,850	12,294	46,311	47,623	46,662	64,699	63,129
110-1000 kVA	15,245	15,826	15,295	54,267	55,270	54,050	75,000	72,997
1000 kVA and Over	7,672	7,789	7,916	23,728	22,798	23,547	30,242	31,208
<b>Total Commercial</b>	37,642	38,933	37,912	132,998	134,368	132,986	181,593	179,076
Street Lighting	3,234	3,209	3,178	9,633	9,619	9,538	12,839	12,722
Forfeited Discounts	413	501	437	2,035	2,232	2,059	2,846	2,646
<b>Revenue From Rates</b>	<b>88,755</b>	<b>90,363</b>	<b>89,088</b>	<b>366,071</b>	<b>365,799</b>	<b>363,183</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	(310)	359	17	807	762	(214)	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	-	-	-	(560)	-	(560)
<b>Amortizations <sup>4</sup></b>								
2005 Unbilled Income Tax Settlement	-	-	648	-	-	1,944	-	2,592
2005 Unbilled Remaining Balance	1,155	1,155	1,155	3,465	3,465	3,464	4,618	4,618
<b>Total Reported Revenue</b>	<b>89,600</b>	<b>91,877</b>	<b>90,908</b>	<b>370,343</b>	<b>370,026</b>	<b>367,817</b>	<b>506,305</b>	<b>503,622</b>
Other Revenue	3,272	3,421	3,224	10,330	10,357	10,080	13,779	13,267
<b>Total Operating Revenue</b>	<b>92,872</b>	<b>95,298</b>	<b>94,132</b>	<b>380,673</b>	<b>380,383</b>	<b>377,897</b>	<b>520,084</b>	<b>516,889</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective January 1, 2008 as approved by Orders No. P.U. 32(2007).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>SUMMARY OF WEATHER ADJUSTMENTS</b> <b>For The Periods Ended September 30</b> <b>(\$000s)</b>								
	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Plan <sup>1</sup> 2009	Actual 2008
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	88,845	90,363	86,757	359,794	365,799	360,711	500,683	489,785
Degree Day & Wind Adjustment	(90)	-	2,331	6,277	-	2,472	-	7,575
<b>Weather Adjusted</b>	<b>88,755</b>	<b>90,363</b>	<b>89,088</b>	<b>366,071</b>	<b>365,799</b>	<b>363,183</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	(310)	359	17	807	762	(214)	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	-	-	-	(560)	-	(560)
<b>Amortizations <sup>4</sup></b>								
2005 Unbilled Income Tax Settlement	-	-	648	-	-	1,944	-	2,592
2005 Unbilled Remaining Balance	1,155	1,155	1,155	3,465	3,465	3,464	4,618	4,618
<b>Total Reported Revenue</b>	<b>89,600</b>	<b>91,877</b>	<b>90,908</b>	<b>370,343</b>	<b>370,026</b>	<b>367,817</b>	<b>506,305</b>	<b>503,622</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	48,483	51,131	45,628	238,858	244,701	233,741	338,572	321,557
Degree Day & Wind Adjustment	(117)	-	2,588	7,247	-	2,756	-	8,652
Hydro Equalization Adjustment	966	-	1,459	(1,232)	-	4,014	-	3,797
<b>Purchased Power Weather Adjusted</b>	<b>49,332</b>	<b>51,131</b>	<b>49,675</b>	<b>244,873</b>	<b>244,701</b>	<b>240,511</b>	<b>338,572</b>	<b>334,006</b>
Demand Management Incentive Account <sup>5</sup>	-	-	337	-	-	400	-	641
<b>Amortizations <sup>6</sup></b>								
Rattling Brook Deferral	150	150	150	450	450	449	597	598
PPUCVR Balance at Dec 31, 2006	(174)	(174)	(171)	(522)	(522)	(515)	(688)	(688)
Weather Normalization Reserve	525	525	522	1,575	1,575	1,568	2,101	2,101
<b>Weather Adjusted</b>	<b>49,833</b>	<b>51,632</b>	<b>50,513</b>	<b>246,376</b>	<b>246,204</b>	<b>242,413</b>	<b>340,582</b>	<b>336,658</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective January 1, 2008 as approved by Orders No. P.U. 32(2007).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

<sup>5</sup> Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

<sup>6</sup> Amortizations for 2009 as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>STATEMENTS OF EARNINGS - DETAIL</b> <b>For The Periods Ended September 30</b> <b>(\$000s)</b>								
	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009	Actual 2008	Plan 2009	Actual 2008
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
Aliant	1,805	1,788	1,745	5,414	5,364	5,236	7,152	6,981
CATV	500	484	471	1,501	1,449	1,409	1,945	1,880
Total Joint Use Revenue	<u>2,305</u>	<u>2,272</u>	<u>2,216</u>	<u>6,915</u>	<u>6,813</u>	<u>6,645</u>	<u>9,097</u>	<u>8,861</u>
<b>Miscellaneous</b>								
Customer Jobbing	124	170	79	397	420	342	568	434
Rental Income	7	5	6	17	15	20	20	26
Municipal Tax Liability <sup>1</sup>	342	341	341	1,026	1,022	1,022	1,362	1,362
Interest - Customer Accounts	165	293	241	675	1,048	962	1,358	1,155
Interest - RSA	(26)	4	25	36	48	78	56	116
Interest - CIAC	28	26	28	81	74	80	100	108
Interest - Other	29	36	33	93	113	102	150	135
Reconnections	35	22	34	63	55	69	73	84
NSF Cheque Charges	8	5	9	26	16	30	20	38
Wheeling Charges	131	139	135	426	464	471	613	615
Miscellaneous	44	25	(7)	388	74	60	100	65
Service Connection Fees	80	83	84	187	195	199	262	268
Total Miscellaneous	<u>967</u>	<u>1,149</u>	<u>1,008</u>	<u>3,415</u>	<u>3,544</u>	<u>3,435</u>	<u>4,682</u>	<u>4,406</u>
<b>Total Other Revenue</b>	<u><b>3,272</b></u>	<u><b>3,421</b></u>	<u><b>3,224</b></u>	<u><b>10,330</b></u>	<u><b>10,357</b></u>	<u><b>10,080</b></u>	<u><b>13,779</b></u>	<u><b>13,267</b></u>
<b>Finance Charges</b>								
Interest on Long-term Debt	9,089	8,015	8,105	25,560	24,046	24,317	31,971	32,334
Interest on Long-term Committed Credit Facility	36	634	344	368	1,777	1,197	2,444	1,445
Interest on Short-term Uncommitted Demand Facility	-	-	(1)	7	-	9	-	11
Amortization of Deferred Debt Issue Costs	66	44	59	170	133	177	177	236
Amortization of Capital Stock Issue Expenses	9	9	16	28	28	47	38	62
Interest on Security Deposits	1	-	8	7	-	30	-	37
Allowance For Funds Used During Construction (AFUDC)	<u>(181)</u>	<u>(119)</u>	<u>(198)</u>	<u>(372)</u>	<u>(280)</u>	<u>(378)</u>	<u>(400)</u>	<u>(618)</u>
<b>Total Finance Charges</b>	<u><b>9,020</b></u>	<u><b>8,583</b></u>	<u><b>8,333</b></u>	<u><b>25,768</b></u>	<u><b>25,704</b></u>	<u><b>25,399</b></u>	<u><b>34,230</b></u>	<u><b>33,507</b></u>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).



<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At September 30</b>				
	<b>THIRD QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2009</b>	<b>Actual 2008</b>	<b>Plan 2009</b>	<b>Actual 2008</b>
<b>Customers</b>	238,276	234,226	237,723	235,778
<b>Employees <sup>1</sup></b>				
Regular	572	550	562	551
Temporary	75	75	76	77
<b>Total</b>	647	625	638	628

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended September 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2009 #	2008 #	2009 #	2008 #		2009 HOURS	2008 HOURS	2009 HOURS	2008 HOURS	
St. John's	0.59	0.19	2.12	3.29	2.40	0.22	0.38	2.01	3.34	2.39
Avalon	0.36	0.46	1.72	1.84	2.09	0.38	0.44	1.85	3.18	3.00
Burin	1.24	1.19	4.42	3.33	4.88	1.00	0.48	4.72	3.32	4.45
Bonavista	0.75	2.51	2.96	8.00	5.04	0.90	2.08	3.92	42.62	12.33
Gander	1.15	1.53	3.85	4.27	4.17	1.07	1.88	3.90	8.14	5.34
Grand Falls	0.45	0.62	3.61	2.28	2.92	0.53	0.70	3.90	2.57	3.81
Corner Brook	0.33	0.63	1.58	3.64	2.49	0.12	0.89	1.83	3.92	2.64
Stephenville	0.89	1.90	3.81	3.71	4.46	0.93	1.10	2.80	2.95	4.09
<b>Company Totals</b>	<b>0.63</b>	<b>0.94</b>	<b>2.57</b>	<b>3.44</b>	<b>2.99</b>	<b>0.46</b>	<b>0.76</b>	<b>2.60</b>	<b>6.31</b>	<b>3.75</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended September 30</b>					
<b>ORIGIN</b>	<b>SAIFI</b>				
	<b>QUARTER</b>		<b>12 MONTH TO DATE</b>		<b>5 YEAR TO DATE # / YEAR</b>
	<b>2009 #</b>	<b>2008 #</b>	<b>2009 #</b>	<b>2008 #</b>	
Loss of Supply (NF Hydro)	0.15	0.27	0.30	1.02	0.53
Transmission	0.27	0.37	0.72	0.77	0.85
Distribution	0.21	0.30	1.55	1.65	1.61
<b>Company Totals</b>	<b>0.63</b>	<b>0.94</b>	<b>2.57</b>	<b>3.44</b>	<b>2.99</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended September 30</b>					
<b>ORIGIN</b>	<b>SAIDI</b>				
	<b>QUARTER</b>		<b>12 MONTH TO DATE</b>		<b>5 YEAR TO DATE HRS. / YEAR</b>
	<b>2009 HOURS</b>	<b>2008 HOURS</b>	<b>2009 HOURS</b>	<b>2008 HOURS</b>	
Loss of Supply (NF Hydro)	0.01	0.05	0.08	0.55	0.23
Transmission	0.15	0.33	0.51	0.82	0.75
Distribution	0.30	0.38	2.01	4.94	2.77
<b>Company Totals</b>	<b>0.46</b>	<b>0.76</b>	<b>2.60</b>	<b>6.31</b>	<b>3.75</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Third Quarter 2009</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.11	0.10	0.48	0.12	0.59	0.22
Avalon	0.23	0.06	0.13	0.33	0.36	0.39
Burin	0.22	0.29	1.02	0.71	1.24	1.00
Bonavista	0.22	0.64	0.52	0.26	0.74	0.90
Gander	0.66	0.54	0.49	0.53	1.15	1.07
Grand Falls	0.03	0.04	0.42	0.49	0.45	0.53
Corner Brook	0.04	0.05	0.29	0.07	0.33	0.12
Stephenville	0.10	0.03	0.79	0.91	0.89	0.94
<b>Company Totals</b>	<b>0.17</b>	<b>0.16</b>	<b>0.46</b>	<b>0.30</b>	<b>0.63</b>	<b>0.46</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended September 30, 2009**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report contains three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended September 30, 2009**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 27(2008), P.U. 29 (2009), P.U. 32(2009) and P.U. 38(2009)	Third Quarter	Year To Date	Unexpended Balance
Generation Hydro	8,899	2,929	5,412	3,487
Generation Thermal	100	34	77	23
Substations	7,469	2,024	4,879	2,590
Transmission	4,507	2,341	3,384	1,123
Distribution	31,046	9,304	27,021	4,025
General Property	835	231	500	335
Transportation	2,255	81	1,960	295
Telecommunications	350	78	236	114
Information Systems	3,725	806	2,619	1,106
Unforeseen Items	1,835	341	341	1,494
General Expenses Capital	2,800	686	2,250	550
<b>TOTAL</b>	<b>63,821</b>	<b>18,855</b>	<b>48,679</b>	<b>15,142</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations in excess of \$5,000 annually entered into during the third quarter of 2009.		

<sup>1</sup> Excludes capital expenditures of approximately \$368,000 related to prior years capital projects carried forward into 2009.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended September 30, 2009**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended September 30, 2009**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Third Quarter 2009</u>	<u>Third Quarter 2008</u>	<u>Year To Date 2009</u>	<u>Year To Date 2008</u>	<u>Annual 2008</u>
Trustee & Share Plan Costs	\$ 10,000	\$ 8,000	\$ 30,000	\$ 24,000	\$ 34,000
Hotel/Banquet Facilities	2,459	21,365	11,084	30,087	52,171
Staff Charges	-	-	12,000	-	-
Joint-use Pole Purchases	168	-	2,532	13,667	108,942
Miscellaneous	14,210	232	58,405	46,875	68,978
Sub-total	\$ 26,837	\$ 29,597	\$ 114,021	\$ 114,629	\$ 264,091
<u>Non-Regulated Charges</u>	<u>Third Quarter 2009</u>	<u>Third Quarter 2008</u>	<u>Year To Date 2009</u>	<u>Year To Date 2008</u>	<u>Annual 2008</u>
Directors' Fees & Travel	\$ 43,000	\$ 53,000	\$ 129,000	\$ 162,000	\$ 112,000
Annual & Quarterly Reports	28,000	30,000	84,000	91,000	96,000
Staff Charges	50,000	22,000	150,000	68,000	120,000
Miscellaneous	61,000	46,000	582,521	506,057	590,057
Sub-total	\$ 182,000	\$ 151,000	\$ 945,521	\$ 827,057	\$ 918,057
TOTAL	<u>\$ 208,837</u>	<u>\$ 180,597</u>	<u>\$ 1,059,542</u>	<u>\$ 941,686</u>	<u>\$ 1,182,148</u>

**Charges to Associated Companies**

	<u>Third Quarter 2009</u>	<u>Third Quarter 2008</u>	<u>Year To Date 2009</u>	<u>Year To Date 2008</u>	<u>Annual 2008</u>
Printing & Stationery	\$ 308	\$ 332	\$ 810	\$ 981	\$ 1,216
Postage	4,419	4,301	15,776	15,214	19,907
Staff Charges	122,977	282,312	375,707	609,675	1,057,284
Staff Charges - Insurance	37,187	46,658	180,855	169,773	229,330
IS Charges	-	6,000	-	8,841	31,192
Pole Installations	4,190	5,480	12,086	14,491	19,295
Miscellaneous	21,365	38,119	35,737	49,799	154,799
TOTAL	<u>\$ 190,446</u>	<u>\$ 383,202</u>	<u>\$ 620,971</u>	<u>\$ 868,774</u>	<u>\$ 1,513,023</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended Septemebr 30, 2009**

	<u><b>Third Quarter 2009</b></u>			<u><b>Third Quarter 2008</b></u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 43,000	\$ 43,000	\$ -	\$ 53,000	\$ 53,000
Annual & Quarterly Reports	-	28,000	28,000	-	30,000	30,000
Trustee & Share Plan Costs	10,000	-	10,000	8,000	-	8,000
Staff Charges	-	50,000	50,000	-	22,000	22,000
Joint-use Pole Purchases <sup>1</sup>	168	-	168	-	-	-
Miscellaneous	3,750	61,000	64,750	232	46,000	46,232
Total	<u>\$ 13,918</u>	<u>\$ 182,000</u>	<u>\$ 195,918</u>	<u>\$ 8,232</u>	<u>\$ 151,000</u>	<u>\$ 159,232</u>
<b>Fortis Properties Corporation</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	2,459	-	2,459	21,365	-	21,365
Miscellaneous	-	-	-	-	-	-
Total	<u>\$ 2,459</u>	<u>\$ -</u>	<u>\$ 2,459</u>	<u>\$ 21,365</u>	<u>\$ -</u>	<u>\$ 21,365</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 1,538	\$ -	\$ 1,538	\$ -	\$ -	\$ -
Total	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisOntario Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 8,922	\$ -	\$ 8,922	\$ -	\$ -	\$ -
Total	<u>\$ 8,922</u>	<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended September 30, 2009**

	<u>Year To Date 2009</u>			<u>Year To Date 2008</u>			<u>Annual 2008</u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 129,000	\$ 129,000	\$ -	\$ 162,000	\$ 162,000	\$ -	\$ 112,000	\$ 112,000
Annual & Quarterly Reports	-	84,000	84,000	-	91,000	91,000	-	96,000	96,000
Trustee & Share Plan Costs	30,000	-	30,000	24,000	-	24,000	34,000	-	34,000
Staff Charges	-	150,000	150,000	-	68,000	68,000	-	120,000	120,000
Joint-use Pole Purchases <sup>1</sup>	2,532	-	2,532	13,667	-	13,667	108,942	-	108,942
Miscellaneous	32,290	582,521	614,811	22,524	506,057	528,581	27,783	590,057	617,840
Total	<u>\$ 64,822</u>	<u>\$ 945,521</u>	<u>\$ 1,010,343</u>	<u>\$ 60,191</u>	<u>\$ 827,057</u>	<u>\$ 887,248</u>	<u>\$ 170,725</u>	<u>\$ 918,057</u>	<u>\$ 1,088,782</u>
<b>Fortis Properties Corporation</b>									
Staff Charges	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	11,084	-	11,084	30,087	-	30,087	52,171	-	52,171
Miscellaneous	3,178	-	3,178	5,569	-	5,569	5,569	-	5,569
Total	<u>\$ 26,262</u>	<u>\$ -</u>	<u>\$ 26,262</u>	<u>\$ 35,656</u>	<u>\$ -</u>	<u>\$ 35,656</u>	<u>\$ 57,740</u>	<u>\$ -</u>	<u>\$ 57,740</u>
<b>Maritime Electric Co. Ltd.</b>									
Miscellaneous	\$ 6,744	\$ -	\$ 6,744	\$ -	\$ -	\$ -	\$ 2,497	\$ -	\$ 2,497
Total	<u>\$ 6,744</u>	<u>\$ -</u>	<u>\$ 6,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 2,497</u>
<b>FortisOntario Inc.</b>									
Miscellaneous	\$ -	\$ -	\$ -	\$ 9,172	\$ -	\$ 9,172	\$ 9,172	\$ -	\$ 9,172
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,172</u>	<u>\$ -</u>	<u>\$ 9,172</u>	<u>\$ 9,172</u>	<u>\$ -</u>	<u>\$ 9,172</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 16,193	\$ -	\$ 16,193	\$ 9,610	\$ -	\$ 9,610	\$ 23,957	\$ -	\$ 23,957
Total	<u>\$ 16,193</u>	<u>\$ -</u>	<u>\$ 16,193</u>	<u>\$ 9,610</u>	<u>\$ -</u>	<u>\$ 9,610</u>	<u>\$ 23,957</u>	<u>\$ -</u>	<u>\$ 23,957</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended September 30, 2009**

	<b>Third Quarter 2009</b>	<b>Third Quarter 2008</b>	<b>Year To Date 2009</b>	<b>Year To Date 2008</b>	<b>Annual 2008</b>
<b>Fortis Inc. <sup>1</sup></b>					
Printing & Stationery	\$ 69	\$ 40	\$ 129	\$ 135	\$ 135
Postage	4,419	4,301	15,776	15,214	19,907
Staff Charges	75,165	101,397	215,507	250,914	324,686
Staff Charges - Insurance	24,349	35,419	147,403	125,082	148,679
IS Charges	-	6,000	-	8,694	8,971
Pole Installations	4,190	5,480	12,086	14,491	19,295
Miscellaneous	4,375	2,401	8,222	4,755	6,056
Total	<u>\$ 112,567</u>	<u>\$ 155,038</u>	<u>\$ 399,123</u>	<u>\$ 419,285</u>	<u>\$ 527,729</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 239	\$ 292	\$ 681	\$ 846	\$ 1,081
Staff Charges - Insurance	1,668	4,529	11,733	12,446	26,905
IS Charges	-	-	-	-	4,432
Miscellaneous	840	1,100	2,691	2,740	6,301
Total	<u>\$ 2,747</u>	<u>\$ 5,921</u>	<u>\$ 15,105</u>	<u>\$ 16,032</u>	<u>\$ 38,719</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ -	\$ 54	\$ 1,141	\$ 4,945	\$ 6,036
Staff Charges - Insurance	726	1,661	1,345	1,855	5,834
IS Charges	-	-	-	-	2,424
Miscellaneous	600	1,000	701	1,081	1,081
Total	<u>\$ 1,326</u>	<u>\$ 2,715</u>	<u>\$ 3,187</u>	<u>\$ 7,881</u>	<u>\$ 15,375</u>
<b>FortisOntario Inc.</b>					
Staff Charges - Insurance	\$ 5,044	\$ 821	\$ 8,224	\$ 1,280	\$ 4,638
IS Charges	-	-	-	-	2,424
Miscellaneous	270	850	273	850	850
Total	<u>\$ 5,314</u>	<u>\$ 1,671</u>	<u>\$ 8,497</u>	<u>\$ 2,130</u>	<u>\$ 7,912</u>
<b>Fortis US Energy Corporation</b>					
Staff Charges - Insurance	\$ -	\$ -	\$ -	\$ -	\$ 2,424
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,424</u>
<b>Belize Electric Company Limited</b>					
Staff Charges	\$ 29,893	\$ 22,807	\$ 67,171	\$ 74,130	\$ 89,390
Staff Charges - Insurance	756	108	1,782	700	1,996
Total	<u>\$ 30,649</u>	<u>\$ 22,915</u>	<u>\$ 68,953</u>	<u>\$ 74,830</u>	<u>\$ 91,386</u>

<sup>1</sup> In prior reports, Fortis Inc. included charges to Terasen Gas Inc., Caribbean Utilities Co. Limited, and Fortis Turks and Caicos. Charges to these companies are now shown separately in the report. As result of this change charges to Fortis Inc. in 2008 have been restated.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended September 30, 2009**

	<b>Third Quarter 2009</b>	<b>Third Quarter 2008</b>	<b>Year To Date 2009</b>	<b>Year To Date 2008</b>	<b>Annual 2008</b>
<b>Belize Electricity Limited</b>					
Staff Charges	\$ 392	\$ 9,854	\$ 1,281	\$ 23,173	\$ 23,173
Staff Charges - Insurance	162	158	2,538	553	661
IS Charges	-	-	-	85	4,240
Miscellaneous	3,150	15,195	4,756	15,735	19,564
Total	<u>\$ 3,704</u>	<u>\$ 25,207</u>	<u>\$ 8,575</u>	<u>\$ 39,546</u>	<u>\$ 47,638</u>
<b>FortisAlberta Inc.</b>					
Staff Charges	\$ -	\$ 33,610	\$ -	\$ 92,579	\$ 152,837
Staff Charges - Insurance	2,214	486	2,646	4,193	7,361
IS Charges	-	-	-	62	391
Miscellaneous	2,890	8,959	3,441	15,451	18,180
Total	<u>\$ 5,104</u>	<u>\$ 43,055</u>	<u>\$ 6,087</u>	<u>\$ 112,285</u>	<u>\$ 178,769</u>
<b>FortisBC Inc.</b>					
Staff Charges - Insurance	\$ 810	\$ 1,836	\$ 1,026	\$ 6,376	\$ 9,344
IS Charges	-	-	-	-	8,310
Miscellaneous	2,067	3,200	2,292	3,362	3,362
Total	<u>\$ 2,877</u>	<u>\$ 5,036</u>	<u>\$ 3,318</u>	<u>\$ 9,738</u>	<u>\$ 21,016</u>
<b>Terasen Gas Inc.</b>					
Staff Charges	\$ -	\$ 216	\$ -	\$ 216	\$ 216
Staff Charges - Insurance	918	-	918	10,157	12,485
Miscellaneous	5,875	3	6,295	134	134
Total	<u>\$ 6,793</u>	<u>\$ 219</u>	<u>\$ 7,213</u>	<u>\$ 10,507</u>	<u>\$ 12,835</u>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges	\$ -	\$ -	\$ 888	\$ -	\$ -
Staff Charges - Insurance	324	398	594	861	1,167
Miscellaneous	-	-	101	81	81
Total	<u>\$ 324</u>	<u>\$ 398</u>	<u>\$ 1,583</u>	<u>\$ 942</u>	<u>\$ 1,248</u>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 17,527	\$ 114,374	\$ 89,719	\$ 163,718	\$ 460,946
Staff Charges - Insurance	216	1,242	2,646	6,270	7,836
Miscellaneous	1,298	5,411	6,965	5,610	99,190
Total	<u>\$ 19,041</u>	<u>\$ 121,027</u>	<u>\$ 99,330</u>	<u>\$ 175,598</u>	<u>\$ 567,972</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended September 30, 2009**

No loans or agreements with related companies were entered into during the quarter ending September 30, 2009.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending September 30, 2009**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Third Quarter**

The total number of damage claims received during the third quarter of 2009 has increased in comparison to the number of claims received during the same period in 2008. The increase is found primarily in the Improper Workmanship and Equipment Failure categories. From a regional perspective the increase in claims is primarily related to the Eastern Region.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending September 30, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	1	\$ 440	\$ 257	-	\$ -	1	\$ 1,000
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	6	1	7	6	7,896	6,374	-	-	1	5,000
Weather Related	1	-	1	-	-	-	1	500	-	-
Equipment Failure	20	9	29	21	25,802	19,716	-	-	8	36,415
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	15	5	20	14	11,038	9,531	1	10,000	5	41,497
Total	<u>43</u>	<u>16</u>	<u>59</u>	<u>42</u>	<u>\$ 45,176</u>	<u>\$ 35,878</u>	<u>2</u>	<u>\$ 10,500</u>	<u>15</u>	<u>\$ 83,912</u>

**For the Quarter Ending September 30, 2008**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	-	1	1	\$ 274	\$ 274	-	\$ -	-	\$ -
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	1	4	5	1	600	170	-	-	4	36,196
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	14	7	21	17	18,443	10,108	1	5,000	3	3,300
Third Party	1	1	2	1	473	473	-	-	1	500
Miscellaneous	14	1	15	15	7,116	6,136	-	-	-	-
Total	<u>31</u>	<u>13</u>	<u>44</u>	<u>35</u>	<u>\$ 26,906</u>	<u>\$ 17,161</u>	<u>1</u>	<u>\$ 5,000</u>	<u>8</u>	<u>\$ 39,996</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending September 30, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	26	14	40	27	\$ 26,729	\$ 20,896	1	\$ 500	12	\$ 80,812
Western Region	17	2	19	15	18,447	14,982	1	10,000	3	3,100
Total	<u>43</u>	<u>16</u>	<u>59</u>	<u>42</u>	<u>\$ 45,176</u>	<u>\$ 35,878</u>	<u>2</u>	<u>\$ 10,500</u>	<u>15</u>	<u>\$ 83,912</u>

**For the Quarter Ending September 30, 2008**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	15	13	28	21	\$ 18,741	\$ 8,996	1	\$ 5,000	6	\$ 38,996
Western Region	16	-	16	14	8,165	8,165	-	-	2	1,000
Total	<u>31</u>	<u>13</u>	<u>44</u>	<u>35</u>	<u>\$ 26,906</u>	<u>\$ 17,161</u>	<u>1</u>	<u>\$ 5,000</u>	<u>8</u>	<u>\$ 39,996</u>



## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Quarter Ending September 30, 2009**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the third quarter of 2009. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	10	16	26	16	1	9
- Outside Planning Area	41	37	78	45	7	26
	51	53	104	61	8	35
General Service	16	9	25	11	3	11
Total	67	62	129	72	11	46

The table on pages 2 to 4 of the report provides specific information for the 67 CIACs quoted to customers during the period July 1, 2009 to September 30, 2009. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>						
31-Aug-09	Cole, Shane	Bauline South	2009-10-156	1,450.00	3,575.00	
04-Aug-09	Drolet, Stephan	North River	2009-20-179	1,275.00	3,400.00	Yes
03-Sep-09	Duffenais, Rose	Black Duck Brook	2009-51-120	2,850.00	5,475.00	Yes
09-Jul-09	Isaacs, Yolanda	Community of Terra Nova	2009-41-113	2,630.60	4,755.60	Yes
26-Aug-09	Keats, Frank	Bunyan's Cove	2009-30-106	1,940.00	4,065.00	Yes
31-Aug-09	Keats, Shannon	Bunyan's Cove	2009-30-107	2,523.75	4,648.75	Yes
27-Jul-09	McKay, Kevin	Reidville	2009-50-118	22,425.00	24,550.00	
28-Sep-09	Norman, Roger	Cupids	2009-20-194	3,225.00	5,350.00	
06-Jul-09	Spurrell, Harry	Chapel Arm	2009-20-148	336.00	2,711.00	Yes
17-Aug-09	Stead, Ernest	Bonavista	2009-30-104	4,448.00	6,573.00	Yes
<b>DOMESTIC (outside Residential Planning Area)</b>						
17-Sep-09	Antle, Nicholas	Witless Bay Line	2009-10-163	5,752.00	6,377.00	
01-Sep-09	Barker, Jeffrey	Red Cliff (near Grand Falls-Windsor)	2009-40-128	7,648.40	8,273.40	Yes
09-Sep-09	Barney, Verda	Golden Gullies Cottage Area	2009-20-190	4,331.37	5,881.37	Yes
10-Sep-09	Boyles, Jerry	Goobies	2009-30-105	9,104.25	9,729.25	Yes
03-Sep-09	Butler, Curtis	Wreckhouse/McDougals Cottage Area	2009-51-119	1,135.89	1,760.89	Yes
27-Jul-09	Carroll, Shawn	Mountain View Cottage Area - St. Andrews	2009-51-114	30,753.50	50,003.50	
03-Jul-09	Cooke, Alex	Exploit's River Cottage Area - Bishop's Falls	2009-40-122	47,113.67	47,113.67	
31-Aug-09	Croft, Michelle	Mobile First Pond Cottage Area	2009-10-158	2,149.14	2,774.14	Yes
30-Jul-09	Cummings, Gerard	Emberley Place-Mahers Cottage Area	2009-20-177	50,625.00	63,100.00	Yes
11-Sep-09	Curtis, Christopher	Witless Bay Line (Phase 1) Cottage Area	2009-10-161	1,879.34	2,504.34	Yes
01-Sep-09	Davis, Daniel	Badger Lake Cottage Area	2009-40-127	1,952.72	2,577.72	
23-Jul-09	Duff, James	Mahers Cottage Area	2009-20-172	2,102.30	2,727.30	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>						
24-Jul-09	Dunne, Paul	Placentia Junction Cottage Area	2009-20-175	2,877.34	3,502.34	Yes
01-Sep-09	Fagan, Stephen	Mahers Cottage Area	2009-20-187	2,102.30	2,727.30	Yes
03-Jul-09	Freake, Graham	Monroe's Pond Cottage Area	2009-40-123	3,318.18	3,943.18	Yes
16-Sep-09	Grant, Gerald	Salmonier Line	2009-20-192	5,500.00	6,125.00	Yes
12-Aug-09	Hardy, George	Girl Guide Camp Road Area - Corner Brook	2009-50-115	45,412.50	51,037.50	
22-Jul-09	Hollett, Jeff	Spread Eagle Cottage Area	2009-20-171	4,187.50	5,062.50	Yes
31-Aug-09	Jardine, Fred	Mahers Cottage Area (Phase 2)	2009-20-184	2,616.04	3,241.04	Yes
31-Aug-09	Kane, Richard	Cape Pond Road Cottage Area	2009-10-160	1,455.01	2,080.01	
14-Jul-09	Keating, Amelia	North West Brook Cottage Area	2009-31-106	5,489.58	6,114.58	Yes
16-Sep-09	Kowalczyk, Marcel	Pond That Feeds The Brook Cottage Area	2009-20-191	5,101.43	5,726.43	Yes
27-Jul-09	Lahey, Dawn	Cape Pond Road Cottage Area	2009-10-148	1,455.01	2,080.01	Yes
31-Aug-09	Lambert, Wayne	Ryan's/Whelan's Pond Cottage Area	2009-20-182	2,813.68	3,438.68	Yes
20-Jul-09	Lewis, Jordan	Flatrock Road (near Carbonear)	2009-20-165	1,000.00	1,925.00	
04-Aug-09	Mooney, John	Ryan's/Whelan's Pond Cottage Area	2009-20-180	2,813.68	3,438.68	Yes
10-Jul-09	Morgan, Paul	Mahers Cottage Area	2009-20-168	2,102.30	2,727.73	Yes
22-Jul-09	Noftall, June	Cape Pond Road Cottage Area	2009-10-153	1,455.01	2,175.00	Yes
23-Jul-09	Ottenheimer, Dion	Mahers Cottage Area	2009-20-174	2,102.30	2,727.30	Yes
30-Jul-09	Parsons, Reginald	Salmonier Line	2009-20-176	550.00	1,550.00	
25-Sep-09	Pennell, Dave	Pinchgut Lake Cottage Area	2009-50-122	1,625.00	2,250.00	
31-Aug-09	Pike, Verley	Mahers Cottage Area (Phase 2)	2009-20-186	2,616.04	3,241.04	Yes
20-Jul-09	Pitcher, Graham	Denney's Pond Cottage Area	2009-20-169	2,565.33	3,190.33	
09-Sep-09	Poole, Ross	Ryan's/Whelan's Pond Cottage Area	2009-20-189	2,813.68	3,438.68	
31-Aug-09	Power, Ken	Mahers Cottage Area (Phase 2)	2009-20-185	2,616.04	3,241.04	Yes
23-Jul-09	Sooley, Ed	Sandy Point Cottage Area	2009-40-124	2,641.89	3,266.89	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2009**

Date Quoted	Customer Name	Service Location	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>						
24-Sep-09	Stacey, Gregory	Thorburn Lake Cottage Area	2009-30-108	4,331.29	4,956.29	Yes
29-Sep-09	Vincent, Calvin	Beachy Cove Road Cottage Area	2009-10-165	3,372.00	4,357.00	
20-Jul-09	Wareham-Stamp, Mary	Nine Island Pond Cottage Area	2009-20-170	2,807.82	3,432.82	
22-Jul-09	Watton, Keith	Howley Cottage Area	2009-50-117	2,961.54	3,586.54	
14-Aug-09	Whiteway, John	Pinchgut Lake Cottage Area	2009-50-120	750.00	1,375.00	
<b>GENERAL SERVICE</b>						
24-Sep-09	Aunt Minnie's Frozen Foods	Lethbridge (food processing)	2009-30-109	67,314.34	73,554.34	Yes
31-Aug-09	Botwood Fur Ranch	Northern Arm (mink farm)	2009-40-126	3,000.00	6,150.00	
20-Jul-09	City of St. John's	Robin Hood Bay (waste recycling)	2009-10-143	2,925.00	6,550.00	
14-Sep-09	E&E Drive-in	Brigus (restaurant/take-out)	2009-20-188	5,425.00	5,425.00	
06-Jul-09	Eastlink Communications	Bay Roberts (cable television)	2009-20-166	6,528.00	6,990.00	
22-Jul-09	Fairport Investments	Paddy's Pond (aircraft hanger)	2009-10-136	12,500.00	14,625.00	Yes
17-Jul-09	Lawn Harbour Authority	Lawn (ice making facility)	2009-31-107	18,702.00	23,046.00	Yes
10-Jul-09	Murphy's Sod Farm	TCH, near Whitbourne (sod farm)	2009-20-167	4,100.00	6,225.00	
04-Aug-09	Nurse Abernathy Clinic	Trepassey (nursing clinic)	2009-20-178	5,218.00	11,088.00	
01-Sep-09	Thomas Howe	TCH, near Gander (demonstration forest)	2009-41-114	1,325.00	3,450.00	
01-Sep-09	Town of Glenwood	Glenwood (boat launch)	2009-41-116	3,500.00	3,500.00	
29-Sep-09	Town of Marystown	Marystown (sewer processing plant)	2009-31-108	7,795.50	10,920.50	Yes
21-Sep-09	Town of Seal Cove	Seal Cove (lift station)	2009-10-127	35,402.60	41,246.00	Yes
27-Aug-09	Town of Wabana	Wabana (pump house)	2009-10-159	35,455.44	42,019.44	
24-Aug-09	Winterton Futures Comm.	Winterton (recreation park)	2009-20-181	1,700.00	3,825.00	
08-Jul-09	Zenzville Park	Kippens (recreation park)	2009-51-117	3,565.00	20,325.00	Yes

# **Quarterly Regulatory Report**

***For The Period Ended  
December 31, 2009***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**December 31, 2009**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	2
2. Customer Service .....	3
3. System Performance .....	5
4. Financial Matters .....	7
5. Capital Program .....	9
6. Safety & Environment .....	10
7. Community .....	14
<b>Financial Statements</b>	
Balance Sheets .....	15
Statements of Earnings .....	16
Statements of Retained Earnings .....	17
Statements of Cashflows .....	18
<b>Appendices</b>	
A Electricity Statistics .....	19
B Statements of Electricity Sold (GWh) .....	20
C Statements of Revenue .....	21
D Summary of Weather Adjustments .....	22
E Statements of Earnings – Detail .....	23
F Customer and Employee Statistics .....	24
G Service Continuity Performance .....	25



## 1. Highlights

	Highlights				
	4 <sup>th</sup> Quarter			Annual	
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009
Customer Satisfaction (%)	90	89	89	90	89
Electricity Delivery					
Electricity Sales (GWh) <sup>1</sup>	1,473.9	1,420.0	1,412.2	5,299.0	5,244.5
Peak Demand (MW) <sup>1, 2</sup>	1,237.1	1,234.5	1,188.0	1,237.1	1,234.5
Customer Minutes of Outage <sup>3</sup>	12.3	10.6	11.6	35.6	37.6
Employee Injuries <sup>4</sup>	3	3	5	7	12
Revenue (\$millions) <sup>1</sup>	146.5	139.7	139.0	527.2	520.1
Earnings (\$millions) <sup>5</sup>	8.6	8.0	7.9	32.6	32.8

- Customer satisfaction exceeded plan.
- 4<sup>th</sup> quarter and annual electricity sales higher than plan and 2008.
- Annual reliability and safety performance better than plan and 2008.
- 4<sup>th</sup> quarter earnings exceeded plan; annual performance is consistent with plan.
- Capital expenditures of \$70 million exceeded plan by \$5.3 million.
- 2010 capital budget of \$64.7 million approved by PUB.
- PUB approved 3.5% average customer rate increase and 9% return on equity for 2010.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2008/2009 winter period occurred on January 27<sup>th</sup>, 2009 at 8:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Total lost time and medical aid incidents.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)			
	Annual		
	Actual 2009	Plan 2009	Actual 2008
Customer Satisfaction	90	89	89
First Call Resolution <sup>1</sup>	88	88	88
Service Level <sup>2</sup>	76	80	80
Trouble Call Response <sup>3</sup>	91	85	91

<sup>1</sup> Per cent of customer calls resolved on first contact.

<sup>2</sup> Per cent of customer calls answered within 40 seconds.

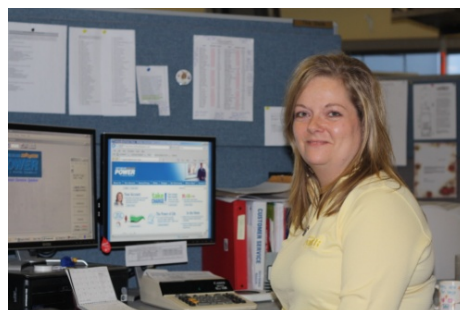
<sup>3</sup> Per cent of call response within two hours.

### Customer Service Performance

Overall customer service performance to the end of the year was good. Customer satisfaction, first call resolution and trouble call response continued to track equal to or higher than plan. The Contact Centre service level tracked below plan.

### Customer Service Improvements

The Contact Centre implemented a new email management system which will provide better organization and tracking of customer email requests. This new tool enables better management of the increasing volume of customer emails that are being received and responded to through the Contact Centre.



*Tina Slade, Customer Account Representative*

### Energy Conservation

During 2009, 1,850 Newfoundland Power customers participated in one or more of the *takeCHARGE!* rebate programs, exceeding our target of 1,673 participants. The majority of program participation to date has been from customers living in urban areas, particularly St. John's, Mount Pearl and Corner Brook. Customer research completed late in the year will help us understand these trends and guide modifications to our approach for 2010.

Our mass media and retail advertising campaign continued through the quarter. Customer Service Specialists across the island visited more than 130 retail outlets to distribute a new series of point-of-purchase display materials, as well as talk about the *takeCHARGE!* initiative with sales staff. In addition to television and newspaper advertising, we also increased our customers' exposure to *takeCHARGE!* through cinema advertising and hockey rink boards throughout the province.

During the week of November 13<sup>th</sup> to 20<sup>th</sup>, we hosted Energy Conservation Week together with Newfoundland and Labrador Hydro (Hydro). Our team held events in local malls or retail outlets in each of our areas. A special television series was produced and aired during the week, aimed at educating customers on tips and techniques to save energy in their homes. We also launched an ENERGY STAR® electronics contest called *Warm Up to Win* which solicited more than 8,000 entries between November 13<sup>th</sup> and December 10<sup>th</sup>.

Energy Conservation Week promotions had a significant impact on our *takeCHARGE!* website activity. Weekly visits to the website have increased from 750 before the June program launch to 1,500 in early November, to a high of 2,670 during Energy Conservation Week.



Filming the *takeCHARGE!* Energy Efficiency Week "Winter Warm-Up" Series

Additional *takeCHARGE!* community and outreach events during the quarter included the Federation of Municipalities Convention in Gander and holiday tree lighting ceremonies in nine communities across the province. The *takeCHARGE!* team also presented the *takeCHARGE!* Energy Savers program to members of several organizations during the quarter, including the Business Association of Newfoundland & Labrador, the Building Owners and Managers Association (BOMA) and the Cadet Corps of Pasadena.

### Retail Rate Review

In accordance with the 2008 General Rate Application Settlement Agreement, Newfoundland Power is conducting an evaluation of its existing rate designs and a review of alternative rate designs to determine their appropriateness for billing customers (the "Retail Rate Review"). The final Rate Design Report was submitted to the Public Utilities Board (the "PUB") on January 28<sup>th</sup>, 2009. A Customer Feedback Report was filed with the PUB on June 19<sup>th</sup>, 2009.

It was originally expected that rate design alternatives would be assessed at a Technical Conference involving all interested stakeholders during 2009 in accordance with the 2008 GRA Settlement Agreement. A settlement agreement associated with the Company's 2010 GRA provided for adjustments to the original schedule for the Rate Design Review. In the 2010 GRA Order, the PUB approved that Newfoundland Power, in consultation with the Consumer Advocate, shall file no later than March 31<sup>st</sup>, 2010 a revised schedule for the ongoing retail rate design study.

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>			
	Annual		
	Actual 2009	Plan 2009	Actual 2008
Customer Minutes of Outage <sup>2</sup>	35.0	37.6	36.3
SAIDI (Outage hours per customer)	2.53	2.74	2.67
SAIFI (Outages per customer)	1.99	2.37	2.35

<sup>1</sup> Excludes Hydro-related interruptions.

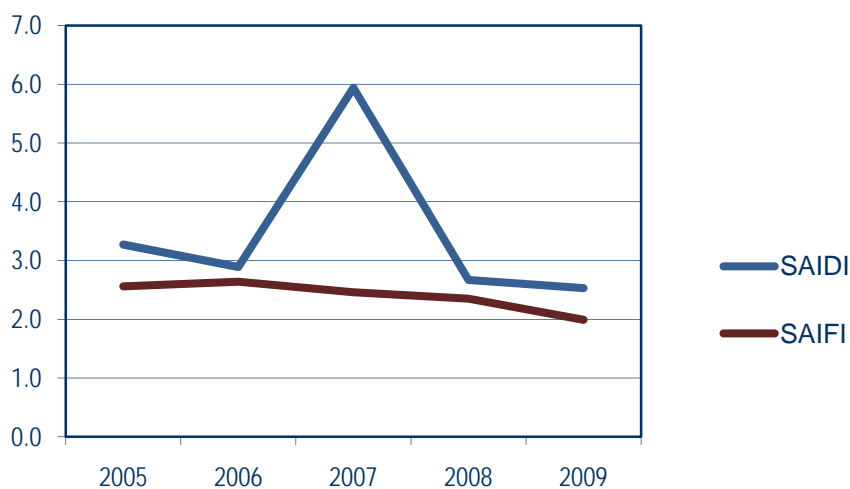
<sup>2</sup> In millions of minutes.

The electrical system continued to perform reliably to the end of the year.

The frequency and duration of outages in 2009 were better than plan. This continues the trend of improvement in reliability performance over the past five years. In 2007, outage duration results were impacted by the storm damage that occurred on the Bonavista Peninsula.

Unusually high winds in October were the cause of several outages, accounting for approximately 20% of the total customer minutes of outage during the year. Scheduled outages accounted for only 10% of the total customer minutes in the quarter.

Significant unplanned power interruptions during the 4<sup>th</sup> quarter included:



Reliability performance 2005 - 2009

1. Oct 10<sup>th</sup>: A faulted lightning arrestor affected service to 6,956 customers in the Mount Pearl area resulting in a total of 439,955 customer minutes of outage.
2. Oct 17<sup>th</sup>: A faulted underground cable affected service to 4,170 customers in the St. John's area resulting in a total of 557,116 customer minutes of outage.
3. Nov 27<sup>th</sup>: A broken pole affected service to 1,151 customers in the Deer Lake area resulting in a total of 419,555 customer minutes of outage.

**B. Electricity Supply**

	Electricity Supply			Annual	
	4 <sup>th</sup> Quarter				
	Actual 2009	Plan 2009		Actual 2009	Plan 2009
Energy Purchased (GWh) <sup>1</sup>	1,443.5	1,387.5	1,374.6	5,187.9	5,130.6
Peak Demand (MW) <sup>1, 2</sup>	1,237.1	1,234.5	1,188.0	1,237.1	1,234.5
Hydro Plant Production (GWh)	132.9	118.1	100.3	426.7	425.9
Plant Availability (%)	96.8	95.5	92.8	96.9	95.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2008/2009 winter period occurred on January 27<sup>th</sup>, 2009 at 8:45 a.m.

Energy purchased was 56.0 GWh higher than plan for the quarter and 57.3 GWh higher than plan for the year. This reflects higher than expected energy sales.

During the 4<sup>th</sup> quarter, hydro plant production was 14.8 GWh higher than plan. The higher energy production reflects higher than normal water inflows for the quarter.

Hydro plant availability was 96.8 percent in the 4<sup>th</sup> quarter compared to a plan of 95.5 percent. There were 53 forced outages in the quarter, comparable to the 59 experienced in the 4<sup>th</sup> quarter of 2008. The total number of forced outages in 2009 was 168, compared to 255 during 2008.

## 4. Financial Matters

	4 <sup>th</sup> Quarter			Annual	
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009
Revenue (\$millions) <sup>1</sup>	146.5	139.7	139.0	527.2	520.1
Purchased Power Costs (\$millions) <sup>1</sup>	99.3	94.4	94.2	345.7	340.6
Operating Costs (\$millions) <sup>2</sup>	12.9	12.6	12.1	49.3	49.1
Operating Cost per Customer (\$)	214	215	208	214	215
Earnings (\$millions) <sup>3</sup>	8.6	8.0	7.9	32.6	32.8

<sup>1</sup> Weather adjusted.

<sup>2</sup> Excluding pension and early retirement program costs.

<sup>3</sup> Earnings applicable to common shares.

### Financial Results

Revenue and purchased power costs were higher than plan, primarily as a result of higher than expected sales. Electricity sales in 2009 increased by 1.7% compared to 2008. This principally reflects the increase in the number of customers served.

Operating costs for the 4<sup>th</sup> quarter and for the year were consistent with plan. Operating cost per customer was consistent with plan in 2009, though higher than results in 2008. This primarily reflects an increase in costs related to energy conservation.

Earnings for the quarter are higher than plan, principally due to higher revenue from electricity sales. 2009 annual earnings were generally consistent with plan.

### General Rate Application

On December 11<sup>th</sup>, the PUB issued its order in relation to the Company's 2010 General Rate Application.

The PUB approved an average customer rate increase of 3.5%, effective January 1<sup>st</sup>, 2010. This reflects an allowed return on equity of 9.0% for 2010. The PUB also ordered continued use of an Automatic Adjustment Formula for determining the appropriate cost of capital to be used in setting customer rates for 2011 and 2012. However, the PUB has also ordered that the Company may submit an application to seek changes to the automatic adjustment mechanism by March 15<sup>th</sup>, 2010.

The PUB did not approve the Company's proposal to adopt accrual accounting for other post-employment benefits (OPEBs) in 2010. Instead, the PUB ordered the Company to submit a comprehensive proposal for the adoption of accrual accounting as of January 1<sup>st</sup>, 2011.

The Company's proposal to create a deferral account for variances in defined benefit pension expense was approved by the PUB. This account will permit recovery of the Company's future pension expense.

### International Financial Reporting Standards

The International Accounting Standards Board ("IASB") continued the special project on rate-regulated activities, with solicitation of comments on the Exposure Draft on Rate-Regulated Activities. Based on the Exposure Draft, regulatory assets and liabilities arising from activities subject to cost-of-service regulation can be recognized under IFRS when certain conditions are met. However, uncertainty will exist until the final standard on accounting for rate-regulated activities under IFRS is issued.

The current IASB project timeline indicates a final standard would be issued in the 2<sup>nd</sup> quarter of 2010. Adoption of IFRS in Canada is scheduled for 2011. The Company's progress on the transition to IFRS is on track.



## 5. Capital Program

2009 Capital Expenditures		
Annual		
	Actual 2009	Plan 2009 <sup>1</sup>
Total (\$millions)	70.0	64.7

<sup>1</sup> Plan includes \$32,000 carryover for Fermeuse wind turbine project and \$1,568,000 for Water Street underground civil work. Plan also includes the supplemental capital expenditure approvals associated with the remanufacture of a power transformer at Kenmount Substation, feeder improvements to accommodate the Vale Inco project in Long Harbour and repairs to the Seal Cove plant. Annual plan excludes the \$750,000 allowance for unforeseen items.

### 2009 Capital Expenditures

Capital expenditures in 2009 were \$70.0 million which was approximately \$5.3 million above plan. This increase is primarily due to higher than expected expenditures in the Distribution class. During 2009, there were 5,051 new customer connections. This was the highest annual number of new customer connections recorded since the 1980s, and 27% higher than the 2009 budget estimate of 3,962.

In 2009, the Company completed two material unforeseen capital projects. On March 17<sup>th</sup>, a turbine at Seal Cove hydroelectric plant was damaged when a piece of concrete entered the unit. Repairs were made to the turbine runner, bearings and shaft, and the unit was returned to service in November. On March 26<sup>th</sup>, a power transformer at Kenmount substation developed an internal fault as a result of a power system disturbance. This transformer was rebuilt and placed back in service in November.



*New substation constructed at Rocky Pond plant*

Major capital projects that were completed in the 4<sup>th</sup> quarter include:

- Refurbishment of the Horse Chops plant governor, protection and control systems and substation.
- Refurbishment of the Rocky Pond plant governor, generator, penstock and substation.
- Refurbishment and modernization of King's Bridge Substation in St. John's.

### 2010 Capital Budget

The Company's \$64.7 million 2010 capital budget was approved by the PUB on November 4<sup>th</sup>.



## 6. Safety & Environment

### A. Safety

Safety Performance			
	Annual		
	Actual 2009	Plan 2009	Actual 2008
Injury Frequency Rate <sup>1</sup>	1.2	2.2 <sup>2</sup>	2.7

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> Based on a 10% improvement over the three-year average from 2006 to 2008.

### Safety Performance

In the fourth quarter, there were three lost-time injuries and no medical-aid injuries. For the year, the Company recorded a total of five lost-time and two medical-aid injuries. This resulted in an all-injury frequency rate of 1.2 which is the lowest injury frequency rate in the Company's recorded history. There was a total of 86 calendar days of lost time due to injury in 2009 which compares to 453 days lost in 2008.

There were nine preventable vehicle accidents during the fourth quarter, bringing the annual total to 22 compared to 21 in 2008. Fourteen of the accidents in 2009 occurred while the vehicle was reversing.

### Health & Safety Audit

An audit of the Company's Health & Safety Management System (HSMS) was conducted in the fourth quarter. The audit confirmed that the Company remains compliant with the OHSAS 18001 standard and that the HSMS is operating as intended. Several opportunities for improvement were identified in the areas of safety training, job safety planning and emergency response planning.

### OH&S Regulation

As a result of an inspection conducted on a Company pole installation contractor by Occupational Health & Safety (OH&S) on October 29<sup>th</sup>, the Company was issued an officer's report noting several areas of concern. While no orders were issued as a result of the inspection, the Company initiated a meeting with OH&S officials to clarify the concerns.

On November 25<sup>th</sup>, OH&S issued an order to the Company stemming from an incident on November 18<sup>th</sup> involving a street light pole crew working under contract for the Company. In the incident, the contractor's backhoe dug into a 7,200 volt underground cable resulting in a power interruption. There were no injuries. An investigation report with recommendations and corrective actions was provided to OH&S.

On December 23<sup>rd</sup>, an OH&S officer requested that the Company provide follow-up information regarding an inspection carried out by the RCMP on a contractor pole installation crew in Traytown. The inspection identified possible violations of the OH&S Regulations regarding blasting requirements. All blasting operations by the contractor were suspended by the Company pending investigation of the reported deficiencies.

On December 23<sup>rd</sup>, an incident occurred in St John's in which a Power Line Technician (PLT) fell from a ladder while installing a service wire on a customer's premises. This incident did not result in injury to the PLT; however, the Company notified OH&S and an investigation report was completed.

### Safety Training Programs

High voltage rubber glove training was provided to ten PLT Apprentices during November. This week-long training program prepares the PLT Apprentices to safely perform work on energized high voltage lines up to 25 kilovolts. Until they attain Journeyman status, PLTs must work under the continuous and direct supervision of a Journeyman at all times.

A new computer-based Safety & Environmental Awareness training program was developed in the fourth quarter. It will provide an additional training option, along with the existing classroom training format.



*Peter Feehan and Bob Dillon discuss personal protective equipment*

### Public Safety Initiatives

There were seven public contacts with power lines during the quarter. Six of these contacts involved construction equipment hooking or digging into low voltage service wires. None of these incidents resulted in injuries to the public.

Public safety education continued during the quarter and through 2009. In all, three thousand students from 57 elementary schools in the Company's service area participated in electrical safety presentations. Over two hundred volunteer fire fighters representing 12 fire departments attended the Company's *Fire Fighting and Electricity* seminar. Radio, television and print media were used for public electrical safety awareness advertising, including topics related to vandalism, fire safety, tree cutting and holiday safety. Company safety officials also met with counterparts from Bell Aliant and Rogers Cable to initiate sharing of relevant safety related information between these organizations and their contractors.

### Safety Milestones

Two employee groups achieved significant safety milestones during the 4<sup>th</sup> quarter. On November 14<sup>th</sup>, the Electrical Engineering department marked three years without a lost-time injury. On December 1<sup>st</sup>, Clarendville area employees reached a one year lost-time injury free milestone.

## B. Environment

Environment Performance		
	Annual	
	Actual 2009	Actual 2008
Number of Spills	76	55
Reportable PCB spills <sup>1</sup>	1	1
Volume of Oil Spills (Litres)	1,299	729

<sup>1</sup> PCB spills must be reported if any of the following conditions exist:

- All PCB spills that have a concentration of 50 ppm PCBs or more.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

### Environment Performance

Both the number and volume of spills increased in 2009 as compared to 2008. In 2009, there were 76 spills compared to 55 in 2008. Approximately 75 per cent, or 57 spills, in 2009 were minor spills with volumes less than 10 litres.

The 2009 total volume of spills was 1,299 litres compared to 729 litres in 2008. A single mineral oil spill of 519 litres, which occurred at Holy Spirit School in Torbay in the 1<sup>st</sup> quarter, accounted for 40 per cent of the total volume of spills in 2009.

### Environmental Management System Audit

The annual Environmental Management System (EMS) audit was conducted between September 28<sup>th</sup> and October 9<sup>th</sup> 2009. The audit confirmed the Company's continued compliance with the ISO 14001 standard and that the EMS has been properly implemented and maintained.

### Training Programs

During the 4<sup>th</sup> quarter of 2009, environmental training was provided to 83 contractor employees that perform work on behalf of the Company. A total of 488 contractor employees were trained during the year.

### Environment Regulation

The Company was issued a warning for a violation of the Fisheries Act on November 3, 2009. The warning resulted from an observation by the Department of Fisheries and Oceans (DFO) on November 18<sup>th</sup>, 2008 at the Rattling Brook hydro plant. The warning noted that approximately 350 meters of streambed downstream of the plant had low water levels, and indicated that even short periods at this water level can cause fish mortality and endanger eggs. The warning was unexpected as Rattling Brook plant has operated in this manner without incident since its commissioning in 1958. As a result of meetings with DFO representatives, the Company has changed its operating practices and has agreed to contact DFO when plant operations may reduce water levels in the streambed.

On December 4<sup>th</sup>, 2009, the Company filed two applications pursuant to the federal PCB Regulations seeking an end-of-use extension to December 31<sup>st</sup>, 2014; one for all oil filled electrical equipment with known PCB concentration levels of 500mg/kg, and the other for equipment in which concentration levels are unknown. The applications concern insulated connections on substation transformers and breakers. These connections, or bushings, contain low volumes of insulating oils, usually one litre or less. This application is a temporary measure in response to the new PCB Regulations which come into effect in 2010. Other Canadian utilities are making similar applications for extensions. It is the Company's current expectation that the regulations will soon be amended to allow continued use of such equipment in substations beyond 2014.



## 7. Community

### The Power of Life Project

Our employees and customers continue to support cancer care in our province by donating to our corporate charity, *The Power of Life Project*.

In the past quarter, employees across the island organized events such as golf tournaments, a ski-doo auction, hard hat drive, Christmas breakfasts and dinners, bake sales and ticket sweeps, which raised approximately \$34,000 for cancer care.

### Partners for Life

In December, we once again achieved our annual corporate pledge of 300 blood donations, the second highest of any corporate partner in Atlantic Canada. Since joining the *Partners for Life Program* in 2004 we have made over 1,700 donations, helping to save up to 5,100 lives.

### CIBC Run for the Cure

On Sunday, October 4<sup>th</sup>, 40 employees and family members participated in the annual *CIBC Run for the Cure* in support of breast cancer research. Proudly walking or running in our Team Newfoundland Power shirts, we raised over \$3,000 in support of family, friends and co-workers who have been affected by this disease.

### Christmas Parades

Our employees, retirees and family members got into the holiday spirit at Christmas parades across the island in November and early December.

In St. John's, employees and family members walked the parade route collecting donations for the Community Food Sharing Association. Donations included approximately \$12,000 cash, as well as over 20,000 pounds of food valued at more than \$40,000. Through participation in this event over the past eleven years, we have collected approximately 196,000 pounds of food and over \$82,000 to assist others during the holiday season.

In Gander, employees also collected a pickup truck full of food for the Gander Food Bank.



*Grand Falls-Windsor Hard Hat Drive*



*Ralph Mugford shops for the Food Sharing Association at the St. John's Downtown Christmas Parade*

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At December 31**  
**(\$000s)**

	<u>2009</u>	<u>2008 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,230,371	1,181,433
Less: accumulated depreciation	<u>443,153</u>	<u>422,621</u>
	<u>787,218</u>	<u>758,812</u>
<b>Current Assets</b>		
Cash	5,308	619
Accounts receivable	64,553	63,508
Income tax receivable	4,194	-
Materials and supplies	934	1,016
Prepaid Expenses	1,376	1,292
Regulatory assets	<u>11,023</u>	<u>9,426</u>
	<u>87,388</u>	<u>75,861</u>
<b>Accrued Pension and Other</b>	97,840	93,273
<b>Regulatory Assets</b>	197,783	55,988
<b>Intangible Assets, net of amortization</b>	16,113	16,145
<b>Customer Finance Plans</b>	<u>1,679</u>	<u>1,776</u>
<b>Total Assets</b>	<u><u>1,188,021</u></u>	<u><u>1,001,855</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>310,864</u>	<u>303,417</u>
Common shareholder's equity	<u>381,185</u>	<u>373,738</u>
Preference shares	<u>9,111</u>	<u>9,352</u>
	<u>390,296</u>	<u>383,090</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	65,727	65,548
Income tax payable	-	7,633
Current portion of long-term debt	5,200	4,550
Future income taxes	1,068	-
Regulatory liabilities	<u>9,374</u>	<u>6,428</u>
	<u>81,369</u>	<u>84,159</u>
<b>Future Income Taxes</b>	122,426	1,184
<b>Long-term Debt</b>	474,050	433,604
<b>Other Liabilities</b>	50,673	45,001
<b>Regulatory Liabilities</b>	<u>69,207</u>	<u>54,817</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,188,021</u></u>	<u><u>1,001,855</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended December 31**  
**(\$000s)**

	FOURTH QUARTER			ANNUAL		
	Actual 2009	Plan 2009 <sup>1</sup>	Actual 2008	Actual 2009	Plan 2009 <sup>1</sup>	Actual 2008
Revenue	146,506	139,701	138,992	527,179	520,084	516,889
Purchased Power	99,280	94,378	94,245	345,656	340,582	336,658
Contribution	47,226	45,323	44,747	181,523	179,502	180,231
Operating Expenses	12,939	12,599	12,059	49,315	49,122	47,132
Pension Costs	381	198	434	1,545	771	1,912
Early Retirement Program Costs	282	-	282	1,128	-	1,128
Depreciation	10,891	10,824	10,250	41,825	41,639	40,649
Regulatory Deferral	965	962	965	3,862	3,860	3,862
Finance Charges	8,787	8,526	8,108	34,555	34,230	33,507
Income Before Income Taxes	12,981	12,214	12,649	49,293	49,880	52,041
Income Taxes	4,200	4,024	4,591	16,092	16,466	19,146
Net Earnings	8,781	8,190	8,058	33,201	33,414	32,895
Dividends on Preference Shares	141	146	147	573	586	554
Earnings Applicable to Common Shares	<u>8,640</u>	<u>8,044</u>	<u>7,911</u>	<u>32,628</u>	<u>32,828</u>	<u>32,341</u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Years Ended December 31**  
**(\$000s)**

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Balance, Beginning of the Year</b>	303,417	286,350
Net Earnings	33,201	32,895
<b>Dividends</b>		
Preference Shares	(573)	(554)
Common Shares	(25,181)	(15,274)
<b>Balance, End of the Year</b>	<u><u><b>310,864</b></u></u>	<u><u><b>303,417</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Years Ended December 31**  
**(\$000s)**

	<u>2009</u>	<u>2008 <sup>1</sup></u>
<b>Cash From (Used In) Operating Activities</b>		
Net earnings	33,201	32,895
Items not affecting cash:		
Amortization of property, plant and equipment	38,935	37,547
Amortization of intangible assets and other	3,162	3,400
Change in regulatory assets and liabilities	691	305
Future income taxes	502	1,184
Employee future benefits	(4,416)	(4,471)
Change in non-cash working capital	(12,695)	14,191
	<u>59,380</u>	<u>85,051</u>
<b>Cash From (Used In) Investing Activities</b>		
Capital expenditures (net of salvage)	(71,267)	(64,959)
Intangible asset expenditures	(2,808)	(2,374)
Contributions from customers	4,575	3,054
Other	(107)	208
	<u>(69,607)</u>	<u>(64,071)</u>
<b>Cash From (Used In) Financing Activities</b>		
Net proceeds (repayment) of committed credit facility	(18,500)	(1,000)
Proceeds from long-term debt	65,000	-
Repayment of long-term debt	(5,200)	(4,550)
Proceeds from related party loan	-	32,500
Repayment of related party loan	-	(32,500)
Payment of debt financing costs	(389)	(50)
Redemption of preference shares	(241)	-
Dividends		
Preference shares	(573)	(554)
Common shares	(25,181)	(15,274)
	<u>14,916</u>	<u>(21,428)</u>
<b>Increase (Decrease) in Cash</b>	4,689	(448)
<b>Cash, Beginning of the Year</b>	<u>619</u>	<u>1,067</u>
<b>Cash, End of the Year</b>	<u><u>5,308</u></u>	<u><u>619</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended December 31</b>				
	<b>FOURTH QUARTER</b>		<b>ANNUAL</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Sales (GWh)</b>				
Actual	1,480.2	1,348.9	5,227.5	5,115.2
Weather adjusted	1,473.9	1,412.2	5,299.0	5,208.2
Plan <sup>1</sup>	1,420.0		5,244.5	
<b>Produced &amp; Purchased (GWh)</b>				
Actual	1,568.2	1,425.1	5,538.2	5,415.6
Weather adjusted	1,561.6	1,492.0	5,613.8	5,513.8
Plan <sup>1</sup>	1,504.9		5,556.4	
<b>Hydro Production (GWh)</b>				
Actual	132.9	100.3	426.7	454.3

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated April 4, 2008.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended December 31**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FOURTH QUARTER			ANNUAL		
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009	Actual 2008
<b>Residential</b>	923.4	876.3	882.2	3,203.3	3,135.2	3,130.3
<b>Commercial</b>						
0-10 kW	24.1	22.8	22.9	89.8	88.7	88.8
10-100 kW	169.5	171.3	165.6	640.9	657.3	641.8
110-1000 kVA	236.8	235.0	225.3	890.5	902.2	878.5
1000 kVA and Over	108.7	103.2	104.8	438.0	424.6	432.3
<b>Total Commercial</b>	539.1	532.3	518.6	2,059.2	2,072.8	2,041.4
<b>Street Lighting</b>	11.4	11.4	11.4	36.5	36.5	36.5
<b>Total Calendar Basis Sales</b>	<u><u>1,473.9</u></u>	<u><u>1,420.0</u></u>	<u><u>1,412.2</u></u>	<u><u>5,299.0</u></u>	<u><u>5,244.5</u></u>	<u><u>5,208.2</u></u>
<b>BY REGION</b>						
Eastern <sup>1</sup>	1,036.8	995.1	990.8	3,719.3	3,692.7	3,659.5
Western <sup>2</sup>	437.1	424.9	421.4	1,579.7	1,551.8	1,548.7
<b>Total</b>	<u><u>1,473.9</u></u>	<u><u>1,420.0</u></u>	<u><u>1,412.2</u></u>	<u><u>5,299.0</u></u>	<u><u>5,244.5</u></u>	<u><u>5,208.2</u></u>

<sup>1</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarenville operating areas.

<sup>2</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended December 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FOURTH QUARTER			ANNUAL		
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008
<b>Residential</b>	87,955	83,825	84,318	309,360	303,405	302,916
<b>Commercial</b>						
0-10 kW	3,148	2,975	3,015	11,840	11,652	11,742
10-100 kW	17,007	17,076	16,466	63,318	64,699	63,129
110-1000 kVA	19,915	19,730	18,946	74,182	75,000	72,997
1000 kVA and Over	7,947	7,444	7,661	31,675	30,242	31,208
<b>Total Commercial</b>	48,017	47,225	46,088	181,015	181,593	179,076
Street Lighting	3,229	3,220	3,184	12,862	12,839	12,722
Forfeited Discounts	609	614	587	2,644	2,846	2,646
<b>Revenue From Rates</b>	<b>139,810</b>	<b>134,884</b>	<b>134,177</b>	<b>505,881</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	2,071	242	(174)	2,878	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	-	-	-	(560)
<b>Amortizations <sup>4</sup></b>						
2005 Unbilled Income Tax Settlement	-	-	648	-	-	2,592
2005 Unbilled Remaining Balance	1,153	1,153	1,154	4,618	4,618	4,618
<b>Total Reported Revenue</b>	<b>143,034</b>	<b>136,279</b>	<b>135,805</b>	<b>513,377</b>	<b>506,305</b>	<b>503,622</b>
Other Revenue	3,472	3,422	3,187	13,802	13,779	13,267
<b>Total Operating Revenue</b>	<b>146,506</b>	<b>139,701</b>	<b>138,992</b>	<b>527,179</b>	<b>520,084</b>	<b>516,889</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective January 1, 2008 as approved by Orders No. P.U. 32(2007).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended December 31**  
**(\$000s)**

	FOURTH QUARTER			ANNUAL		
	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008	Actual 2009	Plan <sup>1</sup> 2009	Actual 2008
<b>REVENUE FROM ELECTRICITY SALES</b>						
Actual	140,329	134,884	129,074	500,123	500,683	489,785
Degree Day & Wind Adjustment	(519)	-	5,103	5,758	-	7,575
<b>Weather Adjusted</b>	<b>139,810</b>	<b>134,884</b>	<b>134,177</b>	<b>505,881</b>	<b>500,683</b>	<b>497,360</b>
Energy Supply Cost Variance <sup>2</sup>	2,071	242	(174)	2,878	1,004	(388)
2008 Tax Deferral <sup>3</sup>	-	-	-	-	-	(560)
<b>Amortizations <sup>4</sup></b>						
2005 Unbilled Income Tax Settlement	-	-	648	-	-	2,592
2005 Unbilled Remaining Balance	1,153	1,153	1,154	4,618	4,618	4,618
<b>Total Reported Revenue</b>	<b>143,034</b>	<b>136,279</b>	<b>135,805</b>	<b>513,377</b>	<b>506,305</b>	<b>503,622</b>
<b>PURCHASED POWER EXPENSE</b>						
Actual	98,096	93,871	87,814	336,954	338,572	321,557
Degree Day & Wind Adjustment	(584)	-	5,898	6,663	-	8,652
Hydro Equalization Adjustment	1,261	-	(217)	29	-	3,797
<b>Purchase Power Weather Adjusted</b>	<b>98,773</b>	<b>93,871</b>	<b>93,495</b>	<b>343,646</b>	<b>338,572</b>	<b>334,006</b>
Demand Management Incentive Account <sup>5</sup>	-	-	241	-	-	641
<b>Amortizations <sup>6</sup></b>						
Rattling Brook Deferral	148	147	149	598	597	598
PPUCVR Balance at Dec 31, 2006	(166)	(166)	(173)	(688)	(688)	(688)
Weather Normalization Reserve	525	526	533	2,100	2,101	2,101
<b>Total Purchase Power Expense</b>	<b>99,280</b>	<b>94,378</b>	<b>94,245</b>	<b>345,656</b>	<b>340,582</b>	<b>336,658</b>

<sup>1</sup> Based on 2009 sales forecast dated April 4, 2008 and rates effective January 1, 2008 as approved by Orders No. P.U. 32(2007).

<sup>2</sup> Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

<sup>3</sup> Disposition of balance in the Tax Deferral Account as approved in Order No. P.U. 10 (2008).

<sup>4</sup> Revenue amortizations as approved in Order No. P.U. 32(2007).

<sup>5</sup> Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

<sup>6</sup> Amortizations for 2009 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended December 31**  
**(\$000s)**

	FOURTH QUARTER			ANNUAL		
	Actual 2009	Plan 2009	Actual 2008	Actual 2009	Plan 2009	Actual 2008
<b>Other Revenue</b>						
<b>Joint Use Revenue</b>						
Aliant	1,805	1,788	1,745	7,219	7,152	6,981
CATV	499	496	471	2,000	1,945	1,880
Total Joint Use Revenue	<u>2,304</u>	<u>2,284</u>	<u>2,216</u>	<u>9,219</u>	<u>9,097</u>	<u>8,861</u>
<b>Miscellaneous</b>						
Customer Jobbing	266	148	92	663	568	434
Rental Income	-	5	6	17	20	26
Municipal Tax Liability <sup>1</sup>	338	340	340	1,364	1,362	1,362
Interest - Customer Accounts	143	310	193	818	1,358	1,155
Interest - RSA	(36)	8	38	-	56	116
Interest - CIAC	26	26	28	107	100	108
Interest - Other	150	37	33	243	150	135
Reconnections	22	18	15	85	73	84
NSF Cheque Charges	8	4	8	34	20	38
Wheeling Charges	140	149	144	566	613	615
Miscellaneous	46	26	5	434	100	65
Service Connection Fees	<u>65</u>	<u>67</u>	<u>69</u>	<u>252</u>	<u>262</u>	<u>268</u>
Total Miscellaneous	<u>1,168</u>	<u>1,138</u>	<u>971</u>	<u>4,583</u>	<u>4,682</u>	<u>4,406</u>
<b>Total Other Revenue</b>	<u><b>3,472</b></u>	<u><b>3,422</b></u>	<u><b>3,187</b></u>	<u><b>13,802</b></u>	<u><b>13,779</b></u>	<u><b>13,267</b></u>
<b>Finance Charges</b>						
Interest on Long-term Debt	8,987	7,925	8,017	34,547	31,971	32,334
Interest on Long-term Committed Credit Facility	28	667	248	396	2,444	1,445
Interest on Short-term Uncommitted Demand Facility	-	-	2	7	-	11
Amortization of Deferred Debt Issue Costs	65	44	59	235	177	236
Amortization of Capital Stock Issue Costs	10	10	15	38	38	62
Interest on Security Deposits	1	-	7	8	-	37
Interest Charged to Construction	<u>(304)</u>	<u>(120)</u>	<u>(240)</u>	<u>(676)</u>	<u>(400)</u>	<u>(618)</u>
<b>Total Finance Charges</b>	<u><b>8,787</b></u>	<u><b>8,526</b></u>	<u><b>8,108</b></u>	<u><b>34,555</b></u>	<u><b>34,230</b></u>	<u><b>33,507</b></u>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).



<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At December 31</b>			
	ANNUAL		
	Actual 2009	Plan 2009	Actual 2008
<b>Customers</b>	239,307	237,723	235,778
<b>Employees <sup>1</sup></b>			
Regular	572	562	551
Temporary	72	76	77
<b>Total</b>	644	638	628

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended December 31</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2009 #	2008 #	2009 #	2008 #		2009 HOURS	2008 HOURS	2009 HOURS	2008 HOURS	
St. John's	0.74	0.69	2.18	2.35	2.33	0.85	0.70	2.15	1.99	2.25
Avalon	0.73	0.57	1.89	1.79	2.11	0.86	0.59	2.13	1.82	3.00
Burin	0.77	1.34	3.83	3.84	4.62	0.96	1.65	4.03	4.18	4.37
Bonavista	0.71	1.52	2.17	6.33	4.80	0.72	1.87	2.78	7.18	12.14
Gander	0.64	0.58	3.90	4.00	3.85	1.14	0.64	4.39	4.65	4.86
Grand Falls	0.67	1.31	2.97	2.46	2.85	1.68	1.84	3.73	3.25	3.83
Corner Brook	1.12	0.62	2.08	1.97	2.48	1.18	0.90	2.11	2.46	2.51
Stephenville	0.37	1.39	2.79	4.63	3.84	0.53	0.33	3.00	2.55	3.51
<b>Company Totals</b>	<b>0.74</b>	<b>0.84</b>	<b>2.46</b>	<b>2.84</b>	<b>2.86</b>	<b>0.95</b>	<b>0.90</b>	<b>2.66</b>	<b>2.80</b>	<b>3.58</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended December 31</b>					
<b>ORIGIN</b>	<b>SAIFI</b>				
	<b>QUARTER</b>		<b>12 MONTH TO DATE</b>		<b>5 YEAR TO DATE # / YEAR</b>
	<b>2009 #</b>	<b>2008 #</b>	<b>2009 #</b>	<b>2008 #</b>	
Loss of Supply (NF Hydro)	0.18	0.02	0.47	0.49	0.52
Transmission	0.12	0.24	0.59	0.82	0.80
Distribution	0.44	0.58	1.40	1.53	1.54
<b>Company Totals</b>	<b>0.74</b>	<b>0.84</b>	<b>2.46</b>	<b>2.84</b>	<b>2.86</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended December 31</b>					
<b>ORIGIN</b>	<b>SAIDI</b>				
	<b>QUARTER</b>		<b>12 MONTH TO DATE</b>		<b>5 YEAR TO DATE HRS. / YEAR</b>
	<b>2009 HOURS</b>	<b>2008 HOURS</b>	<b>2009 HOURS</b>	<b>2008 HOURS</b>	
Loss of Supply (NF Hydro)	0.06	0.02	0.12	0.13	0.22
Transmission	0.07	0.19	0.40	0.66	0.64
Distribution	0.82	0.69	2.14	2.01	2.72
<b>Company Totals</b>	<b>0.95</b>	<b>0.90</b>	<b>2.66</b>	<b>2.80</b>	<b>3.58</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Fourth Quarter 2009</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.01	0.02	0.73	0.83	0.74	0.85
Avalon	0.06	0.14	0.67	0.72	0.73	0.86
Burin	0.33	0.28	0.44	0.68	0.77	0.96
Bonavista	0.51	0.25	0.20	0.47	0.71	0.72
Gander	0.03	0.04	0.61	1.10	0.64	1.14
Grand Falls	0.04	0.09	0.63	1.59	0.67	1.68
Corner Brook	0.21	0.31	0.91	0.87	1.12	1.18
Stephenville	0.01	0.03	0.36	0.50	0.37	0.53
<b>Company Totals</b>	<b>0.10</b>	<b>0.10</b>	<b>0.64</b>	<b>0.85</b>	<b>0.74</b>	<b>0.95</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended December 31, 2009**

**Introduction**

The Capital Expenditure Progress Report summarizes the quarterly and year-to-date capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and the total actual capital expenditures for the year, and indicates any variance between the annual budget and actual expenditures.
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended December 31, 2009**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 27(2008), P.U. 29(2009), P.U. 32(2009), P.U. 38(2009)	Fourth Quarter	Annual 2009	Variance
Generation Hydro	8,899	2,823	8,235	(664)
Generation Thermal	100	125	202	102
Substations	7,469	2,556	7,435	(34)
Transmission	4,507	1,136	4,520	13
Distribution	31,046	10,895	37,916	6,870
General Property	835	128	628	(207)
Transportation	2,255	127	2,087	(168)
Telecommunications	350	186	422	72
Information Systems	3,725	950	3,569	(156)
Unforeseen Items	1,835	708	1,049	(786)
General Expenses Capital	2,800	790	3,040	240
<b>TOTAL</b>	<b>63,821</b>	<b>20,424</b>	<b>69,103</b>	<b>5,282</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations in excess of \$5,000 annually entered into during the fourth quarter of 2009.		

<sup>1</sup> Excludes capital expenditures of approximately \$934,000 related to prior years capital projects carried forward into 2009.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended December 31, 2009**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and the same period last year, as well as comparable annual charges for the previous year.
2. The second section breaks down the charges *from* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
3. The third section breaks down the charges *to* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For the Period Ended December 31, 2009**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Fourth Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>Annual 2009</u>	<u>Annual 2008</u>
Trustee & Share Plan Costs	\$ 12,000	\$ 10,000	\$ 42,000	\$ 34,000
Hotel/Banquet Facilities	14,543	22,084	25,627	52,171
Staff Charges	-	-	12,000	-
Joint-use Pole Purchases	-	95,275	2,532	108,942
Miscellaneous	7,577	22,103	65,982	68,978
Sub-total	<u>\$ 34,120</u>	<u>\$ 149,462</u>	<u>\$ 148,141</u>	<u>\$ 264,091</u>
<u>Non-Regulated Charges</u>	<u>Fourth Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>Annual 2009</u>	<u>Annual 2008</u>
Directors' Fees & Travel	\$ 97,000	\$ (50,000)	\$ 226,000	\$ 112,000
Annual & Quarterly Reports	7,000	5,000	91,000	96,000
Staff Charges	(79,000)	52,000	71,000	120,000
Miscellaneous	113,000	84,000	695,521	590,057
Sub-total	<u>\$ 138,000</u>	<u>\$ 91,000</u>	<u>\$ 1,083,521</u>	<u>\$ 918,057</u>
<b>TOTAL</b>	<u><u>\$ 172,120</u></u>	<u><u>\$ 240,462</u></u>	<u><u>\$ 1,231,662</u></u>	<u><u>\$ 1,182,148</u></u>

**Charges to Associated Companies**

	<u>Fourth Quarter 2009</u>	<u>Fourth Quarter 2008</u>	<u>Annual 2009</u>	<u>Annual 2008</u>
Printing & Stationery	\$ 33	\$ 235	\$ 843	\$ 1,216
Postage	4,913	4,693	20,689	19,907
Staff Charges	155,743	447,609	531,450	1,057,284
Staff Charges - Insurance	63,898	59,557	244,753	229,330
IS Charges	22,022	22,351	22,022	31,192
Pole Installations	11,513	4,804	23,599	19,295
Miscellaneous	5,960	105,000	41,697	154,799
<b>TOTAL</b>	<u><u>\$ 264,082</u></u>	<u><u>\$ 644,249</u></u>	<u><u>\$ 885,053</u></u>	<u><u>\$ 1,513,023</u></u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended December 31, 2009**

	<u>Fourth Quarter 2009</u>			<u>Fourth Quarter 2008</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 97,000	\$ 97,000	\$ -	\$ (50,000)	\$ (50,000)
Annual & Quarterly Reports	-	7,000	7,000	-	5,000	5,000
Trustee & Share Plan Costs	12,000	-	12,000	10,000	-	10,000
Staff Charges	-	(79,000)	(79,000)	-	52,000	52,000
Joint-use Pole Purchases <sup>1</sup>	-	-	-	95,275	-	95,275
Miscellaneous	3,572	113,000	116,572	5,259	84,000	89,259
Total	<u>\$ 15,572</u>	<u>\$ 138,000</u>	<u>\$ 153,572</u>	<u>\$ 110,534</u>	<u>\$ 91,000</u>	<u>\$ 201,534</u>
<b>Fortis Properties Corporation</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	14,543	-	14,543	22,084	-	22,084
Miscellaneous	1,503	-	1,503	-	-	-
Total	<u>\$ 16,046</u>	<u>\$ -</u>	<u>\$ 16,046</u>	<u>\$ 22,084</u>	<u>\$ -</u>	<u>\$ 22,084</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 2,233	\$ -	\$ 2,233	\$ 2,497	\$ -	\$ 2,497
Total	<u>\$ 2,233</u>	<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 2,497</u>
<b>FortisOntario Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 269	\$ -	\$ 269	\$ 14,347	\$ -	\$ 14,347
Total	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ 14,347</u>	<u>\$ -</u>	<u>\$ 14,347</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended December 31, 2009**

	<u>Annual 2009</u>			<u>Annual 2008</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees and Travel	\$ -	\$ 226,000	\$ 226,000	\$ -	\$ 112,000	\$ 112,000
Annual & Quarterly Reports	-	91,000	91,000	-	96,000	96,000
Trustee & Share Plan Costs	42,000	-	42,000	34,000	-	34,000
Staff Charges	-	71,000	71,000	-	120,000	120,000
Joint-use Pole Purchases <sup>1</sup>	2,532	-	2,532	108,942	-	108,942
Miscellaneous	35,862	695,521	731,383	27,783	590,057	617,840
Total	<u>\$ 80,394</u>	<u>\$ 1,083,521</u>	<u>\$ 1,163,915</u>	<u>\$ 170,725</u>	<u>\$ 918,057</u>	<u>\$ 1,088,782</u>
<b>Fortis Properties Corporation</b>						
Staff Charges	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ -	\$ -
Hotel/Banquet Facilities	25,627	-	25,627	52,171	-	52,171
Miscellaneous	4,681	-	4,681	5,569	-	5,569
Total	<u>\$ 42,308</u>	<u>\$ -</u>	<u>\$ 42,308</u>	<u>\$ 57,740</u>	<u>\$ -</u>	<u>\$ 57,740</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 8,977	\$ -	\$ 8,977	\$ 2,497	\$ -	\$ 2,497
Total	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>	<u>\$ 2,497</u>	<u>\$ -</u>	<u>\$ 2,497</u>
<b>FortisOntario Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ 9,172	\$ -	\$ 9,172
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,172</u>	<u>\$ -</u>	<u>\$ 9,172</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 16,462	\$ -	\$ 16,462	\$ 23,957	\$ -	\$ 23,957
Total	<u>\$ 16,462</u>	<u>\$ -</u>	<u>\$ 16,462</u>	<u>\$ 23,957</u>	<u>\$ -</u>	<u>\$ 23,957</u>

<sup>1</sup> In 2008, charges from Fortis Inc. relating to Joint-use Pole Purchases were included in the Miscellaneous category.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended December 31, 2009**

	<b>Fourth Quarter 2009</b>	<b>Fourth Quarter 2008</b>	<b>Annual 2009</b>	<b>Annual 2008</b>
<b>Fortis Inc. <sup>1</sup></b>				
Printing & Stationery	\$ -	\$ -	\$ 129	\$ 135
Postage	4,913	4,693	20,689	19,907
Staff Charges	112,027	73,772	327,534	324,686
Staff Charges - Insurance	26,484	23,597	173,887	148,679
IS Charges	277	277	277	8,971
Pole Installations	11,513	4,804	23,599	19,295
Miscellaneous	3,747	1,301	11,969	6,056
Total	<u>\$ 158,961</u>	<u>\$ 108,444</u>	<u>\$ 558,084</u>	<u>\$ 527,729</u>
<b>Fortis Properties Corporation</b>				
Printing & Stationery	\$ 33	\$ 235	\$ 714	\$ 1,081
Staff Charges - Insurance	1,784	14,459	13,517	26,905
IS Charges	4,432	4,432	4,432	4,432
Miscellaneous	2,000	3,561	4,691	6,301
Total	<u>\$ 8,249</u>	<u>\$ 22,687</u>	<u>\$ 23,354</u>	<u>\$ 38,719</u>
<b>Maritime Electric Co. Ltd.</b>				
Staff Charges	\$ 791	\$ 1,091	\$ 1,932	\$ 6,036
Staff Charges - Insurance	143	3,979	1,488	5,834
IS Charges	2,424	2,424	2,424	2,424
Miscellaneous	-	-	701	1,081
Total	<u>\$ 3,358</u>	<u>\$ 7,494</u>	<u>\$ 6,545</u>	<u>\$ 15,375</u>
<b>FortisOntario Inc.</b>				
Staff Charges - Insurance	\$ 9,464	\$ 3,358	\$ 17,688	\$ 4,638
IS Charges	2,424	2,424	2,424	2,424
Miscellaneous	-	-	273	850
Total	<u>\$ 11,888</u>	<u>\$ 5,782</u>	<u>\$ 20,385</u>	<u>\$ 7,912</u>
<b>Fortis US Energy Corporation</b>				
Staff Charges - Insurance	\$ -	\$ 2,424	\$ -	\$ 2,424
Total	<u>\$ -</u>	<u>\$ 2,424</u>	<u>\$ -</u>	<u>\$ 2,424</u>
<b>Belize Electric Company Limited</b>				
Staff Charges	\$ 19,410	\$ 15,260	\$ 86,581	\$ 89,390
Staff Charges - Insurance	6,961	1,296	8,743	1,996
Total	<u>\$ 26,371</u>	<u>\$ 16,556</u>	<u>\$ 95,324</u>	<u>\$ 91,386</u>

<sup>1</sup> In prior reports, Fortis Inc. included charges to Terasen Gas Inc., Caribbean Utilities Co. Limited, and Fortis Turks and Caicos. Charges to these companies are now shown separately in the report. As result of this change charges to Fortis Inc. in 2008 have been restated.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended December 31, 2009**

	<b>Fourth Quarter 2009</b>	<b>Fourth Quarter 2008</b>	<b>Annual 2009</b>	<b>Annual 2008</b>
<b>Belize Electricity Limited</b>				
Staff Charges	\$ 10,143	\$ -	\$ 11,424	\$ 23,173
Staff Charges - Insurance	5,898	108	8,436	661
IS Charges	4,155	4,155	4,155	4,240
Miscellaneous	107	3,829	4,863	19,564
Total	<u>\$ 20,303</u>	<u>\$ 8,092</u>	<u>\$ 28,878</u>	<u>\$ 47,638</u>
<b>FortisAlberta Inc.</b>				
Staff Charges	\$ -	\$ 60,258	\$ -	\$ 152,837
Staff Charges - Insurance	810	3,168	3,456	7,361
IS Charges	-	329	-	391
Miscellaneous	-	2,729	3,441	18,180
Total	<u>\$ 810</u>	<u>\$ 66,484</u>	<u>\$ 6,897</u>	<u>\$ 178,769</u>
<b>FortisBC Inc.</b>				
Staff Charges - Insurance	\$ 594	\$ 2,968	\$ 1,620	\$ 9,344
IS Charges	8,310	8,310	8,310	8,310
Miscellaneous	(89)	-	2,203	3,362
Total	<u>\$ 8,815</u>	<u>\$ 11,278</u>	<u>\$ 12,133</u>	<u>\$ 21,016</u>
<b>Terasen Gas Inc.</b>				
Staff Charges	\$ -	\$ -	\$ -	\$ 216
Staff Charges - Insurance	378	2,328	1,296	12,485
Miscellaneous	130	-	6,425	134
Total	<u>\$ 508</u>	<u>\$ 2,328</u>	<u>\$ 7,721</u>	<u>\$ 12,835</u>
<b>Caribbean Utilities Co. Limited</b>				
Staff Charges	\$ -	\$ -	\$ 888	\$ -
Staff Charges - Insurance	6,243	306	6,837	1,167
Miscellaneous	-	-	101	81
Total	<u>\$ 6,243</u>	<u>\$ 306</u>	<u>\$ 7,826</u>	<u>\$ 1,248</u>
<b>Fortis Turks and Caicos</b>				
Staff Charges	\$ 13,372	\$ 297,228	\$ 103,091	\$ 460,946
Staff Charges - Insurance	5,139	1,566	7,785	7,836
Miscellaneous	65	93,580	7,030	99,190
Total	<u>\$ 18,576</u>	<u>\$ 392,374</u>	<u>\$ 117,906</u>	<u>\$ 567,972</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended December 31, 2009**

No loans or agreements with related companies were entered into during the quarter ending December 31, 2009.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending December 31, 2009**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Fourth Quarter**

The number of damage claims received during the fourth quarter of 2009 has increased in comparison to the number reported for the same period in 2008. The increase is found primarily in the Equipment Failure category in Eastern Region.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending December 31, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	1	1	-	\$ -	\$ -	-	\$ -	1	\$ 1,000
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	8	1	9	6	7,714	3,177	-	-	3	7,800
Weather Related	1	-	1	-	-	-	-	-	1	5,000
Equipment Failure	33	8	41	27	48,576	23,463	-	-	14	17,715
Third Party	1	-	1	1	315	315	-	-	-	-
Miscellaneous	14	5	19	14	43,095	7,965	-	-	5	3,300
Total	<u>57</u>	<u>15</u>	<u>72</u>	<u>48</u>	<u>\$ 99,700</u>	<u>\$ 34,920</u>	<u>-</u>	<u>\$ -</u>	<u>24</u>	<u>\$ 34,815</u>

**For the Quarter Ending December 31, 2008**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	-	1	1	\$ 1,600	\$ 200	-	\$ -	-	\$ -
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	4	4	8	7	39,819	29,004	-	-	1	8,500
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	21	3	24	16	19,107	13,060	-	-	8	6,425
Third Party	1	1	2	1	1,600	473	-	-	1	500
Miscellaneous	10	-	10	8	5,519	4,164	-	-	2	3,050
Total	<u>37</u>	<u>8</u>	<u>45</u>	<u>33</u>	<u>\$ 67,645</u>	<u>\$ 46,901</u>	<u>-</u>	<u>\$ -</u>	<u>12</u>	<u>\$ 18,475</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending December 31, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	39	12	51	32	\$ 85,619	\$ 23,134	-	\$ -	19	\$ 31,615
Western Region	18	3	21	16	14,081	11,786	-	-	5	3,200
Total	<u>57</u>	<u>15</u>	<u>72</u>	<u>48</u>	<u>\$ 99,700</u>	<u>\$ 34,920</u>	<u>-</u>	<u>\$ -</u>	<u>24</u>	<u>\$ 34,815</u>

**For the Quarter Ending December 31, 2008**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	21	6	27	21	\$ 53,982	\$ 35,796	-	\$ -	6	\$ 15,200
Western Region	16	2	18	12	13,663	11,105	-	-	6	3,275
Total	<u>37</u>	<u>8</u>	<u>45</u>	<u>33</u>	<u>\$ 67,645</u>	<u>\$ 46,901</u>	<u>-</u>	<u>\$ -</u>	<u>12</u>	<u>\$ 18,475</u>



## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended December 31, 2009**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the fourth quarter of 2009. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs			CIACs		
	Quoted	Outstanding Previous Qtr.	Total CIACs Quoted	Accepted	Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	23	9	32	15	5	12
- Outside Planning Area	32	26	58	31	10	17
	55	35	90	46	15	29
General Service	17	11	28	17	4	7
Total	72	46	118	63	19	36

The tables on Pages 2 to 3 of the report provide specific information for the 72 CIACs quoted to customers during the period October 1, 2009 to December 31, 2009. Both the CIAC Amount and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2009**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
2-Oct-09	2009-10-149	4,250.00	6,375.00	
2-Oct-09	2009-20-194	3,225.00	5,350.00	Yes
2-Oct-09	2009-20-197	475.00	2,600.00	Yes
9-Oct-09	2009-30-110	2,175.00	6,925.00	Yes
9-Oct-09	2009-30-111	900.00	3,025.00	
9-Oct-09	2009-20-203	1,075.00	3,200.00	Yes
21-Oct-09	2009-20-207	17,898.15	20,023.15	
22-Oct-09	2009-31-112	6,575.00	10,825.00	
23-Oct-09	2009-20-208	3,000.00	5,125.00	Yes
28-Oct-09	2009-51-113	1,925.00	4,050.00	Yes
2-Nov-09	2009-41-117	1,600.00	3,725.00	Yes
4-Nov-09	2009-51-124	12,100.00	14,225.00	Yes
4-Nov-09	2009-30-112	1,750.00	4,375.00	
9-Nov-09	2009-51-126	1,201.75	3,326.75	Yes
12-Nov-09	2009-20-215	1,008.00	3,133.00	Yes
25-Nov-09	2009-41-123	925.00	3,050.00	Yes
2-Dec-09	2009-40-137	8,025.00	10,150.00	
3-Dec-09	2009-40-138	5,429.36	8,379.36	
8-Dec-09	2009-30-116	425.00	2,550.00	
9-Dec-09	2009-10-179	650.00	2,775.00	Yes
15-Dec-09	2009-20-226	425.00	2,550.00	Yes
17-Dec-09	2009-20-223	7,925.00	10,050.00	
18-Dec-09	2009-51-128	3,000.00	5,125.00	
<b>DOMESTIC (outside Residential Planning Area)</b>				
1-Oct-09	2009-31-111	8,700.00	10,825.00	Yes
2-Oct-09	2009-40-129	5,050.00	5,675.00	Yes
2-Oct-09	2009-20-198	3,037.50	7,325.00	Yes
7-Oct-09	2009-50-123	2,177.51	2,802.51	Yes
7-Oct-09	2009-50-125	2,961.54	3,586.54	Yes
9-Oct-09	2009-20-200	2,102.30	2,727.30	
9-Oct-09	2009-20-199	2,426.00	3,051.00	Yes
9-Oct-09	2009-20-202	4,331.37	4,956.37	
13-Oct-09	2009-10-169	1,975.00	2,600.00	Yes
16-Oct-09	2009-50-126	2,961.54	3,586.54	
19-Oct-09	2009-20-205	2,102.30	2,727.30	Yes
21-Oct-09	2009-10-172	36,516.75	48,891.75	Yes
21-Oct-09	2009-20-210	350.00	975.00	Yes
21-Oct-09	2009-20-209	2,102.30	2,727.30	Yes
26-Oct-09	2009-10-150	3,688.75	4,313.75	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2009**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
27-Oct-09	2009-40-131	3,318.18	3,943.18	
28-Oct-09	2009-51-125	1,421.01	2,046.01	Yes
2-Nov-09	2009-50-114	37,637.50	38,262.50	Yes
2-Nov-09	2009-50-127	1,000.00	1,625.00	Yes
4-Nov-09	2009-40-134	4,750.00	5,375.00	Yes
4-Nov-09	2009-30-113	18,096.00	20,596.00	
10-Nov-09	2009-20-213	1,250.00	1,875.00	Yes
12-Nov-09	2009-20-206	2,609.50	5,177.00	
23-Nov-09	2009-40-136	3,280.73	3,905.73	Yes
24-Nov-09	2009-41-124	35,316.25	38,441.25	
24-Nov-09	2009-41-122	1,040.60	1,665.60	
27-Nov-09	2009-20-221	650.00	1,275.00	Yes
27-Nov-09	2009-20-220	2,102.30	2,727.30	Yes
2-Dec-09	2009-10-180	2,149.14	2,774.14	Yes
9-Dec-09	2009-20-224	4,331.37	4,956.37	Yes
9-Dec-09	2009-20-222	2,807.82	3,432.82	Yes
18-Dec-09	2009-40-139	1,225.00	2,850.00	Yes
<b>GENERAL SERVICE</b>				
6-Oct-09	2009-51-122	1,393.00	10,298.00	Yes
6-Oct-09	2009-51-123	1,450.00	4,925.00	
9-Oct-09	2009-30-103	5,293.00	12,107.00	Yes
16-Oct-09	2009-51-118	37,411.84	46,356.84	Yes
22-Oct-09	2009-20-201	297,643.00	310,118.00	
23-Oct-09	2009-20-211	950.00	3,075.00	Yes
23-Oct-09	2009-31-113	10,200.00	10,200.00	Yes
3-Nov-09	2009-10-176	1,690.75	9,480.00	Yes
12-Nov-09	2009-10-170	2,500.00	8,740.00	Yes
18-Nov-09	2009-41-121	20,731.00	25,606.00	Yes
18-Nov-09	2009-41-120	63,200.00	69,075.00	Yes
18-Nov-09	2009-31-114	37,982.00	45,296.00	Yes
24-Nov-09	2009-40-135	1,400.00	7,150.00	Yes
25-Nov-09	2009-30-115	2,600.00	4,725.00	Yes
25-Nov-09	2009-50-129	985.00	8,925.00	
27-Nov-09	2009-20-219	972.00	5,985.00	Yes
23-Dec-09	2009-50-130	8,802.40	11,595.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
March 31, 2010***



## **QUARTERLY REGULATORY REPORT**

**FOR THE PERIOD ENDED**

**March 31, 2010**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	11
8. Community .....	13
<b>Financial Statements</b>	
Balance Sheets .....	14
Statements of Earnings .....	15
Statements of Retained Earnings .....	16
Statements of Cashflows .....	17
<b>Appendices</b>	
A Electricity Statistics .....	18
B Statements of Electricity Sold (GWh) .....	19
C Statements of Revenue .....	20
D Summary of Weather Adjustments .....	21
E Statements of Earnings – Detail .....	22
F Customer and Employee Statistics .....	23
G Service Continuity Performance .....	24

## 1. Highlights

	Highlights			
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Satisfaction (%)	89	89	89	89
Electricity Delivery <sup>1</sup>				
Electricity Sales (GWh)	1,795.2	1,770.6	1,762.9	5,349.9
Peak Demand (MW) <sup>2</sup>	1,237.4	1,253.8	1,237.1	1,253.8
Customer Minutes of Outage <sup>3</sup>	49.7	10.7	11.8	36.6
Injury Frequency Rate <sup>4</sup>	3.3	1.8	0.0	1.8
Revenue (\$millions)	178.3	175.5	169.7	547.0
Earnings (\$millions) <sup>5</sup>	7.2	6.3	6.2	34.0

- ≈ 1<sup>st</sup> quarter customer satisfaction was 89%.
- ≈ 1<sup>st</sup> quarter sales were higher than plan.
- ≈ 1<sup>st</sup> quarter reliability performance was impacted by a severe ice storm in March.
- ≈ There was a contractor fatality during the 1<sup>st</sup> quarter.
- ≈ Three lost time and two medical aid incidents occurred in the 1<sup>st</sup> quarter.
- ≈ 1<sup>st</sup> quarter earnings were above plan.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Injuries per 200,000 hours worked.

<sup>5</sup> Earnings applicable to common shares.



## 2. Customer Service

Customer Service Performance (%)				
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Satisfaction	89	89	89	89
First Call Resolution <sup>1</sup>	89	88	89	88
Service Level <sup>2</sup>	75	80	80 <sup>4</sup>	80
Trouble Call Response <sup>3</sup>	89	85	92	85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

<sup>4</sup> % of customer calls answered within 40 seconds.

### Customer Service Performance

1<sup>st</sup> quarter customer satisfaction and first-call resolution levels remain consistent with 2009, at 89%. Customer Contact Centre service level was 75%. The Company has changed the service level performance target from 80% of calls answered in 40 seconds to 80% of calls answered in 60 seconds, on a test basis. This has enabled increased focus on responding to electronic inquiries from customers, which continue to increase. To date, there has been no negative impact on customers' service feedback or satisfaction levels. This change will be monitored quarterly.

### Customer Service Improvements

Beginning in February, the number of meter reading routes on Bell Island was reduced from five to three. This increase in efficiency was enabled by the installation of Automated Meter Reading (AMR) meters, which has been ongoing since the fall of 2009. During 2010, the remaining meters on Bell Island will be changed to AMR, providing additional meter reading efficiencies.



Linework – St. John's

The Company has developed an advertising campaign to increase the number of customers participating in eBills. The online advertising campaign, featuring a contest to encourage customers to join eBills, will run from May 1<sup>st</sup> through June 18<sup>th</sup>.

During the 1<sup>st</sup> quarter, the Company implemented improvements to scheduling and dispatching of line crews in Eastern Region. The Company has also issued a request for proposals to obtain software to schedule and track customer-driven maintenance and capital jobs requiring linework. Full implementation of software and process changes is expected to take approximately four months.

### Energy Conservation

During the 1<sup>st</sup> quarter, an additional 865 customers participated in one or more of the *takeCHARGE* Energy Savers programs. The majority of program participation to date continues to be from customers living in urban areas, particularly St. John's, Mount Pearl and Corner Brook. During this quarter, 127 program participants from 2009 were visited by a member of the *takeCHARGE* team to discuss their experience with the program and to get their feedback. The team also visited 68 retail outlets to collect retailer information and feedback from sales staff. The feedback from program participants and retail outlets was positive.

*takeCHARGE* outreach events during the quarter included the Board of Trade Business Development Summit, the Canadian Home Builders Association - Eastern Newfoundland Housing Forum, and Hospitality Newfoundland and Labrador 2010 Lookout! Tourism Summit in Gander. The team also presented the *takeCHARGE* Energy Savers programs to employees across the island to promote the energy conservation initiatives. On February 26<sup>th</sup>, the Company and Newfoundland and Labrador Hydro (Hydro), set up a *takeCHARGE* booth at the CTV Olympic Celebration at the Mile One Centre, St. John's.



*The takeCHARGE Team for the CTV Olympic Celebration at the Mile One Centre, including employees of Newfoundland Power and Hydro*

The Company promoted participation in the March 27<sup>th</sup> *Earth Hour* initiative through its *takeCHARGE* newsletter, website and advertising, as well as through partners such as Municipalities Newfoundland and Labrador. The Company and Hydro turned off lights in their facilities, except where required for safety or security purposes. During *Earth Hour*, there was a demand reduction in the province of about 9 MW, compared to the previous hour.

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>					
	1 <sup>st</sup> Quarter			Annual	
	Actual 2010	Plan 2010	Actual 2009		Plan 2010
Customer Minutes of Outage <sup>2</sup>	49.7	10.7	11.8		36.6
SAIDI (Outage hours per customer)	3.59	0.76	0.86		2.62
SAIFI (Outages per customer)	0.80	0.55	0.63		2.15

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

The frequency and duration of outages in the quarter were higher than experienced during the 1<sup>st</sup> quarter of 2009.

A severe ice storm on March 5<sup>th</sup> and 6<sup>th</sup> caused extended power interruptions on the Avalon and Bonavista Peninsulas, and in the Bonavista North area. Approximately 43 million customer minutes of outage resulted from this storm, compared to a total of 35 million customer minutes of outage during all of 2009.



*Ice Storm Damage*

In addition to the outages noted above, the significant unplanned power interruptions during the 1<sup>st</sup> quarter were:

1. January 21<sup>st</sup>: A fault on KEN-04 feeder caused an outage to 2,290 customers in the Cowan Heights area of St. John's and resulted in a total of 616,010 minutes of outage.
2. January 27<sup>th</sup>: A fault on SLA-09 feeder caused an outage to 2,263 customers in the central area of St. John's and resulted in a total of 237,615 minutes of outage.
3. February 7<sup>th</sup>: Ice on insulators on transmission line 134L caused an outage to 2,613 customers in and around Botwood and resulted in a total of 578,561 minutes of outage.
4. February 10<sup>th</sup>: A broken insulator on ROB-01 feeder caused an outage to 1,090 customers in the Robinsons area and resulted in a total of 400,030 minutes of outage.

### B. Electricity Supply

	Electricity Supply			
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Energy Purchased (GWh) <sup>1</sup>	1,806.4	1,780.2	1,761.5	5,238.8
Peak Demand (MW) <sup>1, 2</sup>	1,237.4	1,253.8	1,237.1	1,253.8
Hydro Plant Production (GWh)	122.9	105.8	120.8	428.8
Plant Availability (%)	97.3	96.0	95.3	96.0

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

Energy purchased during the 1<sup>st</sup> quarter was 26.2 GWh higher than plan due to higher than expected electricity sales.

Various components of peak load management were implemented several times during the 1<sup>st</sup> quarter. Peak demand occurred on the morning of February 3, 2010.

During the 1<sup>st</sup> quarter, hydro plant production was 17.1 GWh higher than plan. Production figures for the 1<sup>st</sup> quarter include an adjustment of 8.4 GWh to correct for a metering error at the Cape Broyle plant. Actual hydro plant production of 114.5 GWh was 8.7 GWh higher than plan. This higher production was reflective of the higher than normal amount of water in Company reservoirs at the start of the year. Total inflows for the 1<sup>st</sup> quarter were below normal, at 100.5 GWh compared to a normal inflow of 106.5 GWh.

Hydro plant availability was 97.3% in the 1<sup>st</sup> quarter compared to a plan of 96.0%. There were 61 forced outages in the 1<sup>st</sup> quarter compared to the 47 experienced in the 1<sup>st</sup> quarter of 2009. Approximately 25% of the forced outages in the 1<sup>st</sup> quarter were attributable to ice buildup.

The Company manages the Bay Bulls Big Pond reservoir as part of its Petty Harbour hydroelectric plant system. The City of St. John's also uses this reservoir as part of its municipal water supply. With recent water-use bans imposed on its residents, the City has requested that Newfoundland Power reduce the amount of water it withdraws for hydroelectric generation. Newfoundland Power has been working in a co-operative manner with the City for some years now regarding the joint use of water from the Bay Bulls Big Pond reservoir, and is continuing discussions on this matter.

## 4. Financial Matters

Financial Highlights				
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Electricity Sales (GWh)	1,795.2	1,770.6	1,762.9	5,349.9
Revenue (\$millions)	178.3	175.5	169.7	547.0
Purchased Power Costs (\$millions)	131.2	129.2	127.3	351.0
Operating Costs (\$millions) <sup>1</sup>	13.9	14.3	13.1	53.4
Operating Cost per Customer (\$)	61	62	58	229
Earnings (\$millions) <sup>2</sup>	7.2	6.3	6.2	34.0

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

### Financial Results

Revenue and purchased power costs for the 1<sup>st</sup> quarter of 2010 were higher than plan, primarily as a result of higher than expected sales. First quarter electricity sales increased by 32.3 GWh, or approximately 1.8% over the 1<sup>st</sup> quarter of 2009. This was principally due to customer growth.

Operating costs for the 1<sup>st</sup> quarter were lower than plan mainly due to lower than expected operating labour costs. This reflects the assignment of the Company's labour forces to capital work related to customer growth and storm damage repairs. Operating costs for the 1<sup>st</sup> quarter were higher than last year due to inflationary increases, increased conservation costs, and higher retirement and severance costs.

Earnings for the 1<sup>st</sup> quarter were higher than plan primarily due to higher than anticipated electricity sales and timing of operating expenses.

### General Rate Application

Effective January 1<sup>st</sup>, customer rates increased by an average of approximately 3.5% as a result of the Board order on the Company's 2010 general rate application.

In March, the Company submitted an application to the Board proposing changes to the Automatic Adjustment Formula. This Formula is used to set the Company's rate of return and customer rates in years between general rate applications. Newfoundland Power proposed use of a forecast

long-term Government of Canada Bond yield in determining the forecast cost of equity to be used in the formula for 2011 and 2012. The current approach uses a 10-day observation of long-term Canada Bond yields. The Company's application was approved on April 20<sup>th</sup>, 2010.

### Corporate Reorganization

In January, the Company's executive was reorganized and one executive position was eliminated. The primary change was consolidation of customer operations and engineering functions, along with increased focus on corporate planning. These changes are aimed at improving integration and efficiency in the Company's delivery of customer service.

### Employee Opinion Survey

In the 1<sup>st</sup> quarter, the Company completed an employee opinion survey. The survey included topics such as safety, leadership, work environment, communications and employee commitment. The Company is responding to employee feedback by initiating improvements to safety meetings, employee recognition and employee development.

### International Financial Reporting Standards ("IFRS")

The Company's transition to IFRS continues to progress on track. The treatment of regulatory assets and liabilities under IFRS remains uncertain. The International Accounting Standards Board has recently indicated its decision on this matter will be delayed due to the volume and diversity of feedback on the *Exposure Draft – Rate Regulated Activities*, which was released in 2009.

## 5. Capital Program

2010 Capital Expenditures				
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan <sup>1</sup> 2010
Total (\$000s)	15,580	15,611	12,485	64,501

<sup>1</sup> Plan includes \$297,000 carryover for the Western Avalon Substation Vale Inco project and \$275,000 for Water Street underground civil work. Annual plan excludes the \$750,000 allowance for unforeseen items.

### 2010 Capital Expenditure

Capital expenditures for the 1<sup>st</sup> quarter were impacted by the March 2010 ice storm in eastern Newfoundland. The storm impacted planned work in the 1<sup>st</sup> quarter, and is expected to increase annual capital expenditures by approximately \$4.2 million. Distribution related capital was higher than planned, mainly due to customer growth, and is expected to increase annual capital expenditure by approximately \$5.6 million.

In addition to the customer driven work that continued through the winter, engineering and procurement are progressing on schedule for large capital projects. Capital project activity during the 1<sup>st</sup> quarter includes:

- The tender documents for the rebuild of transmission lines 24L on the Southern Shore and 110L on the Bonavista Peninsula are complete. Tenders will be released in April.
- The supply contracts for the Lookout Brook hydro plant governor and switchgear replacement are in place. Site work will commence in June.
- The supply contract has been awarded for the Petty Harbour hydro plant main valve.



*Distribution Construction Work*



## 6. Safety

Safety Performance				
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Injury Frequency Rate <sup>1</sup>	3.3	1.8	0.0	1.8

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There were three lost time injuries and two medical aid injuries in the 1<sup>st</sup> quarter of 2010. Three of these injuries resulted from slips and falls, and two were muscle strain injuries. A total of seven calendar days were lost due to work related injury. This is an increase compared to the 1<sup>st</sup> quarter of 2009 when there were no lost time or medical aid injuries recorded. There were no preventable vehicle accidents during the quarter. This is a significant improvement compared to seven preventable vehicle accidents recorded for the 1<sup>st</sup> quarter of 2009.

### Contractor Fatality

On Saturday, March 20<sup>th</sup>, 2010, an employee of a pole line construction contractor (Green's Service Station Ltd.) died from drowning while working on reconstruction of a transmission line (123L) on the Bonavista Peninsula. The employee, a heavy equipment operator, was part of a crew replacing poles damaged by the March ice storm. The excavator he was operating sank after breaking through an ice and snow covered water hole on a bog. The operator was unable to escape and could not be rescued. Investigations by Government Services, Occupational Health & Safety Division (OHSD), RCMP, the contractor and the Company are ongoing.

### OH&S Regulation

On January 15<sup>th</sup>, 2010, OHSD conducted an inspection on a Company pole contractor (BNR Ltd.) working in the Portugal Cove area. The OHSD officer requested the contractor to place one additional flag person at the worksite. This was done immediately and no orders were issued.

On January 18<sup>th</sup>, 2010, the Company received a stop work order from OHSD stemming from an inspection of a Company Meter Technician who was commissioning revenue metering equipment for a new school in Paradise. The stop work order required a written procedure for the work to be developed and implemented. The written procedure was completed and provided to OHSD on January 27<sup>th</sup>, 2010. The order was lifted on February 4<sup>th</sup>, 2010.



On February 2<sup>nd</sup>, 2010, the Company received orders from OHSD stemming from an inspection of a Company line crew working on the Baie Verte highway. The orders were related to the placement of signs and the standing position of traffic control personnel (flag persons). The OHSD officers who issued the orders also requested a meeting with Company supervisors to review and discuss the Company's traffic control procedures. This meeting was held in Grand Falls-Windsor on February 3<sup>rd</sup>, 2010. No further action was required.

On March 22<sup>nd</sup>, 2010, the Company received an order to provide its investigation report of an incident where a Power Line Technician (PLT) fell from a ladder while connecting a service in the east end of St John's. The incident, which occurred on December 23<sup>rd</sup>, 2009, did not result in serious injury to the PLT. The requested information was sent to OHSD. No further action was required.

### Safety Management

The annual review of the Company's Health & Safety Management System was completed in the 1<sup>st</sup> quarter. The review confirmed the adequacy and effectiveness of the system. The review also established health and safety priorities for 2010, which are subject to annual audit.

### Supervisor Safety Workshops

A series of Safety Leadership workshops was held for over 50 supervisors in March. The purpose of these workshops was to review the supervisors' critical role in creating and maintaining a strong safety culture. Some of the key areas covered in these one-day workshops were incident reporting and investigation, work observations, due diligence, safety coaching and progressive corrective action.

### Public Safety

During the quarter, there were two public incidents where direct contact with energized lines occurred. The first involved a fencing contractor digging up a low voltage underground service wire. The second incident occurred when a forestry contractor hooked overhead wires while off-loading a harvester. This caused three spans of energized conductor to fall to the ground. There were no injuries as a result of either incident.

Public safety education efforts were active during the 1<sup>st</sup> quarter. The Company gave presentations on electrical safety to approximately 2,200 students in 46 elementary schools throughout the province. Approximately 70 volunteer fire fighters attended one of the Company's Fire Fighting and Electricity seminars. Public safety advertising continued throughout the 1<sup>st</sup> quarter.

## 7. Environment

Environment Performance				
	1 <sup>st</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Number of Spills	22	17	14	67
Reportable PCB Spills <sup>1</sup>	0	0	0	2
Volume of Oil Spills (Litres)	217	225	649 <sup>2</sup>	900

<sup>1</sup> Criteria for reporting of PCB spills have been revised as a result of the new PCB Regulations. PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

<sup>2</sup> Of the fourteen recorded spills in the 1<sup>st</sup> quarter of 2009, a single spill contributed to a release of 519 litres.

As a result of the ice storm in early March, the number of spills in the 1<sup>st</sup> quarter has increased over the same period in 2009. The storm damaged a number of distribution transformers on the Bonavista and Avalon Peninsulas causing 6 spills. The volume of spills is significantly lower than last year, and is on track with the 2010 target.

### PCB Regulations

PCB regulations require all equipment containing PCBs in a concentration of 500 mg/kg or more to be removed from service by December 31<sup>st</sup>, 2009. The Company sought and was granted an end-of-use extension to December 31<sup>st</sup>, 2014 for all bushings and instrument transformers where the PCB concentration was known to be 500 mg/kg or more or where the PCB concentration level of the subject equipment is unknown. The Canadian Electricity Association (CEA), on behalf of all CEA utility members, is seeking an amendment to the current *PCB Regulations* which would allow the use of smaller equipment such as bushings and instrument transformers until 2025. The earliest anticipated adoption of this amendment would be July 2012.

### Fisheries Regulation

In mid-February 2010, Newfoundland Power received a letter from the Department of Fisheries and Oceans (DFO) pursuant to section 20 of the *Fisheries Act* to provide a fish passage around the hydroelectric generation facility on Rattling Brook. This would allow the annual migration of Atlantic salmon between the Bay of Exploits and the headwaters of Rattling Brook. The best technical solution in the opinion of DFO was to trap and transport salmon upstream and to provide bypass structures for the downstream migration. This would have an estimated capital cost of \$4 million, annual operating cost of \$100,000 and would result in annual energy losses of \$150,000. The Company is currently reviewing this matter with DFO.

### ISO 14001

In the 1<sup>st</sup> quarter, environmental training was provided to 18 employees and 78 contractor employees performing work on behalf of the Company. This training reinforced the importance for employees and contractors of performing their duties in an environmentally responsible manner.

The Annual Environmental Aspect Review, which is a requirement of ISO 14001, took place in January. In February, the annual Environment Management Review meeting was held with members of the Executive and the Environment group. It was confirmed at this meeting that the Company's Environmental Management System continues to be suitable, adequate and effective.

## 8. Community

### The Power of Life Project

In January 2010, the employees of Newfoundland Power in Clarenville donated an ice machine to the Chemotherapy Room at the Dr. G.B. Cross Memorial Hospital on behalf of the *Power of Life Project*. The ice is used to help minimize the side effects of some chemotherapy drugs.

Employees in St. John's held their 1<sup>st</sup> Annual Kitchen Party to help raise money for the *Power of Life Project*. This was a huge success and approximately \$6,200 was raised to go toward the purchase of automated blood pressure monitors for the Dr. H. Bliss Murphy Cancer Care Centre.



*Clarenville Ice Machine Presentation*



*Cheque Presentation for the Power of Life Project*

The Clarenville Area employees' 6<sup>th</sup> annual family snowmobile event raised approximately \$5,600. Although the snowmobile run was cancelled due to lack of snow, the dinner was a success.

The proceeds from the event were shared equally between the *Power of Life Project* and the Triple Bay Eagles Ground Search and Rescue Team.

### 2010 NL Winter Games

The NL Winter Games took place in March with the support of Newfoundland Power and other corporate and community partners. The Company provided a bus transportation service called "Power Connector" for athletes and coaches. Newfoundland Power representatives were also honored to present medals to the winning male and female hockey teams.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At March 31**  
**(\$000s)**

	<u>2010</u>	<u>2009 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,245,140	1,193,054
Less: accumulated amortization	451,608	430,781
	<u>793,532</u>	<u>762,273</u>
<b>Current Assets</b>		
Cash	2,668	239
Accounts receivable	80,862	82,636
Income tax receivable	2,955	719
Materials and supplies	980	1,021
Prepaid expenses	999	985
Regulatory assets	9,908	12,834
	<u>98,372</u>	<u>98,434</u>
<b>Accrued Pension</b>	98,951	94,445
<b>Regulatory Assets</b>	202,551	194,337
<b>Intangible Assets, net of amortization</b>	15,816	15,855
<b>Other Assets</b>	<u>1,656</u>	<u>1,861</u>
<b>Total Assets</b>	<u><u>1,210,878</u></u>	<u><u>1,167,205</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	314,133	303,290
Common shareholder's equity	<u>384,454</u>	<u>373,611</u>
Preference shares	9,111	9,352
	<u>393,565</u>	<u>382,963</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	68,511	66,775
Current instalments of long-term debt	5,200	4,550
Future income taxes	1,184	725
Regulatory liabilities	6,696	9,774
	<u>81,591</u>	<u>81,824</u>
<b>Future Income Taxes</b>	128,217	117,900
<b>Long-term Debt</b>	485,598	463,149
<b>Other Liabilities</b>	51,994	46,229
<b>Regulatory Liabilities</b>	<u>69,913</u>	<u>75,140</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,210,878</u></u>	<u><u>1,167,205</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Revenue</b>	178,274	175,467	169,683	547,048	527,179
<b>Purchased Power</b>	131,188	129,187	127,330	351,034	345,656
<b>Contribution</b>	47,086	46,280	42,353	196,014	181,523
<b>Operating Expenses</b>	13,917	14,273	13,082	53,402	49,315
<b>Pension and Early Retirement Program Costs</b>	1,847	2,031	624	8,196	2,673
<b>Amortization</b>	10,396	10,420	10,051	43,452	41,825
<b>Amortization True-Up Deferral</b>	965	965	966	3,860	3,862
<b>Finance Charges</b>	8,992	9,045	8,206	36,091	34,555
<b>Earnings Before Income Taxes</b>	10,969	9,546	9,424	51,013	49,293
<b>Income Taxes</b>	3,634	3,076	3,110	16,487	16,092
<b>Net Earnings</b>	7,335	6,470	6,314	34,526	33,201
<b>Dividends on Preference Shares</b>	142	141	147	564	573
<b>Earnings Applicable to Common Shares</b>	<b>7,193</b>	<b>6,329</b>	<b>6,167</b>	<b>33,962</b>	<b>32,628</b>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Balance, Beginning of the Period</b>	310,864	303,417
Net Earnings	7,335	6,314
<b>Dividends</b>		
Preference Shares	(142)	(147)
Common Shares	(3,924)	(6,294)
<b>Balance, End of the Period</b>	<u><u><b>314,133</b></u></u>	<u><u><b>303,290</b></u></u>



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>2010</b>	<b>2009 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	7,335	6,314
Items not affecting cash:		
Amortization of property, plant and equipment	9,687	9,328
Amortization of intangibles and other	767	782
Change in regulatory assets and liabilities	2,429	96
Future income taxes	(966)	134
Employee future benefits	(1,189)	(1,238)
Change in non-cash working capital	(11,955)	(25,950)
	<u>6,108</u>	<u>(10,534)</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(16,307)	(13,052)
Intangible expenditures	(412)	(433)
Contributions from customers and other	537	580
	<u>(16,182)</u>	<u>(12,905)</u>
<b>Financing Activities</b>		
Net proceeds from committed credit facility	11,500	29,500
Dividends		
Preference shares	(142)	(147)
Common shares	(3,924)	(6,294)
	<u>7,434</u>	<u>23,059</u>
<b>Decrease in Cash</b>	(2,640)	(380)
<b>Cash, Beginning of the Period</b>	<u>5,308</u>	<u>619</u>
<b>Cash, End of the Period</b>	<u><u>2,668</u></u>	<u><u>239</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended March 31</b>			
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2009</u></b>
<b>Sales (GWh)</b>			
Actual	1,684.5	1,735.7	5,227.5
Weather adjusted	1,795.2	1,762.9	5,299.0
Plan <sup>1</sup>	1,770.6		
<b>Produced &amp; Purchased (GWh)</b>			
Actual	1,795.2	1,849.1	5,538.2
Weather adjusted	1,912.2	1,878.0	5,613.8
Plan <sup>1</sup>	1,886.0		
<b>Hydro Production (GWh)</b>			
Actual	122.9	120.8	426.7

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended March 31**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	1,170.2	1,147.5	1,139.2	3,234.9	3,203.3
<b>Commercial</b>					
0-10 kW	28.8	28.2	28.2	89.7	89.8
10-100 kW	205.8	206.0	203.4	653.0	640.9
110-1000 kVA	271.6	269.2	268.8	898.7	890.5
1000 kVA and Over	108.5	109.7	113.1	437.6	438.0
<b>Total Commercial</b>	614.7	613.1	613.5	2,079.0	2,059.2
<b>Street Lighting</b>	10.3	10.0	10.2	36.0	36.5
<b>Total Sales</b>	<b>1,795.2</b>	<b>1,770.6</b>	<b>1,762.9</b>	<b>5,349.9</b>	<b>5,299.0</b>
<b>BY REGION</b>					
Eastern <sup>2</sup>	1,267.5	1,245.6	1,238.6	3,761.1	3,719.3
Western <sup>3</sup>	527.7	525.0	524.3	1,588.8	1,579.7
<b>Total Sales</b>	<b>1,795.2</b>	<b>1,770.6</b>	<b>1,762.9</b>	<b>5,349.9</b>	<b>5,299.0</b>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarenville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended March 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	113,714	111,685	105,949	325,881	309,360
<b>Commercial</b>					
0-10 kW	3,688	3,627	3,546	12,029	11,840
10-100 kW	20,215	20,209	19,417	65,650	63,318
110-1000 kVA	23,168	22,791	22,195	76,551	74,182
1000 kVA and Over	8,200	8,316	8,283	32,480	31,675
<b>Total Commercial</b>	55,271	54,943	53,441	186,710	181,015
Street Lighting	3,371	3,349	3,218	13,408	12,862
Forfeited Discounts	866	962	981	2,783	2,644
<b>Revenue From Rates</b>	<b>173,222</b>	<b>170,939</b>	<b>163,589</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	834	-	1,659	-	2,878
<b>Amortizations <sup>3</sup></b>					
2010 Pension Expense Variance Deferral	(160)	-	-	-	-
2005 Unbilled Remaining Balance	1,155	1,155	1,155	4,618	4,618
<b>Total Reported Revenue</b>	<b>175,051</b>	<b>172,094</b>	<b>166,403</b>	<b>533,400</b>	<b>513,377</b>
Other Revenue	3,223	3,373	3,280	13,648	13,802
<b>Total Operating Revenue</b>	<b>178,274</b>	<b>175,467</b>	<b>169,683</b>	<b>547,048</b>	<b>527,179</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended March 31**  
**(\$000s)**

	FIRST QUARTER			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>REVENUE FROM ELECTRICITY SALES</b>					
Actual	163,908	170,939	161,409	528,782	500,123
Degree Day & Wind Adjustment	9,314	-	2,180	-	5,758
<b>Weather Adjusted</b>	<b>173,222</b>	<b>170,939</b>	<b>163,589</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	834	-	1,659	-	2,878
<b>Amortizations <sup>3</sup></b>					
2010 Pension Expense Variance Deferral	(160)	-	-	-	-
2005 Unbilled Remaining Balance	1,155	1,155	1,155	4,618	4,618
<b>Total Reported Revenue</b>	<b>175,051</b>	<b>172,094</b>	<b>166,403</b>	<b>533,400</b>	<b>513,377</b>
<b>PURCHASED POWER EXPENSE</b>					
Actual	118,880	128,686	123,910	349,023	336,954
Degree Day & Wind Adjustment	10,303	-	2,540	-	6,663
Hydro Equalization Adjustment	1,504	-	382	-	29
<b>Purchased Power Weather Adjusted</b>	<b>130,687</b>	<b>128,686</b>	<b>126,832</b>	<b>349,023</b>	<b>343,646</b>
<b>Amortizations <sup>4</sup></b>					
Rattling Brook Deferral	150	150	150	598	598
PPUCVR Balance at Dec 31, 2006	(174)	(174)	(174)	(688)	(688)
Weather Normalization Reserve	525	525	522	2,101	2,100
<b>Total Purchased Power Expense</b>	<b>131,188</b>	<b>129,187</b>	<b>127,330</b>	<b>351,034</b>	<b>345,656</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

(4) Amortizations for 2009 & 2010 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Other Revenue</b>					
<b>Joint Use Revenue</b>					
Aliant	1,805	1,806	1,745	7,392	7,219
CATV	507	498	502	1,993	2,000
Total Joint Use Revenue	2,312	2,304	2,247	9,385	9,219
<b>Miscellaneous</b>					
Customer Jobbing	82	104	98	445	663
Rental Income	-	6	-	25	17
Municipal Tax Liability <sup>1</sup>	341	341	342	1,362	1,364
Interest - Customer Accounts	230	311	266	1,222	818
Interest - RSA	26	(11)	50	(44)	-
Interest - CIAC	26	32	27	125	107
Interest - Other	27	32	33	125	243
Reconnections	8	22	6	86	85
NSF Cheque Charges	9	10	10	40	34
Wheeling Charges	160	135	160	532	566
Miscellaneous	(50)	18	(7)	75	434
Service Connection Fees	52	69	48	270	252
Total Miscellaneous	911	1,069	1,033	4,263	4,583
<b>Total Other Revenue</b>	<b>3,223</b>	<b>3,373</b>	<b>3,280</b>	<b>13,648</b>	<b>13,802</b>
<b>Finance Charges</b>					
Interest on Long-term Debt	8,988	8,988	8,015	35,849	34,547
Interest on Long-term Committed Credit Facility	51	88	192	390	396
Interest on Short-term Uncommitted Demand Facility	-	-	1	-	7
Amortization of Deferred Debt Issue Costs	48	46	49	185	235
Amortization of Capital Stock Issue Expenses	9	9	9	38	38
Interest on Security Deposits	1	-	5	-	8
Interest Charged to Construction	(105)	(86)	(65)	(371)	(676)
<b>Total Finance Charges</b>	<b>8,992</b>	<b>9,045</b>	<b>8,206</b>	<b>36,091</b>	<b>34,555</b>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At March 31</b>				
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Customers</b>	240,377	236,590	241,634	239,307
<b>Employees <sup>1</sup></b>				
Regular	569	559	579	572
Temporary	55	79	72	72
<b>Total</b>	624	638	651	644

<sup>1</sup> Refers to full time equivalents.



<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended March 31</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 #	2009 #	2010 #	2009 #		2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
St. John's	0.35	0.75	1.79	2.32	2.23	0.40	0.87	1.69	2.10	2.13
Avalon	0.78	0.61	2.06	1.95	2.16	6.26	0.69	7.71	1.89	4.07
Burin	0.92	0.87	3.89	3.96	4.38	1.23	1.53	3.73	4.30	4.13
Bonavista	3.77	0.43	5.52	5.55	5.45	30.86	0.63	33.00	6.80	18.15
Gander	1.05	1.02	3.95	4.76	3.89	2.09	1.21	5.28	5.43	5.05
Grand Falls	0.59	0.94	2.63	3.06	2.76	0.96	0.44	4.26	3.42	3.41
Corner Brook	0.87	0.45	2.50	1.84	2.62	0.65	0.56	2.21	2.63	2.59
Stephenville	0.84	1.17	2.47	4.65	3.78	1.23	1.30	2.93	3.03	3.46
<b>Company Totals</b>	<b>0.83</b>	<b>0.75</b>	<b>2.54</b>	<b>2.94</b>	<b>2.86</b>	<b>3.59</b>	<b>0.85</b>	<b>5.40</b>	<b>2.99</b>	<b>4.06</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2010 #	2009 #	2010 #	2009 #	
Loss of Supply (NF Hydro)	0.02	0.12	0.37	0.41	0.51
Transmission	0.36	0.07	0.88	0.82	0.82
Distribution	0.45	0.56	1.29	1.71	1.53
<b>Company Totals</b>	<b>0.83</b>	<b>0.75</b>	<b>2.54</b>	<b>2.94</b>	<b>2.86</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
Loss of Supply (NF Hydro)	0.01	0.05	0.08	0.11	0.21
Transmission	1.80	0.09	2.10	0.72	0.96
Distribution	1.78	0.71	3.22	2.16	2.89
<b>Company Totals</b>	<b>3.59</b>	<b>0.85</b>	<b>5.40</b>	<b>2.99</b>	<b>4.06</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>First Quarter 2010</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.03	0.01	0.32	0.39	0.35	0.40
Avalon	0.12	0.07	0.66	6.19	0.78	6.26
Burin	0.23	0.42	0.69	0.81	0.92	1.23
Bonavista	0.10	0.17	3.67	30.69	3.77	30.86
Gander	0.47	0.71	0.58	1.38	1.05	2.09
Grand Falls	0.11	0.16	0.48	0.80	0.59	0.96
Corner Brook	0.19	0.23	0.68	0.42	0.87	0.65
Stephenville	0.14	0.25	0.70	0.98	0.84	1.23
<b>Company Totals</b>	<b>0.13</b>	<b>0.16</b>	<b>0.70</b>	<b>3.43</b>	<b>0.83</b>	<b>3.59</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended March 31, 2010**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and indicates the portion of the annual capital budget remaining to be expended (difference between annual budget and current quarter actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended March 31, 2010**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>	
	Approved by Order No. P.U. 41(2009)	First Quarter	Unexpended Balance
Generation Hydro	5,279	396	4,883
Generation Thermal	150	3	147
Substations	10,218	1,365	8,853
Transmission	5,915	224	5,691
Distribution	31,965	8,496	23,469
General Property	1,381	122	1,259
Transportation	2,352	861	1,491
Telecommunications	379	33	346
Information Systems	3,490	1,008	2,482
Unforeseen Items <sup>2</sup>	750	1,796	(1,046)
General Expenses Capital	2,800	1,020	1,780
<b>TOTAL</b>	<b>64,679</b>	<b>15,324</b>	<b>49,355</b>

<b>Leasing Arrangements Entered Into</b>			
Brief description	Period	Annual Cost	Quarterly payments
	There were no lease obligations in excess of \$5,000 annually entered into during the first quarter of 2010.		

<sup>1</sup> Excludes capital expenditures of approximately \$256,000 related to prior years capital projects carried forward into 2010.

<sup>2</sup> Unforeseen expenditures in the 1<sup>st</sup> Quarter were a result of the March ice storm in eastern Newfoundland.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended March 31, 2010**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and the same period last year, as well as comparable annual charges for the previous year.
2. The second section breaks down the charges *from* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
3. The third section breaks down the charges *to* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended March 31, 2010**

**Charges from Associated Companies**

	First Quarter 2010	First Quarter 2009	Annual 2009
<u>Regulated Charges</u>			
Trustee & Share Plan Costs	\$ 12,000	\$ 10,000	\$ 42,000
Hotel/Banquet Facilities	7,310	4,380	25,627
Staff Charges	-	12,000	12,000
Joint-use Pole Purchases	1,173	1,337	2,532
Miscellaneous	15,304	26,744	65,982
Sub-total	\$ 35,787	\$ 54,461	\$ 148,141
 <u>Non-Regulated Charges</u>	 First Quarter 2010	 First Quarter 2009	 Annual 2009
Directors' Fees & Travel	\$ 57,000	\$ 43,000	\$ 226,000
Annual & Quarterly Reports	30,000	28,000	91,000
Staff Charges	65,000	50,000	71,000
Miscellaneous	85,000	61,000	695,521
Sub-total	\$ 237,000	\$ 182,000	\$ 1,083,521
 TOTAL	 \$ 272,787	 \$ 236,461	 \$ 1,231,662

**Charges to Associated Companies**

	First Quarter 2010	First Quarter 2009	Annual 2009
Printing & Stationery	\$ 98	\$ 237	\$ 843
Postage	6,407	5,714	20,689
Staff Charges	203,559	144,380	531,450
Staff Charges - Insurance	64,490	68,811	244,753
IS Charges	-	-	22,022
Pole Installations	3,975	3,305	23,599
Miscellaneous	9,353	3,485	41,697
 TOTAL	 \$ 287,882	 \$ 225,932	 \$ 885,053

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended March 31, 2010**

	<u><b>First Quarter 2010</b></u>			<u><b>First Quarter 2009</b></u>			<u><b>Annual 2009</b></u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Directors' Fees & Travel	\$ -	\$ 57,000	\$ 57,000	\$ -	\$ 43,000	\$ 43,000	\$ -	\$ 226,000	\$ 226,000
Annual & Quarterly Reports	-	30,000	30,000	-	28,000	28,000	-	91,000	91,000
Trustee & Share Plan Costs	12,000	-	12,000	10,000	-	10,000	42,000	-	42,000
Staff Charges	-	65,000	65,000	-	50,000	50,000	-	71,000	71,000
Joint-use Pole Purchases	1,173	-	1,173	1,337	-	1,337	2,532	-	2,532
Miscellaneous	5,468	85,000	90,468	21,973	61,000	82,973	35,862	695,521	731,383
Total	<u>\$ 18,641</u>	<u>\$ 237,000</u>	<u>\$ 255,641</u>	<u>\$ 33,310</u>	<u>\$ 182,000</u>	<u>\$ 215,310</u>	<u>\$ 80,394</u>	<u>\$ 1,083,521</u>	<u>\$ 1,163,915</u>
<b>Fortis Properties Corporation</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Hotel/Banquet Facilities	7,310	-	7,310	4,380	-	4,380	25,627	-	25,627
Miscellaneous	3,322	-	3,322	-	-	-	4,681	-	4,681
Total	<u>\$ 10,632</u>	<u>\$ -</u>	<u>\$ 10,632</u>	<u>\$ 16,380</u>	<u>\$ -</u>	<u>\$ 16,380</u>	<u>\$ 42,308</u>	<u>\$ -</u>	<u>\$ 42,308</u>
<b>Maritime Electric Co. Ltd.</b>									
Miscellaneous	\$ 2,914	\$ -	\$ 2,914	\$ 2,636	\$ -	\$ 2,636	\$ 8,977	\$ -	\$ 8,977
Total	<u>\$ 2,914</u>	<u>\$ -</u>	<u>\$ 2,914</u>	<u>\$ 2,636</u>	<u>\$ -</u>	<u>\$ 2,636</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 3,600	\$ -	\$ 3,600	\$ 2,135	\$ -	\$ 2,135	\$ 16,462	\$ -	\$ 16,462
Total	<u>\$ 3,600</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ 2,135</u>	<u>\$ -</u>	<u>\$ 2,135</u>	<u>\$ 16,462</u>	<u>\$ -</u>	<u>\$ 16,462</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2010**

	<b>First Quarter 2010</b>	<b>First Quarter 2009</b>	<b>Annual 2009</b>
<b>Fortis Inc.</b>			
Printing & Stationery	\$ -	\$ -	\$ 129
Postage	6,407	5,714	20,689
Staff Charges	171,785	74,043	327,534
Staff Charges - Insurance	44,531	55,385	173,887
IS Charges	-	-	277
Pole Installations	3,975	3,305	23,599
Miscellaneous	358	437	11,969
Total	<u>\$ 227,056</u>	<u>\$ 138,884</u>	<u>\$ 558,084</u>
<b>Fortis Properties Corporation</b>			
Printing & Stationery	\$ 98	\$ 237	\$ 714
Staff Charges - Insurance	8,463	6,753	13,517
IS Charges	-	-	4,432
Miscellaneous	8,955	601	4,691
Total	<u>\$ 17,516</u>	<u>\$ 7,591</u>	<u>\$ 23,354</u>
<b>Maritime Electric Co. Ltd.</b>			
Staff Charges	\$ 830	\$ 347	\$ 1,932
Staff Charges - Insurance	568	437	1,488
IS Charges	-	-	2,424
Miscellaneous	-	101	701
Total	<u>\$ 1,398</u>	<u>\$ 885</u>	<u>\$ 6,545</u>
<b>FortisOntario Inc.</b>			
Staff Charges - Insurance	\$ 3,584	\$ 134	\$ 17,688
IS Charges	-	-	2,424
Miscellaneous	-	3	273
Total	<u>\$ 3,584</u>	<u>\$ 137</u>	<u>\$ 20,385</u>
<b>Belize Electric Company Limited</b>			
Staff Charges	\$ 7,823	\$ 22,070	\$ 86,581
Staff Charges - Insurance	-	810	8,743
Total	<u>\$ 7,823</u>	<u>\$ 22,880</u>	<u>\$ 95,324</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2010**

	<b>First Quarter 2010</b>	<b>First Quarter 2009</b>	<b>Annual 2009</b>
<b>Belize Electricity Limited</b>			
Staff Charges	\$ 190	\$ 889	\$ 11,424
Staff Charges - Insurance	1,296	2,376	8,436
IS Charges	-	-	4,155
Miscellaneous	40	201	4,863
Total	<u>\$ 1,526</u>	<u>\$ 3,466</u>	<u>\$ 28,878</u>
<b>FortisAlberta Inc.</b>			
Staff Charges - Insurance	\$ -	\$ 432	\$ 3,456
Miscellaneous	-	551	3,441
Total	<u>\$ -</u>	<u>\$ 983</u>	<u>\$ 6,897</u>
<b>FortisBC Inc.</b>			
Staff Charges - Insurance	\$ -	\$ 216	\$ 1,620
IS Charges	-	-	8,310
Miscellaneous	-	225	2,203
Total	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ 12,133</u>
<b>Terasen Gas Inc.</b>			
Staff Charges - Insurance	\$ 378	\$ -	\$ 1,296
Miscellaneous	-	420	6,425
Total	<u>\$ 378</u>	<u>\$ 420</u>	<u>\$ 7,721</u>
<b>Caribbean Utilities Co. Limited</b>			
Staff Charges	\$ -	\$ -	\$ 888
Staff Charges - Insurance	2,268	108	6,837
Miscellaneous	-	101	101
Total	<u>\$ 2,268</u>	<u>\$ 209</u>	<u>\$ 7,826</u>
<b>Fortis Turks and Caicos</b>			
Staff Charges	\$ 22,931	\$ 47,031	\$ 103,091
Staff Charges - Insurance	3,402	2,160	7,785
Miscellaneous	-	845	7,030
Total	<u>\$ 26,333</u>	<u>\$ 50,036</u>	<u>\$ 117,906</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended March 31, 2010**

No loans or agreements with related companies were entered into during the quarter ending March 31, 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending March 31, 2010**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - First Quarter**

The total number of damage claims received during the first quarter of 2010 has decreased in comparison to the number of claims received during the same period in 2009. The decrease is found primarily in the Equipment Failure and Miscellaneous categories.

Please note that the number of claims outstanding from the last quarter has been reduced by two as a result of claims being withdrawn by customers. These claims were originally reported under System Operations and Miscellaneous in our Eastern Region. The new total of outstanding claims is 22, down from 24 as reported in the summary for the quarter ending December 2009.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending March 31, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	2	-	2	-	\$ -	\$ -	1	\$ 1,000	1	\$ 1,000
Power Interruptions	7	-	7	4	472	472	1	600	2	960
Improper Workmanship	11	3	14	7	15,729	8,379	-	-	7	10,550
Weather Related	-	1	1	-	-	-	-	-	1	5,000
Equipment Failure	18	14	32	22	19,195	17,796	-	-	10	28,255
Third Party	2	-	2	-	-	-	-	-	2	1,200
Miscellaneous	6	4	10	6	2,355	1,355	1	500	3	1,890
Total	<u>46</u>	<u>22</u>	<u>68</u>	<u>39</u>	<u>\$ 37,751</u>	<u>\$ 28,002</u>	<u>3</u>	<u>\$ 2,100</u>	<u>26</u>	<u>\$ 48,855</u>

**For the Quarter Ending March 31, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	4	-	4	1	\$ 200	\$ 200	-	\$ -	3	\$ 1,245
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	14	1	15	10	18,631	8,870	-	-	5	8,650
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	35	6	41	34	32,426	24,144	-	-	7	8,700
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	20	2	22	16	10,508	7,338	-	-	6	45,447
Total	<u>73</u>	<u>9</u>	<u>82</u>	<u>61</u>	<u>\$ 61,765</u>	<u>\$ 40,552</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 64,042</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending March 31, 2010**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	33	17	50	26	\$ 25,654	\$ 16,585	3	\$ 2,100	21	\$ 42,955
Western Region	13	5	18	13	12,097	11,417	-	-	5	5,900
Total	<u>46</u>	<u>22</u>	<u>68</u>	<u>39</u>	<u>\$ 37,751</u>	<u>\$ 28,002</u>	<u>3</u>	<u>\$ 2,100</u>	<u>26</u>	<u>\$ 48,855</u>

**For the Quarter Ending March 31, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	46	4	50	31	\$ 42,547	\$ 21,334	-	\$ -	19	\$ 62,042
Western Region	27	5	32	30	19,218	19,218	-	-	2	2,000
Total	<u>73</u>	<u>9</u>	<u>82</u>	<u>61</u>	<u>\$ 61,765</u>	<u>\$ 40,552</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 64,042</u>

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended March 31, 2010**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the first quarter of 2010. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	14	12	26	12	2	12
- Outside Planning Area	31	17	48	17	8	23
	45	29	74	29	10	35
General Service	14	7	21	6	4	11
Total	59	36	95	35	14	46

The tables on Page 2 and 3 of the report provide specific information for the 59 CIACs quoted to customers during the period January 1, 2010 to March 31, 2010. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.



**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
12-Jan-10	2009-20-227	5,875.00	8,000.00	Yes
15-Jan-10	2010-41-100	3,525.00	5,650.00	Yes
21-Jan-10	2010-20-101	1,675.00	3,800.00	Yes
21-Jan-10	2010-20-102	1,100.00	3,225.00	Yes
22-Jan-10	2010-20-103	1,350.00	3,475.00	Yes
27-Jan-10	2010-20-106	2,525.00	6,775.00	Yes
1-Feb-10	2009-10-187	1,875.00	4,000.00	Yes
4-Feb-10	2010-51-101	1,055.00	3,930.00	
10-Feb-10	2010-20-105	2,050.00	4,175.00	
11-Feb-10	2010-20-108	2,050.00	4,175.00	
17-Feb-10	2010-20-109	1,325.00	3,450.00	Yes
1-Mar-10	2010-20-111	450.00	2,325.00	
1-Mar-10	2010-20-113	1,600.00	3,725.00	
18-Mar-10	2010-20-117	3,910.00	6,460.00	
<b>DOMESTIC (outside Residential Planning Area)</b>				
4-Jan-10	2009-41-125	550.00	1,175.00	Yes
13-Jan-10	2009-10-164	1,050.00	1,675.00	
15-Jan-10	2009-10-185	3,274.17	3,899.17	
15-Jan-10	2009-10-186	3,274.17	3,899.17	
15-Jan-10	2009-10-188	3,274.17	3,899.17	
18-Jan-10	2010-20-100	2,813.68	3,438.68	Yes
19-Jan-10	2010-10-102	2,149.14	2,774.14	Yes
25-Jan-10	2010-20-104	600.00	1,725.00	Yes
26-Jan-10	2010-10-105	3,274.17	3,899.17	Yes
27-Jan-10	2010-10-106	2,149.14	2,774.14	
1-Feb-10	2009-10-184	1,879.34	2,504.34	
10-Feb-10	2009-20-225	387,021.40	466,021.40	
10-Feb-10	2010-20-107	3,152.50	3,775.50	Yes
18-Feb-10	2009-10-166	2,149.14	2,774.14	Yes
18-Feb-10	2010-20-110	2,102.30	2,727.30	Yes
18-Feb-10	2010-50-101	4,057.60	4,682.60	
1-Mar-10	2009-10-165	3,372.00	3,997.00	
1-Mar-10	2009-10-182	2,289.64	3,039.64	
1-Mar-10	2009-40-140	9,633.50	10,258.50	Yes
1-Mar-10	2010-40-100	6,645.13	7,270.13	
2-Mar-10	2010-20-112	4,170.21	4,795.21	Yes
2-Mar-10	2010-30-100	3,363.50	3,988.50	Yes
5-Mar-10	2010-20-116	2,102.30	2,727.30	
11-Mar-10	2010-40-104	3,511.68	4,136.68	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
29-Mar-10	2010-20-118	240.00	990.00	
29-Mar-10	2010-20-120	10,200.00	10,950.00	
29-Mar-10	2010-20-121	2,102.30	2,727.30	
29-Mar-10	2010-20-122	2,755.20	3,505.20	
30-Mar-10	2010-50-104	1,580.00	2,330.00	
31-Mar-10	2010-31-103	4,477.50	6,427.50	
31-Mar-10	2010-50-106	2,961.54	3,711.54	Yes
<b>GENERAL SERVICE</b>				
13-Jan-10	2009-10-168	1,009.00	3,200.00	Yes
27-Jan-10	2010-50-100	25,312.00	27,437.00	
28-Jan-10	2010-31-101	2,919.12	8,974.12	
2-Feb-10	2010-10-101	4,738.04	10,793.04	Yes
18-Feb-10	2010-10-110	6,497.50	16,510.00	
25-Feb-10	2010-50-102	7,433.40	12,350.00	
1-Mar-10	2010-41-101	2,500.00	8,000.00	
2-Mar-10	2010-20-114	10,560.00	11,060.00	
11-Mar-10	2010-40-102	2,214.00	13,809.00	Yes
15-Mar-10	2010-10-114	3,850.00	10,300.00	Yes
19-Mar-10	2010-20-115	56,834.29	57,428.29	
19-Mar-10	2010-30-101	360.00	6,750.00	
24-Mar-10	2010-40-105	10,458.00	14,600.00	
29-Mar-10	2010-20-119	690.00	3,240.00	Yes

# **Quarterly Regulatory Report**

***For The Period Ended  
June 30, 2010***



## **QUARTERLY REGULATORY REPORT**

**FOR THE PERIOD ENDED**

**June 30, 2010**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

### Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	12
8. Community .....	14
<b>Financial Statements</b>	
Balance Sheets .....	16
Statements of Earnings .....	17
Statements of Retained Earnings .....	18
Statements of Cashflows .....	19
<b>Appendices</b>	
A Electricity Statistics .....	20
B Statements of Electricity Sold (GWh) .....	21
C Statements of Revenue .....	22
D Summary of Weather Adjustments .....	23
E Statements of Earnings – Detail .....	24
F Customer and Employee Statistics .....	25
G Service Continuity Performance .....	26

### 1. Highlights

	Highlights			
	2 <sup>nd</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Satisfaction (%)	90	89	90	89
Electricity Delivery <sup>1</sup>				
Electricity Sales (GWh)	1,220.2	1,210.0	1,177.2	5,349.9
Peak Demand (MW) <sup>2</sup>	1,237.4	1,253.8	1,237.1	1,253.8
Customer Minutes of Outage <sup>3</sup>	6.1	6.9	5.7	36.6
Injury Frequency Rate <sup>4</sup>	2.0	1.8	0.7	1.8
Revenue (\$millions)	126.2	125.2	118.1	547.0
Earnings (\$millions) <sup>5</sup>	11.0	10.6	10.7	34.0

- ≈ 2<sup>nd</sup> quarter customer satisfaction was 90%.
- ≈ Electricity sales were higher than plan.
- ≈ Reliability was better than plan.
- ≈ One lost time incident occurred in the 2<sup>nd</sup> quarter.
- ≈ 2<sup>nd</sup> quarter earnings were above plan.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Injuries per 200,000 hours worked.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)				
	Year to Date			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Satisfaction	89	89	90	89
First Call Resolution <sup>1</sup>	89	88	89	88
Service Level <sup>2</sup>	74	80	79 <sup>4</sup>	80
Trouble Call Response <sup>3</sup>	88	85	93	85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

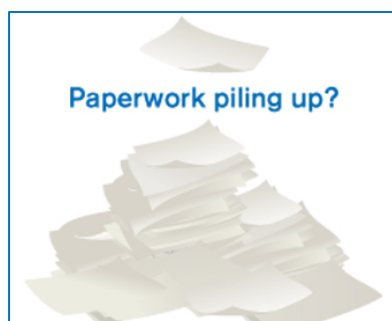
<sup>3</sup> % of trouble call response within two hours.

<sup>4</sup> % of customer calls answered within 40 seconds.

### Customer Service Performance

2<sup>nd</sup> quarter customer satisfaction was 90%. First call resolution is generally consistent with last quarter and 2009. While year to date service level has been below plan, the monthly service level in June was slightly above plan at 81%.

### Customer Service Improvements



*ebills advertising campaign*

The Company's advertising campaign increased the number of customers participating in eBills by 1,692. This represents over one third of the total number added in 2009, and brings current participation in this program to over 31,000 customers.

The Company has undertaken three automated meter reading projects that are expected to reduce meter reading requirements by eight days per month. The projects involve four commercial routes in St. John's (Water Street and Kenmount Road), as well as three meter-reading routes in Buchans and one in Badger Lake.

### Retail Rate Review

On March 26<sup>th</sup>, 2010, Newfoundland Power provided the Public Utilities Board (the "Board") with a status update and revised schedule for the ongoing review of existing and alternative customer rate designs. Based on further analysis and consultation with the Consumer Advocate, the Company also filed a summary report on illustrative time-of-use rates on June 30<sup>th</sup>, 2010.

In early July, an information session was held with Board staff, and a process conference was held to establish the process and schedule to conclude the review. As a result, the Company will develop a proposal for alternative rate structures, including an optional seasonal rate for residential customers and a pilot of time-of-day rates. This proposal is scheduled to be filed with the Board by mid-October, for implementation of the new customer rate options by July 1<sup>st</sup>, 2011.

### Energy Conservation

During the 1<sup>st</sup> half of 2010, 1,683 Newfoundland Power customers participated in one or more of the *takeCHARGE!* Energy Savers programs. Energy savings from these participants represent approximately 98% of the Company's annual energy savings target for 2010 of 4.4 GWh.

During the 2<sup>nd</sup> quarter, the *takeCHARGE!* team attended 31 events, and gave 22 presentations to customer and partner groups. Some of the *takeCHARGE!* events during this quarter included the Municipalities NL Symposium, Newfoundland Environmental Industries Association Annual Convention, Deer Lake Business Showcase, Port aux Basques Business Expo, Grand Falls-Windsor Home Show, and the Professional Municipal Administrators Annual Convention.



*Annual Home Show  
Industry Night April 29<sup>th</sup>, 2010 – Mile One*



*RUCKUS On The Edge - April 17<sup>th</sup>, 2010 – Delta Hotel  
takeCHARGE! puts the pedal to the metal*

Together with Newfoundland and Labrador Hydro, the *takeCHARGE!* team took part in the JUNO Ruckus On The Edge Green Radio event. Using only a simple mountain bike to turn a generator, the *takeCHARGE!* team helped produce enough electricity to power Green Radio which ran from Monday, April 12<sup>th</sup> to Sunday, April 18<sup>th</sup>.

### Communications Awards

In June, Newfoundland Power was recognized with three Pinnacle Awards for Excellence in Marketing Communications from the International Association of Business Communicators. The *takeCHARGE!* partnership received an Award of Excellence for Traditional Advertising and an Award of Merit for the Energy Savers Marketing Communications. The Company also received a Pinnacle Award of Merit for our new print ad campaign, *The Power Of*.



### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>				
	Year to Date			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Minutes of Outage <sup>2</sup>	55.8	17.6	16.6	36.6
SAIDI (Outage hours per customer)	4.01	1.25	1.21	2.62
SAIFI (Outages per customer)	1.14	0.94	0.98	2.15

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

The frequency and duration of outages are higher in 2010 due to a severe ice storm on March 5<sup>th</sup> and 6<sup>th</sup> that caused extended power interruptions on the Avalon and Bonavista Peninsulas, and in the Bonavista North area.

The significant unplanned power interruptions during the 2<sup>nd</sup> quarter included:

- April 20<sup>th</sup>: A broken cutout caused an outage to 2,533 customers in the Paradise area and resulted in 329,290 customer minutes of outage.
- June 4<sup>th</sup>: A broken insulator caused an outage to 761 customers in and around Musgrave Harbour and resulted in 244,275 customer minutes of outage.
- June 21<sup>st</sup>: A vehicle accident resulted in an outage to 1,553 customers in the Village Mall area of St. John's and resulted in 408,272 customer minutes of outage.
- June 30<sup>th</sup>: A vehicle accident resulted in an outage to 1,835 customers in and around the town of Mobile and resulted in 464,255 customer minutes of outage.

## B. Electricity Supply

	Electricity Supply			
	2 <sup>nd</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Energy Purchased (GWh) <sup>1</sup>	1,160.5	1,148.4	1,101.5	5,238.8
Peak Demand (MW) <sup>1, 2</sup>	1,237.4	1,253.8	1,237.1	1,253.8
Hydro Plant Production (GWh)	139.7	127.1	112.0	428.8
Plant Availability (%)	96.7	96.0	97.3	96.0

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

Energy purchased during the 2<sup>nd</sup> quarter was 12.1 GWh higher than plan due to higher than expected electricity sales.

During the 2<sup>nd</sup> quarter, hydro plant production was 12.6 GWh higher than plan and 27.7 GWh higher than 2009. The higher production in the 2<sup>nd</sup> quarter of 2010 reflects higher inflows compared to plan and the same period in 2009. Total water inflows for the 2<sup>nd</sup> quarter of 2010 were 150.8 GWh, compared to a normal inflow of 138.4 GWh.

Hydro plant availability was 96.7% in the 2<sup>nd</sup> quarter compared to a plan of 96.0%. There were 43 forced outages in the 2<sup>nd</sup> quarter compared to the 31 experienced in the 2<sup>nd</sup> quarter of 2009.

### Hydro Industrial Rate Proceeding

The Company is currently participating in a proceeding before the Board to finalize Hydro's rates to its Industrial Customers. These rates have been interim since January 1<sup>st</sup>, 2008. Due to reductions in industrial load since 2007, a material credit has accumulated in the Industrial Rate Stabilization Plan. In the proceeding, Newfoundland Power is advocating that part of this credit should accrue to the benefit of its customers. The amount, if any, which might accrue to the benefit of Newfoundland Power's customers is dependent upon determinations of the Board.

## 4. Financial Matters

Financial Highlights				
	2 <sup>nd</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Electricity Sales (GWh)	1,220.2	1,210.0	1,177.2	5,349.9
Revenue (\$millions)	126.2	125.2	118.1	547.0
Purchased Power Costs (\$millions)	74.6	73.6	69.2	351.0
Operating Costs (\$millions) <sup>1</sup>	12.9	13.1	12.2	53.4
Operating Cost per Customer (\$)	117	118	111	229
Earnings (\$millions) <sup>2</sup>	11.0	10.6	10.7	34.0

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

### Financial Results

Revenue and purchased power costs for the 2<sup>nd</sup> quarter of 2010 were higher than plan, primarily as a result of higher than expected sales. 2<sup>nd</sup> quarter electricity sales increased by 43.0 GWh, or approximately 3.7% over the 2<sup>nd</sup> quarter of 2009. This was primarily due to a combination of an increase in customer connections and an increase in the number of electrically heated homes.

Operating costs for the 2<sup>nd</sup> quarter were slightly lower than plan mainly due to timing of operating expenses. Annual operating expenses are trending slightly above plan. Operating costs for the second quarter were higher than last year due to wage and inflationary increases and increased conservation costs, partially offset by the timing of operating labour costs.

Earnings for the 2<sup>nd</sup> quarter were higher than plan primarily due to higher than anticipated electricity sales, timing of operating expenses and a lower effective tax rate.

### Automatic Adjustment Formula

On April 20<sup>th</sup>, 2010 the Board approved changes to the Automatic Adjustment Formula used to set the Company's rate of return on equity in years between general rate applications. The Board order approved the use of a forecast long-term Government of Canada Bond yield in determining the cost of equity to be used in the formula for 2011 and 2012. The formula previously used a spot long-term Government of Canada bond yield to determine Newfoundland Power's cost of equity.

### Other Post-Employment Benefits

Newfoundland Power has reviewed and revised its other post employment benefits ("OPEBs") plan. The most prominent changes to the plan are the introduction of a 50% member-paid cost sharing arrangement for retirees over the age of 65, the removal of the current \$5,000 annual benefit cap, and the introduction of drug dispensing fees. These changes to the plan have reduced Newfoundland Power's forecast accrued OPEBs obligation by almost 20%, and have reduced forecast annual OPEBs costs by almost 30%.

On June 30<sup>th</sup>, 2010, the Company submitted a proposal to the Board related to the accounting for, and recovery of, OPEBs costs. The Company recommended that it: (i) adopt the accrual method of accounting for OPEBs costs effective January 1<sup>st</sup>, 2011; (ii) recover the transitional balance associated with this accounting change over a 15-year period; and (iii) adopt a deferral account to capture annual variances in OPEBs costs. The proposal is currently under review by the Board.

### Joint Use Arrangements

On June 25<sup>th</sup>, 2010, the Company received notice from Bell Aliant of its intention not to renew its current arrangements for joint use of utility support structures with the Company. The current arrangements expire on December 31<sup>st</sup>, 2010.

In 2001, Newfoundland Power acquired approximately 70,000 joint use distribution poles from Bell Aliant for a book based value of approximately \$40 million as part of these arrangements. Bell Aliant owned approximately 40% of all jointly used poles in Newfoundland Power's service territory at that time. Bell Aliant has rented space on these poles from Newfoundland Power since 2001. The decision not to renew these arrangements following the initial 10-year term requires Bell Aliant to repurchase 40% of all joint use poles from Newfoundland Power for a book based value.

The disposition of joint use poles to Bell Aliant will require Board approval. Upon purchase, Bell Aliant will also have the obligation to install and maintain 40% of the jointly used poles on an ongoing basis. The Company is currently negotiating the future operational and financial aspects associated with the joint use of utility support structures with Bell Aliant.

## 5. Capital Program

2010 Capital Expenditures				
	Year to Date			Annual
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010
Total (\$000s)	33,721	37,437	29,939	69,451

<sup>1</sup> Plan includes \$4.2 million in capital cost associated with the March 5<sup>th</sup> ice storm in Eastern Newfoundland approved by the Board in May 2010. Plan also includes \$297,000 carryover for the Western Avalon Substation Vale Inco project and \$275,000 for Water Street underground civil work.

### 2010 Capital Expenditure

Capital expenditures were lower in the 2<sup>nd</sup> quarter due to scheduling of equipment orders. The equipment will be delivered in 3<sup>rd</sup> quarter and will not materially impact construction timelines.

Distribution related capital was higher than plan, mainly due to customer growth and 3<sup>rd</sup> party work associated with telecommunications company infrastructure.

In addition to the customer driven work that continued through the winter, engineering and procurement activities are underway for large capital projects. Capital project activity during the 2<sup>nd</sup> quarter includes:



*Distribution Construction Work*

- The tender has been awarded for the rebuild of transmission lines 24L on the Southern Shore and 110L on the Bonavista Peninsula. Construction has started on 110L. Tender documents have been released for the rebuild of 41L, which was damaged during the March 2010 ice storm.
- The contracts for the Lookout Brook hydro plant governor and switchgear replacement are in place. Site work started on schedule on June 7<sup>th</sup>.
- Work is underway on the projects to replace the power transformers at Deer Lake and Mobile substations. Both transformers have been de-energized and portable substations have been installed to carry the customer load.
- Projects to replace the power transformer radiators at Gillams and Springfield substations are completed.

## 6. Safety

Safety Performance				
	Year to Date			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Injury Frequency Rate <sup>1</sup>	2.0	1.8	0.7	1.8

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There was one lost time injury in the 2<sup>nd</sup> quarter; there were no medical aid injuries. The lost time injury was due to an arc flash incident and resulted in a loss of nine calendar days. This is a decrease compared to the 2<sup>nd</sup> quarter of 2009 when there was one lost time and one medical aid injury recorded, resulting in thirty-five calendar days lost. There were three preventable vehicle accidents during the 2<sup>nd</sup> quarter as compared to one preventable vehicle accident for the 2<sup>nd</sup> quarter of 2009.

### Arc Flash Incident

On May 17<sup>th</sup>, 2010, a Company Power Line Technician ("PLT") was injured in an arc flash incident that occurred in an electrical vault at the Delta Hotel in St. John's. The arc flash occurred while the PLT was using a voltage meter to perform a phasing check in a high voltage electrical cabinet within the vault. The flash was caused by the incorrect use of the voltage meter which was not rated for the high voltage involved (7,200 volts). The employee received 1st degree burns to his face.

Investigations by the Company and Government Services, Occupational Health & Safety Division ("OHSD") were immediately initiated. The Company's final investigation report and recommendations for prevention were submitted to OHSD on June 16<sup>th</sup>. On May 20<sup>th</sup>, 2010, the Company received a number of orders and directives from OHSD pertaining to the arc flash incident. They addressed the following:

- The use of test equipment was ordered stopped until it was confirmed that the equipment met CSA requirements, and it was confirmed that employees were trained in the use of the equipment and the training was documented. OHSD received the Company's response and no further action is required.
- Safe work procedures for the use of test equipment were directed to be developed and implemented. Existing procedures have been improved to include the documentation of training.

- The Company's existing electrical safety program elements was consolidated into a single high level document based on the CAN/ULC-S801-10 electrical standard. This was completed in July, as agreed with OHSD.
- Employees were directed to be trained in job safety planning and hazard assessment. This program already exists and is constantly reinforced.

### Other OHSD Regulatory Activity

On May 10<sup>th</sup>, 2010, an inspection of one of the Company's pole installation contractors was undertaken by an OHSD officer in the Grand Bank area. Directives were issued in relation to developing and implementing traffic control standards and a contractor safety management program. The traffic control standard which already exists was reinforced with contractors; the contractor electrical safety program was rolled out at meetings in July. No further action is required.

On May 11<sup>th</sup>, 2010, an OHSD officer inspected Company crews setting up to begin work in the area of Thorburn Road in St. John's. Directives were issued in relation to traffic control and the placement of signage. The directives were complied with during the inspection. No further action is required.

### Safety Communications and Training

On May 25<sup>th</sup>, a round table session was held with senior management and a select group of operations and engineering supervisors to discuss what the Company can do to improve safety performance. From this meeting, an action plan was developed that addressed improvements in the key areas of lead hand roles and responsibilities, training and competency, safety meeting effectiveness and contractor safety.

On June 8<sup>th</sup>, a meeting was held with the owners of Newfoundland Power's major contractors to discuss safety performance and our commitment to working together to improve safety performance. Additional resources have been added to monitor the quality and safety of contractor work and to deliver our electrical safety program.

On June 17<sup>th</sup>, a "time out for safety" meeting was held throughout the Company to reach out to employees on how to reduce safety incidents and present the safety action plan. Following from this, individual meetings with lead hands and line crew working forepersons were held to plan a safety workshop and training.

One-day Safety Leadership workshops have been held for all of the Company's operations supervisors in the 1<sup>st</sup> half of 2010. The purpose of the workshop was to review the supervisors' critical role in creating and maintaining a strong safety culture, including incident reporting and investigation, work observations, due diligence, safety coaching and progressive corrective action.

### Public Safety

During the quarter, there were fourteen public safety incidents. This is a significant increase over the 1<sup>st</sup> quarter, when there were two incidents. Nine of these were low-voltage contacts involving trucks or excavators contacting service wires. Four were high-voltage contacts, which included two tree felling incidents, a dump truck cracking off a pole after contacting lines and a fencing contractor excavating a buried cable. One public incident involved a youth who sustained minor injuries after falling approximately four feet from a wooden bridge on a hydro plant access road.

Public safety education efforts were active during the 2<sup>nd</sup> quarter. Approximately 1,000 students representing 8 elementary schools throughout the province attended Company presentations on electrical safety. Twenty volunteer fire fighters attended one of the Company's Fire Fighting and Electricity seminars.

Public safety advertising continued throughout the 2<sup>nd</sup> quarter via various print media, TV and radio ads, and a new safety billboard near the Kenmount Road office building.

### North American Occupational Safety and Health ("NAOSH") Week

NAOSH Week was celebrated throughout the Company from May 3<sup>rd</sup> to May 7<sup>th</sup>. Safety related activities were conducted, including work site inspections, work observations, safety training and safety meetings. The celebration also included health and wellness activities such as heart healthy breakfasts and snacks, lifestyle/wellness presentations and fitness walks.



*Flag raising ceremony  
NAOSH week*



## 7. Environment

Environment Performance				
	Year to Date		Annual	
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Number of Spills	42	33	38 <sup>2</sup>	67
Reportable PCB Spills <sup>1</sup>	0	2	1	2
Volume of Oil Spills (Litres)	344	450	948 <sup>3,4</sup>	900

<sup>1</sup> Criteria for reporting of PCB spills have been revised as a result of the new PCB Regulations. PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

<sup>2</sup> There is one additional spill added to the 2009 Actual as a result of a Q3 2009 reporting of a spill that occurred in Q2 2009. The 2009 Q2 Report noted a total of 37 spills up to the end of June 2009

<sup>3</sup> Of the 38 recorded spills ending in the 2<sup>nd</sup> quarter of 2009, one spill contributed to a release of 519 litres.

<sup>4</sup> There is an additional three litres volume as the result of the late reporting identified in footnote 2.

The number of spills to date is higher than over the same period in 2009 as a result of the March 2010 ice storm which damaged a number of distribution transformers on the Bonavista and Avalon Peninsulas, causing 6 spills. The volume of spills is significantly lower than last year and on track with the 2010 plan.

### PCB Regulations

The Canadian Electricity Association ("CEA"), on behalf of all CEA utility members, continues to seek an amendment to the current *PCB Regulations* which would allow the continued use of certain oil-filled equipment containing PCBs until 2025. The earliest anticipated adoption of this amendment would be July 2012.

### 2009 Sustainable Electricity Report

In mid-April, the Company submitted its Sustainable Electricity Report ("SEP") to the CEA. The SEP report is an annual requirement of all CEA members which allows an assessment of progress towards the vision and goals of sustainable electricity. The program enables the electricity industry to take a holistic approach to sustainability by addressing the three main components – environment, society and economics. The CEA's consolidated 2009 SEP was released in June.

### Training

In the 2<sup>nd</sup> quarter, environmental training was provided to 21 Company employees and 67 contractor employees (those doing work on behalf of the Company) bringing the total year to date to 39 and 145 Company and contractor participants, respectively. This training reinforced the importance for our employees and contractors to perform their duties in an environmentally responsible manner.

In early April, a web-based Environment and Health & Safety Awareness Training program was launched. The program offers additional flexibility for employees to complete training as required by the Company's Environment and Health and Safety Management Systems to fulfill the requirements of ISO 14001 and OHSAS 18001.



## 8. Community

### The Power of Life Project

Newfoundland Power employees answered phones during the 14<sup>th</sup> Annual Garden of Hope Radio-thon on April 21<sup>st</sup>. The Company presented a \$10,000 donation from the employee *Power of Pennies* initiative toward the purchase of a mural for Newfoundland Power's Radiation Suite at the Dr. H. Bliss Murphy Cancer Centre in St. John's, as well as a \$7,000 donation toward furnishing the waiting room in the Corner Brook Cancer Centre.



*Garden of Hope Radio-thon  
Cheque Presentation*

Stephenville employees held their second annual golf tournament on June 19<sup>th</sup>. This event raised approximately \$3,500 for the *Power of Life* project with support from 37 community partners and 21 participating teams.

Newfoundland Power employees held their 3<sup>rd</sup> Annual *Power of Life* Softball Tournament on June 4<sup>th</sup> and 5<sup>th</sup>. Eight teams participated this year, raising over \$2,000.

### EnviroFest 2010

Newfoundland Power partnered with the provincial government for the 13<sup>th</sup> annual *EnviroFest* celebrations. This year, the Company completed community clean-ups, worked with environmental groups to plant trees and shrubs, and encouraged energy conservation through the *takeCHARGE!* partnership. Legacy tree planting and beautification projects were held at: Topsail Elementary, Conception Bay South; Amalgamated Academy, Bay Roberts; and the Corner Brook Stream Trail Network.



*Burin EnviroFest Celebrations*

### Fish Friends



*Students participation in Fish Friends Program*

From June 15<sup>th</sup> to 17<sup>th</sup>, hundreds of elementary school students released Atlantic salmon fry into Newfoundland's streams. The salmon fry had been raised by the students in classroom incubators for the past three months as part of the Atlantic Salmon Federation's *Fish Friends* program. 2010 marks the Company's 13<sup>th</sup> year as a corporate sponsor of the program, having contributed countless volunteer hours and over \$75,000 to date.

### Annual Fire Fighters Convention

At the Annual Convention of the Newfoundland and Labrador Association of Fire Services, held on June 29<sup>th</sup> in Corner Brook, the Company donated \$10,000 to continue with the *Learn Not to Burn Program* for school children across the province.

### Business of the Year Award

On July 1<sup>st</sup>, the Town of Bonavista honoured Newfoundland Power with its 2010 Business of the Year award. One of the Company's contractors, Green's Construction, was also recognized. The awards were presented in thanks and recognition for the power restoration effort following the March 2010 ice storm.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At June 30**  
**(\$000s)**

	<u>2010</u>	<u>2009 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,262,940	1,201,493
Less: accumulated amortization	<u>460,390</u>	<u>431,564</u>
	<u>802,550</u>	<u>769,929</u>
<b>Current Assets</b>		
Cash	-	2,572
Accounts receivable	60,729	59,095
Income tax receivable	2,696	1,605
Materials and supplies	1,069	1,019
Prepaid expenses	803	711
Regulatory assets	<u>7,906</u>	<u>10,360</u>
	<u>73,203</u>	<u>75,362</u>
<b>Accrued Pension</b>	98,552	96,480
<b>Regulatory Assets</b>	200,838	196,732
<b>Intangible Assets, net of amortization</b>	15,662	15,641
<b>Other Assets</b>	<u>1,620</u>	<u>1,714</u>
<b>Total Assets</b>	<u><u>1,192,425</u></u>	<u><u>1,155,858</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>321,192</u>	<u>307,753</u>
Common shareholder's equity	391,513	378,074
Preference shares	<u>9,111</u>	<u>9,113</u>
	<u>400,624</u>	<u>387,187</u>
<b>Current Liabilities</b>		
Bank indebtedness	549	-
Short-term borrowings	675	-
Accounts payable and accrued charges	41,702	40,838
Current instalments of long-term debt	5,200	5,200
Future income taxes	653	129
Regulatory liabilities	<u>4,556</u>	<u>9,956</u>
	<u>53,335</u>	<u>56,123</u>
<b>Future Income Taxes</b>	122,786	120,565
<b>Long-term Debt</b>	486,646	471,166
<b>Other Liabilities</b>	53,565	47,543
<b>Regulatory Liabilities</b>	<u>75,469</u>	<u>73,274</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,192,425</u></u>	<u><u>1,155,858</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>SECOND QUARTER</b>			<b>YEAR TO DATE</b>			<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
Revenue	126,199	125,242	118,118	304,473	300,709	287,801	547,048	527,179
Purchased Power	74,616	73,556	69,213	205,804	202,743	196,543	351,034	345,656
Contribution	51,583	51,686	48,905	98,669	97,966	91,258	196,014	181,523
Operating Expenses	12,922	13,113	12,150	26,839	27,386	25,232	53,402	49,315
Pension and Early Retirement Program Costs	1,884	2,031	699	3,731	4,062	1,323	8,196	2,673
Amortization	10,779	10,695	10,318	21,175	21,115	20,369	43,452	41,825
Amortization True-Up Deferral	966	965	966	1,931	1,930	1,932	3,860	3,862
Finance Charges	8,977	9,080	8,542	17,969	18,125	16,748	36,091	34,555
Earnings Before Income Taxes	16,055	15,802	16,230	27,024	25,348	25,654	51,013	49,293
Income Taxes	4,933	5,107	5,330	8,567	8,183	8,440	16,487	16,092
Net Earnings	11,122	10,695	10,900	18,457	17,165	17,214	34,526	33,201
Dividends on Preference Shares	142	142	143	284	283	290	564	573
Earnings Applicable to Common Shares	<b>10,980</b>	<b>10,553</b>	<b>10,757</b>	<b>18,173</b>	<b>16,882</b>	<b>16,924</b>	<b>33,962</b>	<b>32,628</b>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Balance, Beginning of the Period</b>	310,864	303,417
Net Earnings	18,457	17,214
<b>Dividends</b>		
Preference Shares	(284)	(290)
Common Shares	(7,845)	(12,588)
<b>Balance, End of the Period</b>	<u><u><b>321,192</b></u></u>	<u><u><b>307,753</b></u></u>



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>2010</b>	<b>2009 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	18,457	17,214
Items not affecting cash:		
Amortization of property, plant and equipment	19,756	18,923
Amortization of intangibles and other	1,534	1,569
Change in regulatory assets and liabilities	4,229	815
Future income taxes	(317)	984
Employee future benefits	(734)	(3,135)
Change in non-cash working capital	(18,265)	(28,960)
	<u>24,660</u>	<u>7,410</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(35,613)	(30,850)
Intangible expenditures	(968)	(942)
Contributions from customers and other	1,018	1,330
	<u>(35,563)</u>	<u>(30,462)</u>
<b>Financing Activities</b>		
Change in short-term borrowings	675	-
Net proceeds from (repayment of) committed credit facility	12,500	(26,500)
Proceeds from long-term debt	-	65,000
Payment of debt financing costs	-	(378)
Redemption of preference shares	-	(239)
Dividends		
Preference shares	(284)	(290)
Common shares	(7,845)	(12,588)
	<u>5,046</u>	<u>25,005</u>
<b>Decrease (Increase) in Cash</b>	(5,857)	1,953
<b>Cash, Beginning of the Period</b>	<u>5,308</u>	<u>619</u>
<b>(Bank Indebtedness) Cash, End of the Period</b>	<u><u>(549)</u></u>	<u><u>2,572</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended June 30</b>					
	<b><u>SECOND QUARTER</u></b>		<b><u>YEAR TO DATE</u></b>		<b><u>ANNUAL</u></b>
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2009</u></b>
<b>Sales (GWh)</b>					
Actual	1,209.2	1,125.3	2,893.7	2,861.0	5,227.5
Weather adjusted	1,220.2	1,177.2	3,015.4	2,940.1	5,299.0
Plan <sup>1</sup>	1,210.0		2,980.6		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	1,275.9	1,188.0	3,071.1	3,037.1	5,538.2
Weather adjusted	1,287.6	1,242.8	3,199.8	3,120.8	5,613.8
Plan <sup>1</sup>	1,277.7		3,163.7		
<b>Hydro Production (GWh)</b>					
Actual	139.7	112.0	262.6	232.8	426.7

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended June 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	727.9	708.9	691.5	1,898.1	1,856.4	1,830.7	3,234.9	3,203.3
<b>Commercial</b>								
0-10 kW	21.5	20.9	20.1	50.3	49.1	48.3	89.7	89.8
10-100 kW	149.3	150.8	146.2	355.1	356.8	349.6	653.0	640.9
110-1000 kVA	212.3	210.4	202.9	483.9	479.6	471.7	898.7	890.5
1000 kVA and Over	102.4	112.0	109.6	210.9	221.7	222.7	437.6	438.0
<b>Total Commercial</b>	485.5	494.1	478.8	1,100.2	1,107.2	1,092.3	2,079.0	2,059.2
<b>Street Lighting</b>	6.8	7.0	6.9	17.1	17.0	17.1	36.0	36.5
<b>Total Sales</b>	<u>1,220.2</u>	<u>1,210.0</u>	<u>1,177.2</u>	<u>3,015.4</u>	<u>2,980.6</u>	<u>2,940.1</u>	<u>5,349.9</u>	<u>5,299.0</u>
<b>BY REGION</b>								
Eastern <sup>2</sup>	862.8	851.7	827.0	2,130.3	2,097.3	2,065.6	3,761.1	3,719.3
Western <sup>3</sup>	357.4	358.3	350.2	885.1	883.3	874.5	1,588.8	1,579.7
<b>Total Sales</b>	<u>1,220.2</u>	<u>1,210.0</u>	<u>1,177.2</u>	<u>3,015.4</u>	<u>2,980.6</u>	<u>2,940.1</u>	<u>5,349.9</u>	<u>5,299.0</u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarenville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended June 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	74,160	72,459	67,990	187,874	184,144	173,939	325,881	309,360
<b>Commercial</b>								
0-10 kW	2,902	2,844	2,715	6,590	6,471	6,261	12,029	11,840
10-100 kW	15,104	15,323	14,600	35,319	35,532	34,017	65,650	63,318
110-1000 kVA	18,008	17,826	16,827	41,176	40,617	39,022	76,551	74,182
1000 kVA and Over	7,317	8,109	7,773	15,517	16,425	16,056	32,480	31,675
<b>Total Commercial</b>	43,331	44,102	41,915	98,602	99,045	95,356	186,710	181,015
Street Lighting	3,327	3,346	3,181	6,698	6,695	6,399	13,408	12,862
Forfeited Discounts	593	733	641	1,459	1,695	1,622	2,783	2,644
<b>Revenue From Rates</b>	<b>121,411</b>	<b>120,640</b>	<b>113,727</b>	<b>294,633</b>	<b>291,579</b>	<b>277,316</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	394	-	(542)	1,228	-	1,117	-	2,878
<b>Amortizations <sup>3</sup></b>								
2010 Pension Expense Variance Deferral	(160)	-	-	(320)	-	-	-	-
2005 Unbilled Remaining Balance	1,155	1,155	1,155	2,310	2,310	2,310	4,618	4,618
<b>Total Reported Revenue</b>	<b>122,800</b>	<b>121,795</b>	<b>114,340</b>	<b>297,851</b>	<b>293,889</b>	<b>280,743</b>	<b>533,400</b>	<b>513,377</b>
Other Revenue	3,399	3,447	3,778	6,622	6,820	7,058	13,648	13,802
<b>Total Operating Revenue</b>	<b>126,199</b>	<b>125,242</b>	<b>118,118</b>	<b>304,473</b>	<b>300,709</b>	<b>287,801</b>	<b>547,048</b>	<b>527,179</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended June 30**  
**(\$000s)**

	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	120,497	120,640	109,540	284,405	291,579	270,949	528,782	500,123
Degree Day & Wind Adjustment	914	-	4,187	10,228		6,367	-	5,758
<b>Weather Adjusted</b>	<b>121,411</b>	<b>120,640</b>	<b>113,727</b>	<b>294,633</b>	<b>291,579</b>	<b>277,316</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	394	-	(542)	1,228	-	1,117	-	2,878
<b>Amortizations <sup>3</sup></b>								
2010 Pension Expense Variance Deferral	(160)	-	-	(320)	-	-	-	-
2005 Unbilled Remaining Balance	1,155	1,155	1,155	2,310	2,310	2,310	4,618	4,618
<b>Total Reported Revenue</b>	<b>122,800</b>	<b>121,795</b>	<b>114,340</b>	<b>297,851</b>	<b>293,889</b>	<b>280,743</b>	<b>533,400</b>	<b>513,377</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	71,786	73,055	66,465	190,666	201,741	190,375	349,023	336,954
Degree Day & Wind Adjustment	1,026	-	4,824	11,329		7,364	-	6,663
Hydro Equalization Adjustment	1,106	-	(2,580)	2,610		(2,198)	-	29
<b>Purchased Power Weather Adjusted</b>	<b>73,918</b>	<b>73,055</b>	<b>68,709</b>	<b>204,605</b>	<b>201,741</b>	<b>195,541</b>	<b>349,023</b>	<b>343,646</b>
Demand Management Incentive Account <sup>4</sup>	197	-	-	197	-	-	-	-
<b>Amortizations <sup>5</sup></b>								
Rattling Brook Deferral	150	150	150	300	300	300	598	598
PPUCVR Balance at Dec 31, 2006	(174)	(174)	(174)	(348)	(348)	(348)	(688)	(688)
Weather Normalization Reserve	525	525	528	1,050	1,050	1,050	2,101	2,100
<b>Total Purchased Power Expense</b>	<b>74,616</b>	<b>73,556</b>	<b>69,213</b>	<b>205,804</b>	<b>202,743</b>	<b>196,543</b>	<b>351,034</b>	<b>345,656</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

(4) Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

(5) Amortizations for 2009 & 2010 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>SECOND QUARTER</b>			<b>YEAR TO DATE</b>			<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
Aliant	1,804	1,848	1,864	3,609	3,654	3,609	7,392	7,219
CATV	506	498	499	1,013	996	1,001	1,993	2,000
Total Joint Use Revenue	<u>2,310</u>	<u>2,346</u>	<u>2,363</u>	<u>4,622</u>	<u>4,650</u>	<u>4,610</u>	<u>9,385</u>	<u>9,219</u>
<b>Miscellaneous</b>								
Customer Jobbing	154	129	175	236	233	273	445	663
Rental Income	4	7	10	4	13	10	25	17
Municipal Tax Liability <sup>1</sup>	341	340	342	682	681	684	1,362	1,364
Interest - Customer Accounts	224	314	244	454	625	510	1,222	818
Interest - RSA	14	(11)	12	40	(22)	62	(44)	-
Interest - CIAC	25	32	26	51	64	53	125	107
Interest - Other	25	32	31	52	64	64	125	243
Reconnections	50	22	22	58	44	28	86	85
NSF Cheque Charges	9	10	8	18	20	18	40	34
Wheeling Charges	143	137	135	303	272	295	532	566
Miscellaneous	38	20	351	(12)	38	344	75	434
Service Connection Fees	62	69	59	114	138	107	270	252
Total Miscellaneous	<u>1,089</u>	<u>1,101</u>	<u>1,415</u>	<u>2,000</u>	<u>2,170</u>	<u>2,448</u>	<u>4,263</u>	<u>4,583</u>
<b>Total Other Revenue</b>	<u><b>3,399</b></u>	<u><b>3,447</b></u>	<u><b>3,778</b></u>	<u><b>6,622</b></u>	<u><b>6,820</b></u>	<u><b>7,058</b></u>	<u><b>13,648</b></u>	<u><b>13,802</b></u>
<b>Finance Charges</b>								
Interest on Long-term Debt	8,987	8,987	8,456	17,975	17,975	16,471	35,849	34,547
Interest on Long-term Committed Credit Facility	78	117	140	129	205	332	390	396
Interest on Short-term Uncommitted Demand Facility	9	-	6	9	-	7	-	7
Amortization of Deferred Debt Issue Costs	47	46	55	95	92	104	185	235
Amortization of Capital Stock Issue Expenses	10	10	10	19	19	19	38	38
Interest on Security Deposits	1	-	1	2	-	6	-	8
Interest Charged to Construction	<u>(155)</u>	<u>(80)</u>	<u>(126)</u>	<u>(260)</u>	<u>(166)</u>	<u>(191)</u>	<u>(371)</u>	<u>(676)</u>
<b>Total Finance Charges</b>	<u><b>8,977</b></u>	<u><b>9,080</b></u>	<u><b>8,542</b></u>	<u><b>17,969</b></u>	<u><b>18,125</b></u>	<u><b>16,748</b></u>	<u><b>36,091</b></u>	<u><b>34,555</b></u>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At June 30</b>				
	<b>SECOND QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Customers</b>	241,177	237,261	241,634	239,307
<b>Employees <sup>1</sup></b>				
Regular	573	571	579	572
Temporary	59	70	72	72
<b>Total</b>	632	641	651	644

<sup>1</sup> Refers to full time equivalents.



<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended June 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 #	2009 #	2010 #	2009 #		2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
St. John's	0.29	0.13	1.94	2.25	2.15	0.33	0.24	1.79	2.12	2.10
Avalon	0.45	0.19	2.32	1.82	2.19	0.39	0.21	7.87	1.91	3.97
Burin	0.16	0.97	3.08	4.36	4.10	0.34	0.54	3.53	4.20	4.08
Bonavista	0.86	0.29	6.08	4.70	5.51	1.56	0.54	33.93	5.09	18.29
Gander	0.54	1.12	3.37	4.23	3.73	0.08	1.00	5.07	4.65	4.95
Grand Falls	0.07	0.93	1.77	3.78	2.70	0.20	1.10	3.36	4.07	3.36
Corner Brook	0.27	0.19	2.59	1.88	2.56	0.35	0.27	2.29	2.60	2.46
Stephenville	0.55	0.37	2.65	4.82	3.64	0.70	0.25	3.38	2.96	3.39
<b>Company Totals</b>	<b>0.36</b>	<b>0.36</b>	<b>2.53</b>	<b>2.89</b>	<b>2.79</b>	<b>0.48</b>	<b>0.41</b>	<b>5.46</b>	<b>2.87</b>	<b>4.01</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2010 #	2009 #	2010 #	2009 #	
Loss of Supply (NF Hydro)	0.02	0.01	0.37	0.43	0.49
Transmission	0.13	0.14	0.86	0.82	0.80
Distribution	0.21	0.21	1.30	1.64	1.50
<b>Company Totals</b>	<b>0.36</b>	<b>0.36</b>	<b>2.53</b>	<b>2.89</b>	<b>2.79</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
Loss of Supply (NF Hydro)	0.04	0.00	0.12	0.11	0.20
Transmission	0.10	0.08	2.11	0.68	0.96
Distribution	0.34	0.33	3.23	2.08	2.85
<b>Company Totals</b>	<b>0.48</b>	<b>0.41</b>	<b>5.46</b>	<b>2.87</b>	<b>4.01</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Second Quarter 2010</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.02	0.03	0.27	0.31	0.29	0.34
Avalon	0.38	0.25	0.07	0.14	0.45	0.39
Burin	0.07	0.18	0.09	0.17	0.16	0.35
Bonavista	0.55	1.12	0.31	0.44	0.86	1.56
Gander	0.39	0.41	0.14	0.39	0.53	0.80
Grand Falls	0.01	0.01	0.06	0.19	0.07	0.20
Corner Brook	0.07	0.11	0.20	0.24	0.27	0.35
Stephenville	0.32	0.41	0.23	0.29	0.55	0.70
<b>Company Totals</b>	<b>0.16</b>	<b>0.20</b>	<b>0.20</b>	<b>0.28</b>	<b>0.36</b>	<b>0.48</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended June 30, 2010**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report contains three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended June 30, 2010**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 41(2009) and P.U. 17(2010)	Second Quarter	Year To Date	Unexpended Balance
Generation Hydro	5,279	863	1,259	4,020
Generation Thermal	150	27	30	120
Substations	10,218	1,760	3,125	7,093
Transmission	5,915	240	464	5,451
Distribution	31,965	10,318	18,814	13,151
General Property	1,381	230	352	1,029
Transportation	2,352	1,178	2,039	313
Telecommunications	379	36	69	310
Information Systems	3,490	812	1,820	1,670
Unforeseen Items <sup>2</sup>	4,950	1,574	3,370	1,580
General Expenses Capital	2,800	899	1,919	881
<b>TOTAL</b>	<b>68,879</b>	<b>17,937</b>	<b>33,261</b>	<b>35,618</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations entered into during the second quarter of 2010 that exceed \$5,000 annually.		

<sup>1</sup> Excludes capital expenditures of approximately \$460,000 related to prior years capital projects carried forward into 2010.

<sup>2</sup> Unforeseen Items includes capital expenditures of \$4.2 million related to the March 2010 ice storm. These capital expenditures were approved in Order P.U. 17(2010).

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended June 30, 2010**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended June 30, 2010**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Second Quarter 2010</u>	<u>Second Quarter 2009</u>	<u>Year To Date 2010</u>	<u>Year To Date 2009</u>	<u>Annual 2009</u>
Trustee & Share Plan Costs	\$ 12,000	\$ 10,000	\$ 24,000	\$ 20,000	\$ 42,000
Hotel/Banquet Facilities	4,358	4,245	11,668	8,625	25,627
Staff Charges	46,199	-	46,199	12,000	12,000
Joint-use Pole Purchases	2,757	1,027	3,930	2,364	2,532
Miscellaneous	13,704	17,451	29,008	44,195	65,982
Sub-total	\$ 79,018	\$ 32,723	\$ 114,805	\$ 87,184	\$ 148,141
 <u>Non-Regulated Charges</u>	 <u>Second Quarter 2010</u>	 <u>Second Quarter 2009</u>	 <u>Year To Date 2010</u>	 <u>Year To Date 2009</u>	 <u>Annual 2009</u>
Directors' Fees & Travel	\$ 57,000	\$ 43,000	\$ 114,000	\$ 86,000	\$ 226,000
Annual & Quarterly Reports	30,000	28,000	60,000	56,000	91,000
Hotel/Banquet Facilities	2,416	-	2,416	-	-
Staff Charges	65,000	50,000	130,000	100,000	71,000
Miscellaneous	488,877	460,521	573,877	521,521	695,521
Sub-total	\$ 643,293	\$ 581,521	\$ 880,293	\$ 763,521	\$ 1,083,521
 TOTAL	 \$ 722,311	 \$ 614,244	 \$ 995,098	 \$ 850,705	 \$ 1,231,662

**Charges to Associated Companies**

	<u>Second Quarter 2010</u>	<u>Second Quarter 2009</u>	<u>Year To Date 2010</u>	<u>Year To Date 2009</u>	<u>Annual 2009</u>
Printing & Stationery	\$ 73	\$ 265	\$ 171	\$ 502	\$ 843
Postage	5,233	5,643	11,640	11,357	20,689
Staff Charges	207,553	108,350	411,112	252,730	531,450
Staff Charges - Insurance	75,893	74,857	140,383	143,668	244,753
IS Charges	-	-	-	-	22,022
Pole Installations	13,828	4,591	17,803	7,896	23,599
Miscellaneous	1,167	10,887	10,520	14,372	41,697
TOTAL	\$ 303,747	\$ 204,593	\$ 591,629	\$ 430,525	\$ 885,053

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2010**

	<u>Second Quarter 2010</u>			<u>Second Quarter 2009</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 57,000	\$ 57,000	\$ -	\$ 43,000	\$ 43,000
Annual & Quarterly Reports	-	30,000	30,000	-	28,000	28,000
Trustee & Share Plan Costs	12,000	-	12,000	10,000	-	10,000
Staff Charges	-	65,000	65,000	-	50,000	50,000
Joint-use Pole Purchases	2,757	-	2,757	1,027	-	1,027
Miscellaneous	2,396	488,877	491,273	6,567	460,521	467,088
Total	<u>\$ 17,153</u>	<u>\$ 640,877</u>	<u>\$ 658,030</u>	<u>\$ 17,594</u>	<u>\$ 581,521</u>	<u>\$ 599,115</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 4,358	\$ 2,416	\$ 6,774	\$ 4,245	\$ -	\$ 4,245
Miscellaneous	8,492	-	8,492	3,178	-	3,178
Total	<u>\$ 12,850</u>	<u>\$ 2,416</u>	<u>\$ 15,266</u>	<u>\$ 7,423</u>	<u>\$ -</u>	<u>\$ 7,423</u>
<b>Maritime Electric Co. Ltd.</b>						
Staff Charges	\$ 46,199	\$ -	\$ 46,199	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	2,570	-	2,570
Total	<u>\$ 46,199</u>	<u>\$ -</u>	<u>\$ 46,199</u>	<u>\$ 2,570</u>	<u>\$ -</u>	<u>\$ 2,570</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 2,816	\$ -	\$ 2,816	\$ 5,136	\$ -	\$ 5,136
Total	<u>\$ 2,816</u>	<u>\$ -</u>	<u>\$ 2,816</u>	<u>\$ 5,136</u>	<u>\$ -</u>	<u>\$ 5,136</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2010**

	<u>Year To Date 2010</u>			<u>Year To Date 2009</u>			<u>Annual 2009</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 114,000	\$ 114,000	\$ -	\$ 86,000	\$ 86,000	\$ -	\$ 226,000	\$ 226,000
Annual & Quarterly Reports	-	60,000	60,000	-	56,000	56,000	-	91,000	91,000
Trustee & Share Plan Costs	24,000	-	24,000	20,000	-	20,000	42,000	-	42,000
Staff Charges	-	130,000	130,000	-	100,000	100,000	-	71,000	71,000
Joint-use Pole Purchases	3,930	-	3,930	2,364	-	2,364	2,532	-	2,532
Miscellaneous	7,864	573,877	581,741	28,540	521,521	550,061	35,862	695,521	731,383
Total	<u>\$ 35,794</u>	<u>\$ 877,877</u>	<u>\$ 913,671</u>	<u>\$ 50,904</u>	<u>\$ 763,521</u>	<u>\$ 814,425</u>	<u>\$ 80,394</u>	<u>\$ 1,083,521</u>	<u>\$ 1,163,915</u>
<b>Fortis Properties Corporation</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Hotel/Banquet Facilities	11,668	2,416	14,084	8,625	-	8,625	25,627	-	25,627
Miscellaneous	11,814	-	11,814	3,178	-	3,178	4,681	-	4,681
Total	<u>\$ 23,482</u>	<u>\$ 2,416</u>	<u>\$ 25,898</u>	<u>\$ 23,803</u>	<u>\$ -</u>	<u>\$ 23,803</u>	<u>\$ 42,308</u>	<u>\$ -</u>	<u>\$ 42,308</u>
<b>Maritime Electric Co. Ltd.</b>									
Staff Charges	\$ 46,199	\$ -	\$ 46,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	2,914	-	2,914	5,206	-	5,206	8,977	-	8,977
Total	<u>\$ 49,113</u>	<u>\$ -</u>	<u>\$ 49,113</u>	<u>\$ 5,206</u>	<u>\$ -</u>	<u>\$ 5,206</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 6,416	\$ -	\$ 6,416	\$ 7,271	\$ -	\$ 7,271	\$ 16,462	\$ -	\$ 16,462
Total	<u>\$ 6,416</u>	<u>\$ -</u>	<u>\$ 6,416</u>	<u>\$ 7,271</u>	<u>\$ -</u>	<u>\$ 7,271</u>	<u>\$ 16,462</u>	<u>\$ -</u>	<u>\$ 16,462</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2010**

	<b>Second Quarter 2010</b>	<b>Second Quarter 2009</b>	<b>Year To Date 2010</b>	<b>Year To Date 2009</b>	<b>Annual 2009</b>
<b>Fortis Inc.</b>					
Printing & Stationery	\$ -	\$ 60	\$ -	\$ 60	\$ 129
Postage	5,233	5,643	11,640	11,357	20,689
Staff Charges	192,391	66,299	364,176	140,342	327,534
Staff Charges - Insurance	69,725	67,669	114,256	123,054	173,887
IS Charges	-	-	-	-	277
Pole Installations	13,828	4,591	17,803	7,896	23,599
Miscellaneous	1,167	3,410	1,525	3,847	11,969
Total	<u>\$ 282,344</u>	<u>\$ 147,672</u>	<u>\$ 509,400</u>	<u>\$ 286,556</u>	<u>\$ 558,084</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 73	\$ 205	\$ 171	\$ 442	\$ 714
Staff Charges	1,247	-	1,247	-	-
Staff Charges - Insurance	3,893	3,312	12,356	10,065	13,517
IS Charges	-	-	-	-	4,432
Miscellaneous	-	1,250	8,955	1,851	4,691
Total	<u>\$ 5,213</u>	<u>\$ 4,767</u>	<u>\$ 22,729</u>	<u>\$ 12,358</u>	<u>\$ 23,354</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ 913	\$ 794	\$ 1,743	\$ 1,141	\$ 1,932
Staff Charges - Insurance	270	182	838	619	1,488
IS Charges	-	-	-	-	2,424
Miscellaneous	-	-	-	101	701
Total	<u>\$ 1,183</u>	<u>\$ 976</u>	<u>\$ 2,581</u>	<u>\$ 1,861</u>	<u>\$ 6,545</u>
<b>FortisOntario Inc.</b>					
Staff Charges - Insurance	\$ 27	\$ 3,046	\$ 3,611	\$ 3,180	\$ 17,688
IS Charges	-	-	-	-	2,424
Miscellaneous	-	-	-	3	273
Total	<u>\$ 27</u>	<u>\$ 3,046</u>	<u>\$ 3,611</u>	<u>\$ 3,183</u>	<u>\$ 20,385</u>
<b>Belize Electric Company Limited</b>					
Staff Charges	\$ 8,836	\$ 15,208	\$ 16,659	\$ 37,278	\$ 86,581
Staff Charges - Insurance	-	216	-	1,026	8,743
Total	<u>\$ 8,836</u>	<u>\$ 15,424</u>	<u>\$ 16,659</u>	<u>\$ 38,304</u>	<u>\$ 95,324</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2010**

	<b>Second Quarter 2010</b>	<b>Second Quarter 2009</b>	<b>Year To Date 2010</b>	<b>Year To Date 2009</b>	<b>Annual 2009</b>
<b>Belize Electricity Limited</b>					
Staff Charges	\$ 1,750	\$ -	\$ 1,940	\$ 889	\$ 11,424
Staff Charges - Insurance	594	-	1,890	2,376	8,436
IS Charges	-	-	-	-	4,155
Miscellaneous	-	1,405	40	1,606	4,863
Total	<u>\$ 2,344</u>	<u>\$ 1,405</u>	<u>\$ 3,870</u>	<u>\$ 4,871</u>	<u>\$ 28,878</u>
<b>FortisAlberta Inc.</b>					
Staff Charges - Insurance	\$ 378	\$ -	\$ 378	\$ 432	\$ 3,456
Miscellaneous	-	-	-	551	3,441
Total	<u>\$ 378</u>	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ 983</u>	<u>\$ 6,897</u>
<b>FortisBC Inc.</b>					
Staff Charges - Insurance	\$ 844	\$ -	\$ 844	\$ 216	\$ 1,620
IS Charges	-	-	-	-	8,310
Miscellaneous	-	-	-	225	2,203
Total	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ 441</u>	<u>\$ 12,133</u>
<b>Terasen Gas Inc.</b>					
Staff Charges - Insurance	\$ -	\$ -	\$ 378	\$ -	\$ 1,296
Miscellaneous	-	-	-	420	6,425
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ 420</u>	<u>\$ 7,721</u>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges	\$ -	\$ 888	\$ -	\$ 888	\$ 888
Staff Charges - Insurance	-	162	2,268	270	6,837
Miscellaneous	-	-	-	101	101
Total	<u>\$ -</u>	<u>\$ 1,050</u>	<u>\$ 2,268</u>	<u>\$ 1,259</u>	<u>\$ 7,826</u>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 2,416	\$ 25,161	\$ 25,347	\$ 72,192	\$ 103,091
Staff Charges - Insurance	162	270	3,564	2,430	7,785
Miscellaneous	-	4,822	-	5,667	7,030
Total	<u>\$ 2,578</u>	<u>\$ 30,253</u>	<u>\$ 28,911</u>	<u>\$ 80,289</u>	<u>\$ 117,906</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended June 30, 2010**

No loans or agreements with related companies were entered into during the quarter ending June 30, 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending June 30, 2010**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Second Quarter**

The total number of damage claims received during the second quarter of 2010 has decreased in comparison to the number of claims received during the same period in 2009. The decrease is found primarily in the Equipment Failure and Miscellaneous categories.

The number of damage claims outstanding from the last quarter has been reduced by one. A claim originally reported in the Equipment Failure category in Eastern Region was withdrawn by the customer. The new total of outstanding damage claims is 25, down from 26 as reported in the summary for the quarter ending March 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending June 30, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	-	\$ -	\$ -	-	\$ -	2	\$ 1,700
Power Interruptions	-	2	2	2	959	959	-	-	-	-
Improper Workmanship	8	7	15	10	11,774	4,292	-	-	5	9,250
Weather Related	-	1	1	-	-	-	-	-	1	5,000
Equipment Failure	20	9	29	15	25,458	19,406	-	-	14	18,450
Third Party	-	2	2	1	630	630	-	-	1	500
Miscellaneous	13	3	16	12	4,873	4,321	-	-	4	2,150
Total	<u>42</u>	<u>25</u>	<u>67</u>	<u>40</u>	<u>\$ 43,694</u>	<u>\$ 29,608</u>	<u>-</u>	<u>\$ -</u>	<u>27</u>	<u>\$ 37,050</u>

**For the Quarter Ending June 30, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	3	3	2	\$ 195	\$ 195	-	\$ -	1	\$ 1,000
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	1	5	6	5	3,978	1,878	-	-	1	5,000
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	25	7	32	22	38,894	22,711	1	3,394	9	32,615
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	22	6	28	21	25,348	17,485	2	3,713	5	46,697
Total	<u>48</u>	<u>21</u>	<u>69</u>	<u>50</u>	<u>\$ 68,415</u>	<u>\$ 42,269</u>	<u>3</u>	<u>\$ 7,107</u>	<u>16</u>	<u>\$ 85,312</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending June 30, 2010**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	24	20	44	25	\$ 35,218	\$ 22,957	-	\$ -	19	\$ 28,300
Western Region	18	5	23	15	8,476	6,651	-	-	8	8,750
Total	<u>42</u>	<u>25</u>	<u>67</u>	<u>40</u>	<u>\$ 43,694</u>	<u>\$ 29,608</u>	<u>-</u>	<u>\$ -</u>	<u>27</u>	<u>\$ 37,050</u>

**For the Quarter Ending June 30, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	29	19	48	32	\$ 46,931	\$ 28,067	2	\$ 4,494	14	\$ 81,912
Western Region	19	2	21	18	21,484	14,202	1	2,613	2	3,400
Total	<u>48</u>	<u>21</u>	<u>69</u>	<u>50</u>	<u>\$ 68,415</u>	<u>\$ 42,269</u>	<u>3</u>	<u>\$ 7,107</u>	<u>16</u>	<u>\$ 85,312</u>

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.



## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended June 30, 2010**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the second quarter of 2010. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	18	12	30	15	3	12
- Outside Planning Area	41	23	64	33	3	28
	59	35	94	48	6	40
General Service	23	11	34	19	4	11
Total	82	46	128	67	10	51

The tables on Page 2 to 4 of the report provide specific information for the 82 CIACs quoted to customers during the period April 1, 2010 to June 30, 2010. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
8-Apr-10	2010-51-102	1,010.00	4,160.00	Yes
21-Apr-10	2010-20-131	3,960.00	6,510.00	Yes
21-Apr-10	2010-20-132	5,130.00	7,680.00	Yes
21-Apr-10	2010-20-127	3,470.00	6,020.00	
21-Apr-10	2010-20-128	1,820.00	4,370.00	
21-Apr-10	2010-10-141	1,800.00	4,800.00	Yes
12-May-10	2010-20-141	4,430.00	7,430.00	Yes
14-May-10	2010-20-143	600.00	3,510.00	
20-May-10	2010-41-103	6,010.00	9,160.00	
20-May-10	2010-41-104	4,560.00	7,110.00	
26-May-10	2010-20-147	3,280.00	5,830.00	
4-Jun-10	2010-51-115	8,780.00	11,330.00	Yes
8-Jun-10	2010-10-123	2,740.00	5,290.00	Yes
8-Jun-10	2010-40-114	1,440.00	3,990.00	Yes
11-Jun-10	2010-51-108	1,480.00	4,030.00	
11-Jun-10	2010-51-106	1,690.00	4,240.00	Yes
22-Jun-10	2010-30-105	2,210.00	4,760.00	
28-Jun-10	2010-20-159	1,430.00	3,980.00	Yes
<b>DOMESTIC (outside Residential Planning Area)</b>				
6-Apr-10	2010-50-104	1,580.00	2,330.00	
21-Apr-10	2010-20-133	4,170.21	4,920.21	Yes
22-Apr-10	2010-10-127	2,508.48	3,258.48	
22-Apr-10	2010-50-107	630.00	1,380.00	
26-Apr-10	2010-10-121	2,508.48	3,258.48	Yes
28-Apr-10	2010-51-107	3,630.00	4,380.00	Yes
3-May-10	2010-20-134	2,102.30	2,852.30	Yes
3-May-10	2010-20-139	3,061.48	3,811.48	Yes
6-May-10	2010-10-131	174,570.80	220,920.88	
7-May-10	2010-30-102	4,331.29	5,081.29	Yes
7-May-10	2010-50-108	2,961.54	3,711.54	Yes
10-May-10	2010-20-140	21,666.00	23,916.00	
11-May-10	2010-50-109	2,961.54	3,711.54	Yes
12-May-10	2010-10-135	2,289.94	3,039.94	Yes
12-May-10	2010-10-128	3,628.89	4,378.89	Yes
19-May-10	2010-20-146	1,045.58	1,795.58	Yes
21-May-10	2010-40-108	480.00	1,230.00	Yes
27-May-10	2010-40-111	1,320.00	2,070.00	Yes
27-May-10	2010-30-104	4,331.29	5,081.29	Yes
31-May-10	2010-51-109	32,190.00	40,590.00	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
31-May-10	2010-51-112	17,000.00	32,750.00	
31-May-10	2010-51-111	2,227.78	2,977.78	Yes
1-Jun-10	2010-10-137	1,879.34	2,629.34	Yes
9-Jun-10	2010-20-151	2,102.30	2,852.30	
9-Jun-10	2010-20-149	660.00	1,860.00	Yes
9-Jun-10	2010-20-148	2,755.20	3,505.20	Yes
9-Jun-10	2010-20-152	3,106.34	3,856.34	
11-Jun-10	2010-51-114	811.00	1,561.00	Yes
11-Jun-10	2010-50-113	2,961.54	3,711.54	Yes
14-Jun-10	2010-41-106	8,436.53	9,186.53	Yes
15-Jun-10	2010-20-142	360.00	1,470.00	
16-Jun-10	2010-10-139	2,289.94	3,039.94	
16-Jun-10	2010-10-125	3,628.89	4,378.89	Yes
16-Jun-10	2010-10-140	3,879.35	4,629.35	
16-Jun-10	2010-20-157	450.00	1,500.00	
16-Jun-10	2010-20-153	2,877.34	3,627.34	Yes
22-Jun-10	2010-51-116	2,227.78	2,977.78	
22-Jun-10	2010-30-106	4,331.29	5,081.29	Yes
23-Jun-10	2010-20-158	2,102.30	2,852.30	
23-Jun-10	2010-50-114	2,961.54	3,711.54	
25-Jun-10	2010-30-110	5,600.75	6,350.75	Yes
<b>GENERAL SERVICE</b>				
7-Apr-10	2010-10-117	2,500.00	9,535.00	Yes
8-Apr-10	2010-51-104	37,420.00	39,970.00	Yes
9-Apr-10	2010-41-102	3,860.00	11,740.00	
13-Apr-10	2010-40-106	780.00	3,330.00	Yes
21-Apr-10	2010-20-130	17,095.00	47,865.00	Yes
26-Apr-10	2010-20-125	627.00	2,220.00	
26-Apr-10	2010-20-124	1,666.00	3,270.00	
29-Apr-10	2010-10-115	19,477.50	22,027.50	Yes
3-May-10	2010-20-126	48,330.00	50,880.00	
4-May-10	2010-10-124	1,085.00	9,985.00	Yes
14-May-10	2010-20-144	870.00	3,420.00	Yes
18-May-10	2010-20-136	3,011.50	11,974.00	Yes
18-May-10	2010-20-145	420.00	2,970.00	Yes
21-May-10	2010-40-110	7,419.00	16,995.00	Yes
27-May-10	2010-40-109	2,487.00	14,852.00	Yes
27-May-10	2010-41-105	1,200.00	3,750.00	Yes
27-May-10	2010-31-104	101,552.00	104,102.00	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>GENERAL SERVICE</b>				
1-Jun-10	2009-10-175	3,219.00	12,236.00	Yes
8-Jun-10	2010-40-115	840.00	3,390.00	Yes
8-Jun-10	2010-20-150	14,020.00	20,245.00	Yes
10-Jun-10	2010-30-103	1,170.00	6,270.00	Yes
10-Jun-10	2010-30-109	7,893.00	8,283.00	
22-Jun-10	2010-31-105	7,890.00	12,990.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
September 30, 2010***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**September 30, 2010**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	7
5. Capital Program .....	9
6. Safety .....	10
7. Environment .....	12
8. Community .....	13
<b>Financial Statements</b>	
Balance Sheets .....	15
Statements of Earnings .....	16
Statements of Retained Earnings .....	17
Statements of Cashflows .....	18
<b>Appendices</b>	
A Electricity Statistics .....	19
B Statements of Electricity Sold (GWh) .....	20
C Statements of Revenue .....	21
D Summary of Weather Adjustments .....	22
E Statements of Earnings – Detail .....	23
F Customer and Employee Statistics .....	24
G Service Continuity Performance .....	25



### 1. Highlights

	Highlights			
	3 <sup>rd</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Satisfaction (%)	89	89	89	89
Electricity Delivery <sup>1</sup>				
Electricity Sales (GWh)	915.4	918.1	885.0	5,349.9
Peak Demand (MW) <sup>2</sup>	1,237.4	1,253.8	1,237.1	1,253.8
Customer Minutes of Outage <sup>3</sup>	126.2	8.7	4.5	36.6
Injury Frequency Rate <sup>4</sup>	2.2	1.8	0.8	1.8
Revenue (\$millions)	99.0	99.2	92.9	547.0
Earnings (\$millions) <sup>5</sup>	7.6	8.9	7.1	34.0

- ⌵ 3<sup>rd</sup> quarter customer satisfaction was 89%.
- ⌵ Electricity sales were lower than plan.
- ⌵ 3<sup>rd</sup> quarter reliability performance was impacted by Hurricane Igor.
- ⌵ 3 medical aid and no lost time incidents occurred in the 3<sup>rd</sup> quarter.
- ⌵ 3<sup>rd</sup> quarter earnings were below plan.
- ⌵ J.D. Power and Associates reported that Newfoundland Power had the highest customer satisfaction among Canadian utilities.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Injuries per 200,000 hours worked.

<sup>5</sup> Earnings applicable to common shares.



## 2. Customer Service

Customer Service Performance (%)				
	Year to Date			Annual
	Actual	Plan	Actual	Plan
	2010	2010	2009	2010
<b>Customer Satisfaction</b>	89	89	90	89
<b>First Call Resolution <sup>1</sup></b>	88	88	89	88
<b>Service Level <sup>2</sup></b>	75	80	78 <sup>4</sup>	80
<b>Trouble Call Response <sup>3</sup></b>	49	85	92	85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

<sup>4</sup> % of customer calls answered within 40 seconds.

### Customer Service Performance

3<sup>rd</sup> quarter satisfaction was 89%. First call resolution is consistent with plan and 2009. Year to date service level is below plan. The Company has changed the service level performance target from 80% of calls answered in 40 seconds to 80% of calls answered in 60 seconds, on a test basis. There has been no negative impact on customers' service feedback or satisfaction levels.

Trouble call response was below plan and 2009. Performance was negatively impacted by the extensive damage caused by Hurricane Igor.

J.D. Power and Associates reported that Newfoundland Power ranked highest among Canadian utilities in customer satisfaction, and performed well in all areas surveyed.

### Customer Service Improvements

Newfoundland Power used Twitter for the first time to communicate with customers regarding outage restoration and safety following Hurricane Igor.

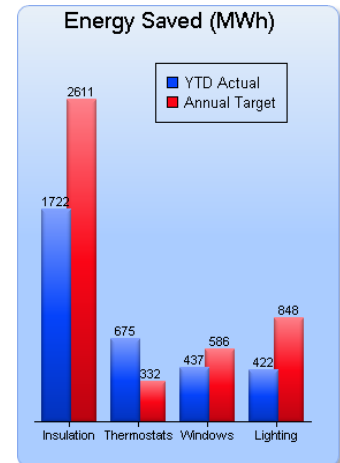
The Company held a contest supported with targeted advertising which has increased participation in eBills by over 1,500 customers, to over 33,200 by the end of September. This contest was extended to October 14<sup>th</sup>, due to Hurricane Igor.

The Company introduced web and phone based applications to accept payment arrangements and payment notifications from customers. The applications have the ability to inform customers if the arrangement or payment is sufficient to stop credit action. Approximately 250 customers are now availing of these applications daily.

### Energy Conservation

During the 3<sup>rd</sup> quarter, 2,327 Newfoundland Power customers participated in one or more of the takeCHARGE! Energy Saver programs. Energy savings from these programs is 4.6 GWh, exceeding the Company's annual target of 4.4 GWh.

The takeCHARGE! team attended 12 events and gave 6 presentations to customer and partner groups during the quarter. Some of the events during the quarter included the Lewisporte Regatta, East meets West meets North in Mount Pearl and Corner Brook, Strawberry Festival in Pasadena, Seniors Convention in Gander, International Youth Day in Catalina, and Trade and Craft shows in Springdale and Lewisporte. The majority of presentations for the 3<sup>rd</sup> quarter involved education and information sessions for retailers.



*Habitat for Humanity  
Pleasantville Project*

In August the takeCHARGE! team provided programmable thermostats and CFLs for the Habitat for Humanity homes being built in Pleasantville. The team, along with other Newfoundland Power employees installed the insulation for two of the four homes.

### 3. System Performance

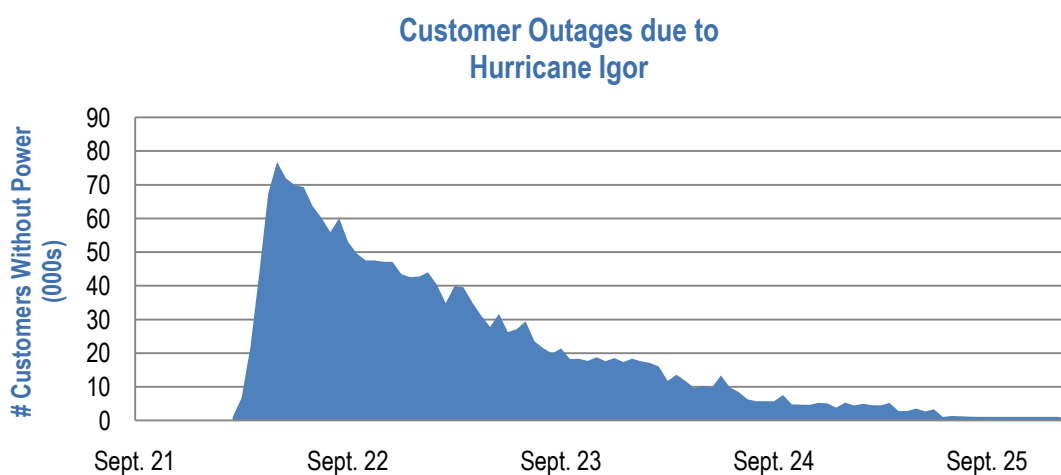
#### A. Reliability

System Reliability <sup>1</sup>				
	Year to Date			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Customer Minutes of Outage <sup>2</sup>	182.0	26.3	22.7	36.6
SAIDI (Outage hours per customer)	13.03	1.87	1.65	2.62
SAIFI (Outages per customer)	2.23	1.54	1.45	2.15

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

On September 21<sup>st</sup> Hurricane Igor caused extended power interruptions on the Avalon, Burin and Bonavista Peninsulas. Approximately 111 million customer minutes of outage resulted from the storm, compared to a total of 35 million customer minutes of outage during all of 2009. All system reliability targets were affected by this storm.



Other significant unplanned power interruptions during the 3<sup>rd</sup> quarter were:

August 4<sup>th</sup>: A vehicle accident caused damage to a pole resulting in an outage to 788 customers in Botwood and resulted in 457,040 customer minutes of outage.

August 29<sup>th</sup>: A crow caused damage to a substation breaker resulting in an outage to 6,233 customers in the Chamberlains area and resulted in 406,159 customer minutes of outage.

August 29<sup>th</sup>: A broken insulator caused an outage to 1,087 customers in the Amherst Heights area of St. John's and resulted in 373,928 customer minutes of outage.

September 5<sup>th</sup>: A fallen tree caused an outage to 981 customers in the Summerside – Irishtown area and resulted in 446,355 customer minutes of outage.

**B. Electricity Supply**

	Electricity Supply			
	3 <sup>rd</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
<b>Energy Purchased (GWh) <sup>1</sup></b>	884.6	885.3	881.5	5,238.8
<b>Peak Demand (MW) <sup>1, 2</sup></b>	1,237.4	1,253.8	1,237.1	1,253.8
<b>Hydro Plant Production (GWh)</b>	77.7	79.0	61.0	428.8
<b>Plant Availability (%)</b>	93.7	96.0	97.8	96.0

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

Energy purchased during the 3<sup>rd</sup> quarter was 0.7 GWh lower than plan due to lower than expected electricity sales.

During the 3<sup>rd</sup> quarter, hydro plant production was comparable to plan and 16.7 GWh higher than the same period of 2009. Total water inflows for the 3<sup>rd</sup> quarter of 2010 were 75.2 GWh, compared to a normal inflow of 61.5 GWh. Total inflows were higher than normal mainly due to Hurricane Igor. This weather system contributed 22 GWh to our plant reservoirs.

Hydro plant availability was 93.7% in the 3<sup>rd</sup> quarter compared to a plan of 96.0%. The reduced plant availability is mainly attributable to issues at two plants. An unplanned outage at Topsail plant resulted when a stick became wedged in the generator, and planned maintenance resulted in the Mobile plant being unavailable for several weeks.



*Port Union Plant  
during Hurricane Igor*

There were 58 forced outages in the 3<sup>rd</sup> quarter compared to the 39 experienced in the 3<sup>rd</sup> quarter of 2009.

## 4. Financial Matters

Financial Highlights				
	3 <sup>rd</sup> Quarter			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Electricity Sales (GWh)	915.4	918.1	885.0	5,349.9
Revenue (\$millions)	99.0	99.2	92.9	547.0
Purchased Power Costs (\$millions)	50.4	50.4	49.8	351.0
Operating Costs (\$millions) <sup>1</sup>	14.3	12.4	11.1	53.4
Operating Cost per Customer (\$)	60	53	48	229
Earnings (\$millions) <sup>2</sup>	7.6	8.9	7.1	34.0

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

### Financial Results

3<sup>rd</sup> quarter electricity sales were slightly below plan.

Revenue and purchased power costs for the 3<sup>rd</sup> quarter of 2010 were on plan.

Operating costs for the 3<sup>rd</sup> quarter were higher than plan due to costs associated with Hurricane Igor. Increased operating costs compared to 2009 also reflect inflationary and wage increases, and timing of operating labour costs.

Earnings for the 3<sup>rd</sup> quarter were lower than plan primarily due to increased costs associated with Hurricane Igor.

### Cost Deferral Application

On August 31<sup>st</sup> the Company filed an application with the Board requesting deferred recovery of 2011 costs of \$2.4 million due to expiring regulatory amortizations in 2010. The application is currently under review by the Board.

### Joint Use Arrangements

The Company is currently in negotiations with Bell Aliant regarding the transfer and the future operational and financial arrangements associated with joint use utility support structures. During the 2<sup>nd</sup> quarter the Company received notice from Bell Aliant of its intention not to renew its current arrangements for joint use of utility support structures with the Company. The current arrangements expire on December 31<sup>st</sup>, 2010.

### International Financial Reporting Standards ("IFRS")

Newfoundland Power's preparations for adoption of International Financial Reporting Standards (IFRS) remain on track. However, the Canadian Accounting Standards Board (AcSB) has recently amended Canadian Accounting standards to allow optional deferral of IFRS adoption to 2012 for qualifying regulated utilities. This amendment was made in response to the continued uncertainty regarding the treatment of regulatory assets and liabilities under IFRS. The treatment of regulatory assets and liabilities under IFRS continues to be on the agenda of the International Accounting Standards Board, but they have reconfirmed that the matter cannot be resolved quickly. The Company has elected to defer the adoption of IFRS until January 1<sup>st</sup>, 2012.

## 5. Capital Program

2010 Capital Expenditures				
	Year to Date			Annual
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010
<b>Total (\$000s)</b>	52,471	53,174	49,047	69,451

<sup>1</sup> Plan includes \$4.2 million in capital cost associated with the March 5<sup>th</sup> ice storm in Eastern Newfoundland. Plan also includes \$297,000 carryover for the Western Avalon Substation Vale Inco project and \$275,000 for Water Street underground civil work.

### 2010 Capital Expenditure

Capital expenditures were less than plan in the 3<sup>rd</sup> quarter as resources were deployed to restore the electricity system from the impact of Hurricane Igor in late September.

Distribution related capital was higher than plan mainly due to customer growth and 3<sup>rd</sup> party work associated with telecommunications company infrastructure.

In addition to the customer driven work that continued to be strong throughout the 3<sup>rd</sup> quarter, a number of large capital projects were underway. Capital project activity during the 3<sup>rd</sup> quarter included:



*Service Truck during Hurricane Igor*

- Construction was completed on a 10 km section of 110L on the Bonavista Peninsula. Work is ongoing on a 4 km section of 110L along the TCH. The rebuild of 41L in the Avalon area, damaged during the March 2010 ice storm, has been completed.
- Work on the Lookout Brook hydro plant governor and switchgear replacement continued throughout the 3<sup>rd</sup> quarter. The project is scheduled for completion in November. Other projects with significant work completed which are scheduled to return to service in November include Petty Harbour surge tank upgrade and valve replacement, and Seal Cove runner and wicket gate replacement.
- Projects at Long Pond Dam, Seal Cove Intake Structure and Butlers Pond Spillway have been set back from 1 to 3 weeks as a result of damage experienced during Hurricane Igor.
- Work is nearing completion on the project to relocate the power transformer from Deer Lake substation to Mobile substation. The former Deer Lake transformer will be energized at Mobile substation during the 1<sup>st</sup> week of November.



## 6. Safety

Safety Performance				
	Year to Date			Annual
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Injury Frequency Rate <sup>1</sup>	2.1	1.8	0.9	1.8

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There were three medical aid and no lost time injuries during the 3<sup>rd</sup> quarter. Two of the medical aid injuries involved minor cuts and the third was due to a particle in an employee's eye. While there was an increase in the number of injuries on a year to date basis compared to 2009, the overall severity of these injuries has decreased from 53 calendar days lost in 2009 to only 16 days lost year to date in 2010. There were no injuries experienced by any employee or contractor during the restoration effort resulting from Hurricane Igor.

There were six preventable vehicle accidents during the 3<sup>rd</sup> quarter as compared to one preventable vehicle accident for the 3<sup>rd</sup> quarter of 2009. Year to date 2010 there were a total of nine preventable vehicle accidents, which is down from the thirteen preventable vehicle accidents recorded at the end of the 3<sup>rd</sup> quarter of 2009.

### OHSD Regulatory Activity

During the week of September 6<sup>th</sup> an officer from Occupational Health & Safety Division (OHSD) conducted an inspection of a Company pole installation/removal contractor working in Marystown. No deficiencies were found and no orders were issued.

The Company is working with OHSD and Municipalities Newfoundland and Labrador to implement a new procedure to properly ground waterlines to ensure safety during repair work. Waterlines are part of the electrical grounding system for many homes and cutting waterlines can pose an electrical arc hazard for workers.

### Contractor Safety

During the 3<sup>rd</sup> quarter, the Company developed an Electrical Safety Program Manual for its pole installation and removal contractors. The electrical safety program was developed to facilitate compliance with legal requirements under the recently updated Occupational Health & Safety Regulations. Meetings were held with all contractor company owners and training was conducted for their employees to introduce and review the requirements.

### Health and Safety OHSAS 18001 Audit

An audit of the Company's Health & Safety Management System (HSMS) was conducted in September. The audit confirmed that the Company remains compliant with the OHSAS 18001 standard and that the HSMS is operating as intended. Several opportunities for improvement were identified including the timely completion of safety training and more rigorous document control.

### Traffic Control

The Company worked closely with Nalcor, Bell Aliant, Rogers Communications and EastLink Communications during the 3<sup>rd</sup> quarter to develop a utility specific standard for traffic control. When finalized, the new standard will be submitted to the Department of Transportation & Works and OHSD for review and approval.

### Public Safety

During the quarter, there were eight public safety incidents. This is a decrease from the 2<sup>nd</sup> quarter when there were fourteen incidents. Five of these were low voltage contacts involving trucks or equipment contacting service wires. Three were high voltage contacts which included two boom trucks making contact with power distribution lines and a customer who received a mild shock while pruning trees. None of these incidents resulted in injury.

Public safety advertising continued throughout the 3<sup>rd</sup> quarter via various media including print, television, radio and customer bill inserts. While the majority of messaging focused on high voltage electrical safety awareness, driving safely through construction zones and back to school safety were also highlighted.

## 7. Environment

Environment Performance				
	Year to Date		Annual	
	Actual 2010	Plan 2010	Actual 2009	Plan 2010
Number of Spills	68	50	60	67
Reportable PCB Spills <sup>1</sup>	0	2	1	2
Volume of Oil Spills (Litres)	1,302 <sup>2,3</sup>	675	1,145 <sup>4</sup>	900

<sup>1</sup> Criteria for reporting of PCB spills have been revised as a result of the new PCB Regulations. PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

<sup>2</sup> The volume of one of the spills which occurred at the Port Union Hydro Plant as a result of Hurricane Igor in the 3<sup>rd</sup> quarter of 2010 is an estimate only as the true volume will not be determined until the unit has been broken down for repairs. The estimated volume of 90 litres will be adjusted in the 4<sup>th</sup> quarter.

<sup>3</sup> Of the 958 litres released during the 3<sup>rd</sup> quarter of 2010, 640 litres resulted from Hurricane Igor.

<sup>4</sup> Of the 60 recorded spills ending in the 3<sup>rd</sup> quarter of 2009, one spill contributed to a release of 519 litres.

The number of spills to date is higher than the same period in 2009 as a result of the March 2010 ice storm and Hurricane Igor in September. Due to these storms, the number and volume of spills will exceed the 2010 plan.

### PCB Regulations

In early September, Environment Canada provided the Canadian Electricity Association (CEA) with a draft Compliance Promotion Guide for the recently amended PCB Regulations. The guide is meant to provide the industry with a tool to assist in interpretation of the regulations. On September 24<sup>th</sup>, CEA sent a letter to Environment Canada addressing several concerns with the draft guide, particularly regarding the wording of the oil re-use restriction which does not fully address the utility exemption for oil re-use.

### Audit Activity

An audit of the Company's Environmental Management System was completed during the 3<sup>rd</sup> quarter and verified our compliance with ISO 14001 international standard.

### Training

In the 3<sup>rd</sup> quarter, environmental training was provided to 32 Company employees and 131 contractor employees (those doing work on behalf of the Company) bringing the total year to date to 71 and 276 Company and contractor participants, respectively. This training reinforced the importance for our employees and contractors to perform their duties in an environmentally responsible manner.

## 8. Community

### The Power of Life Project

Clarenville area employees held their 6<sup>th</sup> Annual Clarenville Golf Tournament on September 11<sup>th</sup> in support of *The Power of Life Project*. The event was well attended with over 80 golfers and raised over \$10,000.

*The Power of Life Project* received a \$10,000 financial boost from the K-Rock Scavenger Hunt. Many employees participated in gathering items required for the Hunt and donated the money to the *Power of Life Project*.

### Cupids 400



*Cupids 400 celebration  
Commemorative Plaque*

Newfoundland Power was recognized as a major sponsor of the Cupids 400 celebrations during the opening ceremonies of the Cupids 400 Legacy Centre in August. As part of our sponsorship, the Company helped beautify the grounds around the Legacy Centre and a slate plaque has been placed alongside the walkway to the centre recognizing our involvement.

### Help for Home Radiothon

Newfoundland Power employees answered the phones during the 'Help for Home' Radiothon on September 29<sup>th</sup>. Employees also made a donation of \$5,000, which was matched by the Company. Funds raised were used by the Salvation Army for distribution to individuals and communities affected by Hurricane Igor.

### Camp Delight

*The Power of Life Project*, through the generous support of our employees and customers, donated \$5,000 to Camp Delight, a major project of the Candlelighters Association of Newfoundland and Labrador.

Camp Delight is an 8 day camp that hosts approximately 50 young people, ages 7 – 17 years, who have been affected by cancer. Carbonear area employees have supported Camp Delight for the past 15 years through the generous donation of backpacks that are filled with goodies which are enjoyed by the children.



*Help for Home Radiothon  
September 29<sup>th</sup> – Avalon Mall*

### Safety Orientation Training for Habitat for Humanity Volunteers

Between June 22<sup>nd</sup> and July 8<sup>th</sup> the Company provided health and safety orientation training for more than 100 Cabot Habitat for Humanity construction volunteers. The five training sessions were conducted at the Kenmount Road office building after normal working hours to accommodate the schedules of the volunteers.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At September 30**  
**(\$000s)**

	<u>2010</u>	<u>2009 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,271,520	1,216,728
Less: accumulated amortization	460,948	438,757
	<u>810,572</u>	<u>777,971</u>
<b>Current Assets</b>		
Cash	2,431	10,625
Accounts receivable	42,050	40,421
Income tax receivable	-	3,348
Materials and supplies	979	913
Prepaid expenses	1,824	1,904
Regulatory assets	5,810	10,821
	<u>53,094</u>	<u>68,032</u>
<b>Accrued Pension</b>	98,153	97,146
<b>Regulatory Assets</b>	203,085	195,135
<b>Intangible Assets, net of amortization</b>	15,249	15,491
<b>Other Assets</b>	<u>1,893</u>	<u>1,713</u>
<b>Total Assets</b>	<u><b>1,182,046</b></u>	<u><b>1,155,488</b></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	324,882	308,521
Common shareholder's equity	<u>395,203</u>	<u>378,842</u>
Preference shares	9,111	9,111
	<u>404,314</u>	<u>387,953</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	45,895	43,658
Income tax payable	651	-
Current instalments of long-term debt	5,200	5,200
Future income taxes	187	211
Regulatory liabilities	2,429	11,145
	<u>54,362</u>	<u>60,214</u>
<b>Future Income Taxes</b>	123,546	121,222
<b>Long-term Debt</b>	468,693	465,713
<b>Other Liabilities</b>	55,024	48,887
<b>Regulatory Liabilities</b>	<u>76,107</u>	<u>71,499</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><b>1,182,046</b></u>	<u><b>1,155,488</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended September 30**  
**(\$000s)**

	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan 2010	Actual 2009	Actual 2010	Plan 2010	Actual 2009	Plan 2010	Actual 2009
Revenue	99,000	99,165	92,872	403,473	399,874	380,673	547,048	527,179
Purchased Power	50,356	50,386	49,833	256,160	253,129	246,376	351,034	345,656
Contribution	48,644	48,779	43,039	147,313	146,745	134,297	196,014	181,523
Operating Expenses	14,324	12,384	11,143	41,163	39,770	36,376	53,402	49,315
Pension and Early Retirement Program Costs	1,930	2,067	687	5,661	6,129	2,010	8,196	2,673
Amortization	11,038	11,001	10,565	32,213	32,116	30,934	43,452	41,825
Amortization True-Up Deferral	965	965	966	2,896	2,895	2,897	3,860	3,862
Finance Charges	8,916	9,025	9,020	26,885	27,150	25,768	36,091	34,555
Earnings Before Income Taxes	11,471	13,337	10,658	38,495	38,685	36,312	51,013	49,293
Income Taxes	3,717	4,310	3,452	12,284	12,493	11,892	16,487	16,092
Net Earnings	7,754	9,027	7,206	26,211	26,192	24,420	34,526	33,201
Dividends on Preference Shares	142	140	142	426	423	432	564	573
Earnings Applicable to Common Shares	<u>7,612</u>	<u>8,887</u>	<u>7,064</u>	<u>25,785</u>	<u>25,769</u>	<u>23,988</u>	<u>33,962</u>	<u>32,628</u>



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Balance, Beginning of the Period</b>	310,864	303,417
Net Earnings	26,211	24,420
<b>Dividends</b>		
Preference Shares	(426)	(432)
Common Shares	(11,767)	(18,884)
<b>Balance, End of the Period</b>	<u><u><b>324,882</b></u></u>	<u><u><b>308,521</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<b>2010</b>	<b>2009 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	26,211	24,420
Items not affecting cash:		
Amortization of property, plant and equipment	30,085	28,765
Amortization of intangibles and other	2,317	2,366
Change in regulatory assets and liabilities	4,872	3,108
Future income taxes	(699)	960
Employee future benefits	(250)	(3,821)
Change in non-cash working capital	7,023	(10,293)
	<u>69,559</u>	<u>45,505</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(55,126)	(50,274)
Intangible expenditures	(1,264)	(1,515)
Contributions from customers and other	1,947	3,225
	<u>(54,443)</u>	<u>(48,564)</u>
<b>Financing Activities</b>		
Net proceeds from (repayment of) committed credit facility	(5,500)	(32,000)
Proceeds from long-term debt	-	65,000
Payment of debt financing costs	(300)	(378)
Redemption of preference shares	-	(241)
Dividends		
Preference shares	(426)	(432)
Common shares	(11,767)	(18,884)
	<u>(17,993)</u>	<u>13,065</u>
<b>Decrease (Increase) in Cash</b>	(2,877)	10,006
<b>Cash, Beginning of the Period</b>	<u>5,308</u>	<u>619</u>
<b>(Bank Indebtedness) Cash, End of the Period</b>	<u><u>2,431</u></u>	<u><u>10,625</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended September 30</b>					
	<b>THIRD QUARTER</b>		<b>YEAR TO DATE</b>		<b>ANNUAL</b>
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2009</b></u>
<b>Sales (GWh)</b>					
Actual	898.6	886.3	3,792.3	3,747.3	5,227.5
Weather adjusted	915.4	885.0	3,930.8	3,825.1	5,299.0
Plan <sup>1</sup>	918.1		3,898.7		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	946.0	932.8	4,017.1	3,969.9	5,538.2
Weather adjusted	963.6	931.5	4,163.4	4,052.2	5,613.8
Plan <sup>1</sup>	966.3		4,130.0		
<b>Hydro Production (GWh)</b>					
Actual	77.7	61.0	340.3	293.8	426.7

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended September 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	475.8	466.3	449.2	2,373.9	2,322.7	2,279.9	3,234.9	3,203.3
<b>Commercial</b>								
0-10 kW	18.1	17.6	17.4	68.4	66.7	65.7	89.7	89.8
10-100 kW	124.2	126.0	121.8	479.3	482.8	471.4	653.0	640.9
110-1000 kVA	183.0	188.2	182.0	666.9	667.8	653.7	898.7	890.5
1000 kVA and Over	106.6	112.1	106.6	317.5	333.8	329.3	437.6	438.0
<b>Total Commercial</b>	431.9	443.9	427.8	1,532.1	1,551.1	1,520.1	2,079.0	2,059.2
<b>Street Lighting</b>	7.7	7.9	8.0	24.8	24.9	25.1	36.0	36.5
<b>Total Sales</b>	<u><b>915.4</b></u>	<u><b>918.1</b></u>	<u><b>885.0</b></u>	<u><b>3,930.8</b></u>	<u><b>3,898.7</b></u>	<u><b>3,825.1</b></u>	<u><b>5,349.9</b></u>	<u><b>5,299.0</b></u>
<b>BY REGION</b>								
Eastern <sup>2</sup>	640.4	641.8	616.9	2,770.7	2,739.1	2,682.5	3,761.1	3,719.3
Western <sup>3</sup>	275.0	276.3	268.1	1,160.1	1,159.6	1,142.6	1,588.8	1,579.7
<b>Total Sales</b>	<u><b>915.4</b></u>	<u><b>918.1</b></u>	<u><b>885.0</b></u>	<u><b>3,930.8</b></u>	<u><b>3,898.7</b></u>	<u><b>3,825.1</b></u>	<u><b>5,349.9</b></u>	<u><b>5,299.0</b></u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarenville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended June 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	51,806	50,923	47,466	239,680	235,067	221,405	325,881	309,360
<b>Commercial</b>								
0-10 kW	2,552	2,492	2,431	9,142	8,963	8,692	12,029	11,840
10-100 kW	12,788	12,911	12,294	48,107	48,443	46,311	65,650	63,318
110-1000 kVA	15,842	16,138	15,245	57,018	56,755	54,267	76,551	74,182
1000 kVA and Over	7,882	8,301	7,672	23,399	24,726	23,728	32,480	31,675
<b>Total Commercial</b>	39,064	39,842	37,642	137,666	138,887	132,998	186,710	181,015
Street Lighting	3,383	3,354	3,234	10,081	10,049	9,633	13,408	12,862
Forfeited Discounts	425	464	413	1,884	2,159	2,035	2,783	2,644
<b>Revenue From Rates</b>	<b>94,678</b>	<b>94,583</b>	<b>88,755</b>	<b>389,311</b>	<b>386,162</b>	<b>366,071</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	(28)	-	(310)	1,200	-	807	-	2,878
<b>Amortizations <sup>3</sup></b>								
2010 Pension Expense Variance Deferral	(160)	-	-	(480)	-	-	-	-
2005 Unbilled Remaining Balance	1,155	1,155	1,155	3,465	3,465	3,465	4,618	4,618
<b>Total Reported Revenue</b>	<b>95,645</b>	<b>95,738</b>	<b>89,600</b>	<b>393,496</b>	<b>389,627</b>	<b>370,343</b>	<b>533,400</b>	<b>513,377</b>
Other Revenue	3,355	3,427	3,272	9,977	10,247	10,330	13,648	13,802
<b>Total Operating Revenue</b>	<b>99,000</b>	<b>99,165</b>	<b>92,872</b>	<b>403,473</b>	<b>399,874</b>	<b>380,673</b>	<b>547,048</b>	<b>527,179</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended September 30**  
**(\$000s)**

	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Plan <sup>1</sup> 2010	Actual 2009
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	93,203	94,583	88,845	377,608	386,162	359,794	528,782	500,123
Degree Day & Wind Adjustment	1,475	-	(90)	11,703		6,277	-	5,758
<b>Weather Adjusted</b>	<b>94,678</b>	<b>94,583</b>	<b>88,755</b>	<b>389,311</b>	<b>386,162</b>	<b>366,071</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	(28)	-	(310)	1,200	-	807	-	2,878
<b>Amortizations <sup>3</sup></b>								
2010 Pension Expense Variance Deferral	(160)	-	-	(480)	-	-	-	-
2005 Unbilled Remaining Balance	1,155	1,155	1,155	3,465	3,465	3,465	4,618	4,618
<b>Total Reported Revenue</b>	<b>95,645</b>	<b>95,738</b>	<b>89,600</b>	<b>393,496</b>	<b>389,627</b>	<b>370,343</b>	<b>533,400</b>	<b>513,377</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	48,186	49,885	48,483	238,852	251,626	238,858	349,023	336,954
Degree Day & Wind Adjustment	1,562	-	(117)	12,891		7,247	-	6,663
Hydro Equalization Adjustment	(114)	-	966	2,496		(1,232)	-	29
<b>Purchased Power Weather Adjusted</b>	<b>49,634</b>	<b>49,885</b>	<b>49,332</b>	<b>254,239</b>	<b>251,626</b>	<b>244,873</b>	<b>349,023</b>	<b>343,646</b>
Demand Management Incentive Account <sup>4</sup>	221	-	-	418	-	-	-	-
<b>Amortizations <sup>5</sup></b>								
Rattling Brook Deferral	150	150	150	450	450	450	598	598
PPUCVR Balance at Dec 31, 2006	(174)	(174)	(174)	(522)	(522)	(522)	(688)	(688)
Weather Normalization Reserve	525	525	525	1,575	1,575	1,575	2,101	2,100
<b>Total Purchased Power Expense</b>	<b>50,356</b>	<b>50,386</b>	<b>49,833</b>	<b>256,160</b>	<b>253,129</b>	<b>246,376</b>	<b>351,034</b>	<b>345,656</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

(4) Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

(5) Amortizations for 2009 & 2010 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended September 30**  
**(\$000s)**

	<b>THIRD QUARTER</b>			<b>YEAR TO DATE</b>			<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
Aliant	1,893	1,869	1,805	5,502	5,523	5,414	7,392	7,219
CATV	505	499	500	1,518	1,495	1,501	1,993	2,000
Total Joint Use Revenue	<u>2,398</u>	<u>2,368</u>	<u>2,305</u>	<u>7,020</u>	<u>7,018</u>	<u>6,915</u>	<u>9,385</u>	<u>9,219</u>
<b>Miscellaneous</b>								
Customer Jobbing	62	106	124	298	339	397	445	663
Rental Income	6	6	7	10	19	17	25	17
Municipal Tax Liability <sup>1</sup>	341	341	342	1,023	1,022	1,026	1,362	1,364
Interest - Customer Accounts	176	304	165	630	929	675	1,222	818
Interest - RSA	12	(11)	(26)	52	(33)	36	(44)	-
Interest - CIAC	24	31	28	75	95	81	125	107
Interest - Other	24	31	29	76	95	93	125	243
Reconnections	27	22	35	85	66	63	86	85
NSF Cheque Charges	7	10	8	25	30	26	40	34
Wheeling Charges	134	133	131	437	405	426	532	566
Miscellaneous	71	19	44	59	57	388	75	434
Service Connection Fees	73	67	80	187	205	187	270	252
Total Miscellaneous	<u>957</u>	<u>1,059</u>	<u>967</u>	<u>2,957</u>	<u>3,229</u>	<u>3,415</u>	<u>4,263</u>	<u>4,583</u>
<b>Total Other Revenue</b>	<u><b>3,355</b></u>	<u><b>3,427</b></u>	<u><b>3,272</b></u>	<u><b>9,977</b></u>	<u><b>10,247</b></u>	<u><b>10,330</b></u>	<u><b>13,648</b></u>	<u><b>13,802</b></u>
<b>Finance Charges</b>								
Interest on Long-term Debt	8,988	8,969	9,089	26,963	26,944	25,560	35,849	34,547
Interest on Long-term Committed Credit Facility	77	102	36	206	307	368	390	396
Interest on Short-term Uncommitted Demand Facility	-	-	-	9	-	7	-	7
Amortization of Deferred Debt Issue Costs	64	47	66	159	139	170	185	235
Amortization of Capital Stock Issue Expenses	9	9	9	28	28	28	38	38
Interest on Security Deposits	1	-	1	3	-	7	-	8
Interest Charged to Construction	(223)	(102)	(181)	(483)	(268)	(372)	(371)	(676)
<b>Total Finance Charges</b>	<u><b>8,916</b></u>	<u><b>9,025</b></u>	<u><b>9,020</b></u>	<u><b>26,885</b></u>	<u><b>27,150</b></u>	<u><b>25,768</b></u>	<u><b>36,091</b></u>	<u><b>34,555</b></u>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).



<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At September 30</b>				
	<b>THIRD QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2010</b>	<b>Actual 2009</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Customers</b>	242,021	238,276	241,634	239,307
<b>Employees <sup>1</sup></b>				
Regular	573	572	579	572
Temporary	66	75	72	72
<b>Total</b>	639	647	651	644

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended September 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 #	2009 #	2010 #	2009 #		2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
St. John's	1.59	0.59	3.12	2.12	4.45	10.67	0.22	12.46	2.01	13.24
Avalon	0.89	0.36	2.25	1.72	3.39	6.62	0.38	8.09	1.85	9.79
Burin	0.99	1.24	4.17	4.42	6.76	1.89	1.00	5.61	4.72	9.08
Bonavista	2.99	0.75	5.20	2.96	6.58	29.10	0.90	32.12	3.92	33.96
Gander	2.40	1.15	2.60	3.85	6.87	9.54	1.07	12.37	3.90	16.65
Grand Falls	1.03	0.45	4.19	3.61	3.54	1.03	0.53	4.40	3.90	5.01
Corner Brook	0.82	0.33	2.07	1.58	3.55	1.96	0.12	3.67	1.83	4.80
Stephenville	1.62	0.89	4.54	3.81	6.73	7.83	0.93	9.70	2.80	14.50
<b>Company Totals</b>	<b>1.04</b>	<b>0.63</b>	<b>2.97</b>	<b>2.57</b>	<b>2.83</b>	<b>8.96</b>	<b>0.46</b>	<b>13.98</b>	<b>2.60</b>	<b>12.27</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended September 30</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2010 #	2009 #	2010 #	2009 #	
Loss of Supply (NF Hydro)	0.12	0.15	0.34	0.30	0.24
Transmission	0.27	0.27	0.88	0.72	0.76
Distribution	0.65	0.21	1.75	1.55	1.83
<b>Company Totals</b>	<b>1.04</b>	<b>0.63</b>	<b>2.97</b>	<b>2.57</b>	<b>2.83</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended September 30</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
Loss of Supply (NF Hydro)	0.31	0.01	0.42	0.08	0.37
Transmission	2.63	0.15	4.60	0.51	3.46
Distribution	6.02	0.30	8.96	2.01	8.44
<b>Company Totals</b>	<b>8.96</b>	<b>0.46</b>	<b>13.98</b>	<b>2.60</b>	<b>12.27</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Third Quarter 2010</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.06	0.10	1.53	10.57	1.59	10.67
Avalon	0.01	0.02	0.88	6.60	0.89	6.62
Burin	0.18	0.57	0.81	1.32	0.99	1.89
Bonavista	0.22	0.29	2.77	28.81	2.99	29.10
Gander	0.27	0.86	2.13	8.68	2.40	9.54
Grand Falls	0.05	0.14	0.98	0.89	1.03	1.03
Corner Brook	0.17	0.51	0.65	1.45	0.82	1.96
Stephenville	0.06	0.03	1.56	7.80	1.62	7.83
<b>Company Totals</b>	<b>0.09</b>	<b>0.22</b>	<b>0.95</b>	<b>8.74</b>	<b>1.04</b>	<b>8.96</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended September 30, 2010**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report contains three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended September 30, 2010**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 41(2009) and P.U. 17(2010)	Third Quarter	Year To Date	Unexpended Balance
Generation Hydro	5,279	1,909	3,168	2,111
Generation Thermal	150	117	147	3
Substations	10,218	2,976	6,101	4,117
Transmission	5,915	1,370	1,834	4,081
Distribution	31,965	9,177	27,991	3,974
General Property	1,381	548	900	481
Transportation	2,352	81	2,120	232
Telecommunications	379	26	95	284
Information Systems	3,490	666	2,486	1,004
Unforeseen Items <sup>2</sup>	4,950	1,101	4,471	479
General Expenses Capital	2,800	632	2,551	249
<b>TOTAL</b>	<b>68,879</b>	<b>18,603</b>	<b>51,864</b>	<b>17,015</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations entered into during the third quarter of 2010 that exceed \$5,000 annually.		

<sup>1</sup> Excludes capital expenditures of approximately \$607,000 related to prior years capital projects carried forward into 2010.

<sup>2</sup> The Budget for Unforeseen Items includes capital expenditures of \$4.2 million related to the March 2010 ice storm. These capital expenditures were approved in Order P.U. 17(2010). Actual expenditures includes \$3.8 million for the March 2010 ice storm and \$0.7 million related to Hurricane Igor.

## NEWFOUNDLAND POWER INC.

### INTER-COMPANY TRANSACTIONS REPORT

For the Period Ended September 30, 2010

#### Introduction

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended September 30, 2010**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Third Quarter 2010</u>	<u>Third Quarter 2009</u>	<u>Year To Date 2010</u>	<u>Year To Date 2009</u>	<u>Annual 2009</u>
Trustee & Share Plan Costs	\$ 12,000	\$ 10,000	\$ 36,000	\$ 30,000	\$ 42,000
Hotel/Banquet Facilities	4,065	2,459	15,733	11,084	25,627
Staff Charges	-	-	46,199	12,000	12,000
Joint-use Pole Purchases	-	168	3,930	2,532	2,532
Miscellaneous	6,001	14,210	35,009	58,405	65,982
Sub-total	\$ 22,066	\$ 26,837	\$ 136,871	\$ 114,021	\$ 148,141
<u>Non-Regulated Charges</u>	<u>Third Quarter 2010</u>	<u>Third Quarter 2009</u>	<u>Year To Date 2010</u>	<u>Year To Date 2009</u>	<u>Annual 2009</u>
Directors' Fees & Travel	\$ 57,000	\$ 43,000	\$ 171,000	\$ 129,000	\$ 226,000
Annual & Quarterly Reports	30,000	28,000	90,000	84,000	91,000
Hotel/Banquet Facilities	-	-	2,416	-	-
Staff Charges	65,000	50,000	195,000	150,000	71,000
Miscellaneous	85,000	61,000	658,877	582,521	695,521
Sub-total	\$ 237,000	\$ 182,000	\$ 1,117,293	\$ 945,521	\$ 1,083,521
TOTAL	<u>\$ 259,066</u>	<u>\$ 208,837</u>	<u>\$ 1,254,164</u>	<u>\$ 1,059,542</u>	<u>\$ 1,231,662</u>

**Charges to Associated Companies**

	<u>Third Quarter 2010</u>	<u>Third Quarter 2009</u>	<u>Year To Date 2010</u>	<u>Year To Date 2009</u>	<u>Annual 2009</u>
Printing & Stationery	\$ 53	\$ 308	\$ 224	\$ 810	\$ 843
Postage	4,936	4,419	16,576	15,776	20,689
Staff Charges	101,800	122,977	512,912	375,707	531,450
Staff Charges - Insurance	39,012	37,187	179,395	180,855	244,753
IS Charges	-	-	-	-	22,022
Pole Installations	3,066	4,190	20,869	12,086	23,599
Miscellaneous	15,335	21,365	25,855	35,737	41,697
TOTAL	<u>\$ 164,202</u>	<u>\$ 190,446</u>	<u>\$ 755,831</u>	<u>\$ 620,971</u>	<u>\$ 885,053</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended Septemebr 30, 2010**

	<u>Third Quarter 2010</u>			<u>Third Quarter 2009</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 57,000	\$ 57,000	\$ -	\$ 43,000	\$ 43,000
Annual & Quarterly Reports	-	30,000	30,000	-	28,000	28,000
Trustee & Share Plan Costs	12,000	-	12,000	10,000	-	10,000
Staff Charges	-	65,000	65,000	-	50,000	50,000
Joint-use Pole Purchases	-	-	-	168	-	168
Miscellaneous	1,100	85,000	86,100	3,750	61,000	64,750
Total	<u>\$ 13,100</u>	<u>\$ 237,000</u>	<u>\$ 250,100</u>	<u>\$ 13,918</u>	<u>\$ 182,000</u>	<u>\$ 195,918</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 4,065	\$ -	\$ 4,065	\$ 2,459	\$ -	\$ 2,459
Total	<u>\$ 4,065</u>	<u>\$ -</u>	<u>\$ 4,065</u>	<u>\$ 2,459</u>	<u>\$ -</u>	<u>\$ 2,459</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 1,458	\$ -	\$ 1,458	\$ 1,538	\$ -	\$ 1,538
Total	<u>\$ 1,458</u>	<u>\$ -</u>	<u>\$ 1,458</u>	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ 1,538</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 3,443	\$ -	\$ 3,443	\$ 8,922	\$ -	\$ 8,922
Total	<u>\$ 3,443</u>	<u>\$ -</u>	<u>\$ 3,443</u>	<u>\$ 8,922</u>	<u>\$ -</u>	<u>\$ 8,922</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended September 30, 2010**

	<u>Year To Date 2010</u>			<u>Year To Date 2009</u>			<u>Annual 2009</u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 171,000	\$ 171,000	\$ -	\$ 129,000	\$ 129,000	\$ -	\$ 226,000	\$ 226,000
Annual & Quarterly Reports	-	90,000	90,000	-	84,000	84,000	-	91,000	91,000
Trustee & Share Plan Costs	36,000	-	36,000	30,000	-	30,000	42,000	-	42,000
Staff Charges	-	195,000	195,000	-	150,000	150,000	-	71,000	71,000
Joint-use Pole Purchases	3,930	-	3,930	2,532	-	2,532	2,532	-	2,532
Miscellaneous	8,964	658,877	667,841	32,290	582,521	614,811	35,862	695,521	731,383
Total	<u>\$ 48,894</u>	<u>\$ 1,114,877</u>	<u>\$ 1,163,771</u>	<u>\$ 64,822</u>	<u>\$ 945,521</u>	<u>\$ 1,010,343</u>	<u>\$ 80,394</u>	<u>\$ 1,083,521</u>	<u>\$ 1,163,915</u>
<b>Fortis Properties Corporation</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Hotel/Banquet Facilities	15,733	2,416	18,149	11,084	-	11,084	25,627	-	25,627
Miscellaneous	11,814	-	11,814	3,178	-	3,178	4,681	-	4,681
Total	<u>\$ 27,547</u>	<u>\$ 2,416</u>	<u>\$ 29,963</u>	<u>\$ 26,262</u>	<u>\$ -</u>	<u>\$ 26,262</u>	<u>\$ 42,308</u>	<u>\$ -</u>	<u>\$ 42,308</u>
<b>Maritime Electric Co. Ltd.</b>									
Staff Charges	\$ 46,199	\$ -	\$ 46,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	4,372	-	4,372	6,744	-	6,744	8,977	-	8,977
Total	<u>\$ 50,571</u>	<u>\$ -</u>	<u>\$ 50,571</u>	<u>\$ 6,744</u>	<u>\$ -</u>	<u>\$ 6,744</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 9,859	\$ -	\$ 9,859	\$ 16,193	\$ -	\$ 16,193	\$ 16,462	\$ -	\$ 16,462
Total	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>	<u>\$ 16,193</u>	<u>\$ -</u>	<u>\$ 16,193</u>	<u>\$ 16,462</u>	<u>\$ -</u>	<u>\$ 16,462</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended September 30, 2010**

	<b>Third Quarter 2010</b>	<b>Third Quarter 2009</b>	<b>Year To Date 2010</b>	<b>Year To Date 2009</b>	<b>Annual 2009</b>
<b>Fortis Inc.</b>					
Printing & Stationery	\$ -	\$ 69	\$ -	\$ 129	\$ 129
Postage	4,936	4,419	16,576	15,776	20,689
Staff Charges	79,603	75,165	443,779	215,507	327,534
Staff Charges - Insurance	32,945	24,349	147,201	147,403	173,887
IS Charges	-	-	-	-	277
Pole Installations	3,066	4,190	20,869	12,086	23,599
Miscellaneous	1,833	4,375	3,358	8,222	11,969
Total	<u>\$ 122,383</u>	<u>\$ 112,567</u>	<u>\$ 631,783</u>	<u>\$ 399,123</u>	<u>\$ 558,084</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 53	\$ 239	\$ 224	\$ 681	\$ 714
Staff Charges	-	-	1,247	-	-
Staff Charges - Insurance	5,337	1,668	17,693	11,733	13,517
IS Charges	-	-	-	-	4,432
Miscellaneous	790	840	9,745	2,691	4,691
Total	<u>\$ 6,180</u>	<u>\$ 2,747</u>	<u>\$ 28,909</u>	<u>\$ 15,105</u>	<u>\$ 23,354</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ -	\$ -	\$ 1,743	\$ 1,141	\$ 1,932
Staff Charges - Insurance	139	726	977	1,345	1,488
IS Charges	-	-	-	-	2,424
Miscellaneous	580	600	580	701	701
Total	<u>\$ 719</u>	<u>\$ 1,326</u>	<u>\$ 3,300</u>	<u>\$ 3,187</u>	<u>\$ 6,545</u>
<b>FortisOntario Inc.</b>					
Staff Charges - Insurance	\$ 90	\$ 5,044	\$ 3,701	\$ 8,224	\$ 17,688
IS Charges	-	-	-	-	2,424
Miscellaneous	360	270	360	273	273
Total	<u>\$ 450</u>	<u>\$ 5,314</u>	<u>\$ 4,061</u>	<u>\$ 8,497</u>	<u>\$ 20,385</u>
<b>Belize Electric Company Limited</b>					
Staff Charges	\$ 10,906	\$ 29,893	\$ 27,565	\$ 67,171	\$ 86,581
Staff Charges - Insurance	-	756	-	1,782	8,743
Total	<u>\$ 10,906</u>	<u>\$ 30,649</u>	<u>\$ 27,565</u>	<u>\$ 68,953</u>	<u>\$ 95,324</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended September 30, 2010**

	<b>Third Quarter 2010</b>	<b>Third Quarter 2009</b>	<b>Year To Date 2010</b>	<b>Year To Date 2009</b>	<b>Annual 2009</b>
<b>Belize Electricity Limited</b>					
Staff Charges	\$ 995	\$ 392	\$ 2,935	\$ 1,281	\$ 11,424
Staff Charges - Insurance	-	162	1,890	2,538	8,436
IS Charges	-	-	-	-	4,155
Miscellaneous	93	3,150	133	4,756	4,863
Total	<u>\$ 1,088</u>	<u>\$ 3,704</u>	<u>\$ 4,958</u>	<u>\$ 8,575</u>	<u>\$ 28,878</u>
<b>FortisAlberta Inc.</b>					
Staff Charges - Insurance	\$ -	\$ 2,214	\$ 378	\$ 2,646	\$ 3,456
Miscellaneous	2,990	2,890	2,990	3,441	3,441
Total	<u>\$ 2,990</u>	<u>\$ 5,104</u>	<u>\$ 3,368</u>	<u>\$ 6,087</u>	<u>\$ 6,897</u>
<b>FortisBC Inc.</b>					
Staff Charges - Insurance	\$ 123	\$ 810	\$ 967	\$ 1,026	\$ 1,620
IS Charges	-	-	-	-	8,310
Miscellaneous	1,910	2,067	1,910	2,292	2,203
Total	<u>\$ 2,033</u>	<u>\$ 2,877</u>	<u>\$ 2,877</u>	<u>\$ 3,318</u>	<u>\$ 12,133</u>
<b>Terasen Gas Inc.</b>					
Staff Charges - Insurance	\$ 162	\$ 918	\$ 540	\$ 918	\$ 1,296
Miscellaneous	6,204	5,875	6,204	6,295	6,425
Total	<u>\$ 6,366</u>	<u>\$ 6,793</u>	<u>\$ 6,744</u>	<u>\$ 7,213</u>	<u>\$ 7,721</u>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges	\$ -	\$ -	\$ -	\$ 888	\$ 888
Staff Charges - Insurance	216	324	2,484	594	6,837
Miscellaneous	-	-	-	101	101
Total	<u>\$ 216</u>	<u>\$ 324</u>	<u>\$ 2,484</u>	<u>\$ 1,583</u>	<u>\$ 7,826</u>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 10,296	\$ 17,527	\$ 35,643	\$ 89,719	\$ 103,091
Staff Charges - Insurance	-	216	3,564	2,646	7,785
Miscellaneous	575	1,298	575	6,965	7,030
Total	<u>\$ 10,871</u>	<u>\$ 19,041</u>	<u>\$ 39,782</u>	<u>\$ 99,330</u>	<u>\$ 117,906</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended September 30, 2010**

<u>Company Name</u>	<u>Amount</u>	<u>Date Borrowed</u>	<u>Date Repaid</u>	<u>Interest Rate</u>	<u>Interest</u>
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No loans or agreements with related companies were entered into during the quarter ending September 30, 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending September 30, 2010**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Third Quarter**

The total number of damage claims received during the third quarter of 2010 is comparable to the number of claims received during the same period in 2009.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending September 30, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	2	2	-	\$ -	\$ -	-	\$ -	2	\$ 1,700
Power Interruptions	3	-	3	1	300	300	-	-	2	2,700
Improper Workmanship	9	5	14	8	15,931	13,188	-	-	6	19,900
Weather Related	-	1	1	-	-	-	-	-	1	5,000
Equipment Failure	13	14	27	17	22,311	16,027	-	-	10	6,900
Third Party	1	1	2	-	-	-	1	600	1	500
Miscellaneous	18	4	22	18	12,114	7,914	1	700	3	1,650
Total	<u>44</u>	<u>27</u>	<u>71</u>	<u>44</u>	<u>\$ 50,656</u>	<u>\$ 37,429</u>	<u>2</u>	<u>\$ 1,300</u>	<u>25</u>	<u>\$ 38,350</u>

**For the Quarter Ending September 30, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	1	\$ 440	\$ 257	-	\$ -	1	\$ 1,000
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	6	1	7	6	7,896	6,374	-	-	1	5,000
Weather Related	1	-	1	-	-	-	1	500	-	-
Equipment Failure	20	9	29	21	25,802	19,716	-	-	8	36,415
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	15	5	20	14	11,038	9,531	1	10,000	5	41,497
Total	<u>43</u>	<u>16</u>	<u>59</u>	<u>42</u>	<u>\$ 45,176</u>	<u>\$ 35,878</u>	<u>2</u>	<u>\$ 10,500</u>	<u>15</u>	<u>\$ 83,912</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending September 30, 2010**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	28	19	47	25	\$ 31,044	\$ 21,187	2	\$ 1,300	20	\$ 35,950
Western Region	16	8	24	19	19,612	16,242	-	-	5	2,400
Total	<b>44</b>	<b>27</b>	<b>71</b>	<b>44</b>	<b>\$ 50,656</b>	<b>\$ 37,429</b>	<b>2</b>	<b>\$ 1,300</b>	<b>25</b>	<b>\$ 38,350</b>

**For the Quarter Ending September 30, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	26	14	40	27	\$ 26,729	\$ 20,896	1	\$ 500	12	\$ 80,812
Western Region	17	2	19	15	18,447	14,982	1	10,000	3	3,100
Total	<b>43</b>	<b>16</b>	<b>59</b>	<b>42</b>	<b>\$ 45,176</b>	<b>\$ 35,878</b>	<b>2</b>	<b>\$ 10,500</b>	<b>15</b>	<b>\$ 83,912</b>



## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Quarter Ending September 30, 2010**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the third quarter of 2010. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	25	12	37	21	5	11
- Outside Planning Area	56	28	84	42	11	31
	81	40	121	63	16	42
General Service	7	11	18	6	5	7
Total	88	51	139	69	21	49

The table on pages 2 to 4 of the report provides specific information for the 88 CIACs quoted to customers during the period July 1, 2010 to September 30, 2010. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
5-Jul-10	2010-20-165	1,640.00	4,790.00	Yes
8-Jul-10	2010-20-168	2,810.00	5,360.00	Yes
13-Jul-10	2010-20-161	5,535.00	8,085.00	
13-Jul-10	2010-20-169	15,362.36	17,912.36	
15-Jul-10	2010-31-107	1,470.00	4,620.00	Yes
19-Jul-10	2010-20-172	1,230.00	3,780.00	Yes
22-Jul-10	2010-20-179	600.00	3,510.00	Yes
22-Jul-10	2010-51-119	4,220.00	6,770.00	Yes
23-Jul-10	2010-41-107	890.00	3,440.00	Yes
26-Jul-10	2010-30-112	762.50	3,212.50	Yes
26-Jul-10	2010-51-121	3,290.00	5,840.00	Yes
28-Jul-10	2010-20-167	10,100.00	12,650.00	
10-Aug-10	2010-20-181	150.00	2,700.00	Yes
18-Aug-10	2010-51-123	3,010.00	5,560.00	Yes
20-Aug-10	2010-20-187	1,920.00	4,470.00	Yes
25-Aug-10	2010-40-120	3,800.00	6,350.00	
26-Aug-10	2010-20-191	450.00	3,000.00	Yes
1-Sep-10	2010-41-108	6,397.50	8,947.50	Yes
8-Sep-10	2010-20-197	4,760.00	7,310.00	Yes
8-Sep-10	2010-41-109	366.40	2,916.40	
14-Sep-10	2010-20-207	690.00	3,240.00	Yes
15-Sep-10	2010-10-154	1,590.00	4,740.00	Yes
20-Sep-10	2009-30-112	1,750.00	4,375.00	
29-Sep-10	2010-51-124	17,480.00	17,480.00	
30-Sep-10	2010-40-128	5,427.75	7,977.75	
<b>DOMESTIC (outside Residential Planning Area)</b>				
2-Jul-10	2010-20-155	3,260.00	4,010.00	Yes
2-Jul-10	2010-20-156	869.83	1,725.67	
5-Jul-10	2010-20-163	2,755.20	3,505.20	Yes
5-Jul-10	2010-20-164	2,102.30	2,852.30	Yes
7-Jul-10	2010-31-106	5,489.58	6,239.58	Yes
8-Jul-10	2010-20-170	2,102.30	2,852.30	Yes
8-Jul-10	2010-20-171	2,102.30	2,852.30	Yes
13-Jul-10	2010-20-166	1,380.00	2,580.00	Yes
16-Jul-10	2010-10-146	3,879.35	4,629.35	Yes
19-Jul-10	2010-10-144	390.00	1,140.00	Yes
19-Jul-10	2010-20-162	14,935.00	15,685.00	
22-Jul-10	2010-20-174	210.00	1,320.00	Yes
22-Jul-10	2010-20-175	2,102.30	2,852.30	Yes
22-Jul-10	2010-20-176	2,755.20	3,505.20	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
22-Jul-10	2010-20-177	2,755.20	3,505.20	Yes
22-Jul-10	2010-20-178	3,106.34	3,856.34	Yes
22-Jul-10	2010-51-117	2,227.78	2,977.78	Yes
22-Jul-10	2010-51-120	2,227.78	2,977.78	
27-Jul-10	2010-31-110	2,189.73	2,939.73	Yes
27-Jul-10	2010-50-116	2,961.54	3,711.54	
4-Aug-10	2010-20-180	2,102.30	2,852.30	Yes
4-Aug-10	2010-30-113	19,305.00	20,055.00	Yes
10-Aug-10	2010-20-182	2,102.30	2,852.30	Yes
10-Aug-10	2010-20-183	2,755.20	3,505.20	Yes
12-Aug-10	2010-50-117	330.00	1,530.00	Yes
18-Aug-10	2010-51-122	12,140.00	25,340.00	
20-Aug-10	2010-50-118	1,050.00	1,800.00	
20-Aug-10	2010-50-119	570.00	1,320.00	Yes
24-Aug-10	2010-20-189	2,755.20	3,505.20	Yes
26-Aug-10	2010-20-185	2,755.20	3,505.20	Yes
26-Aug-10	2010-20-186	2,755.20	3,505.20	Yes
26-Aug-10	2010-20-188	2,102.30	2,852.30	
26-Aug-10	2010-20-190	420.00	1,530.00	Yes
26-Aug-10	2010-20-192	2,102.30	2,852.30	Yes
27-Aug-10	2010-40-124	4,506.79	5,149.79	Yes
30-Aug-10	2010-30-115	\$4,331.29	\$5,081.29	
1-Sep-10	2010-20-196	\$3,106.34	\$3,856.34	
8-Sep-10	2010-20-198	4,170.21	4,920.21	
8-Sep-10	2010-20-199	2,807.82	3,557.82	Yes
8-Sep-10	2010-20-200	330.00	1,440.00	Yes
8-Sep-10	2010-20-204	37,070.00	53,120.00	
8-Sep-10	2010-40-116	21,682.75	30,682.75	Yes
10-Sep-10	2010-20-206	1,090.50	1,840.50	Yes
15-Sep-10	2010-10-151	5,032.00	5,782.00	Yes
15-Sep-10	2010-10-152	2,289.94	3,039.94	
15-Sep-10	2010-10-157	3,628.89	4,378.89	
16-Sep-10	2010-50-121	420.00	1,620.00	Yes
20-Sep-10	2010-20-205	55,447.50	77,497.50	
20-Sep-10	2010-20-209	4,170.21	4,920.21	Yes
20-Sep-10	2010-20-210	4,170.21	4,920.21	
20-Sep-10	2010-20-212	2,755.20	3,505.20	Yes
23-Sep-10	2010-50-122	2,961.54	3,711.54	
30-Sep-10	2010-40-125	136,619.50	169,886.50	
30-Sep-10	2010-40-126	2,641.89	3,391.89	Yes
30-Sep-10	2010-40-127	2,918.10	3,585.00	
30-Sep-10	2010-51-125	14,560.00	18,910.00	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>GENERAL SERVICE</b>				
15-Jul-10	2010-30-111	6,579.00	6,579.00	Yes
20-Jul-10	2010-40-119	1,560.00	4,110.00	Yes
22-Jul-10	2010-20-173	2,880.00	5,430.00	Yes
24-Aug-10	2010-31-109	11,925.00	11,925.00	Yes
1-Sep-10	2010-20-184	45,265.00	47,815.00	
14-Sep-10	2010-30-116	1,290.00	3,840.00	Yes
20-Sep-10	2010-10-158	2,500.00	8,545.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
December 31, 2010***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**December 31, 2010**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	10
8. Community .....	11
<b>Financial Statements</b>	
Balance Sheets .....	12
Statements of Earnings .....	13
Statements of Retained Earnings .....	14
Statements of Cashflows .....	15
<b>Appendices</b>	
A Electricity Statistics .....	16
B Statements of Electricity Sold (GWh) .....	17
C Statements of Revenue .....	18
D Summary of Weather Adjustments .....	19
E Statements of Earnings – Detail .....	20
F Customer and Employee Statistics .....	21
G Service Continuity Performance .....	22



### 1. Highlights

	Highlights				
	4 <sup>th</sup> Quarter			Annual	
	Actual 2010	Plan 2010	Actual 2009	Actual 2010	Plan 2010
<b>Customer Satisfaction (%)</b>	89	89	90	89	89
<b>Electricity Delivery <sup>1</sup></b>					
<b>Electricity Sales (GWh)</b>	1,488.2	1,451.2	1,473.9	5,419.0	5,349.9
<b>Peak Demand (MW) <sup>2</sup></b>	1,237.4	1,253.8	1,237.1	1,237.4	1,253.8
<b>Customer Minutes of Outage <sup>3</sup></b>	12.1	10.3	12.3	194.1	36.6
<b>Injury Frequency Rate <sup>4</sup></b>	1.9	1.8	1.2	1.9	1.8
<b>Revenue (\$millions)</b>	151.5	147.2	146.5	554.9	547.0
<b>Earnings (\$millions) <sup>5</sup></b>	9.2	8.2	8.6	35.0	34.0

- Customer satisfaction remains strong and is consistent with plan.
- 4<sup>th</sup> quarter and annual electricity sales higher than plan and 2009.
- 4<sup>th</sup> quarter system reliability performance slightly below plan; annual performance affected by storms.
- Safety performance consistent with plan.
- Annual capital expenditures of \$73.6 million exceeded plan by \$3.0 million.
- 4<sup>th</sup> quarter and annual earnings exceeded plan.
- PUB approved 2011 capital budget of \$73.0 million.
- Operation of automatic adjustment formula results in 8.38% return on equity for 2011.
- PUB approved a change in accounting for, and recovery of, Other Post Employment Benefit costs commencing in 2011.
- New Joint Use Support Structure Agreement signed with Bell Aliant.

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

<sup>3</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>4</sup> Injuries per 200,000 hours worked.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance			
	Annual (%)		
	Actual 2010	Plan 2010	Actual 2009
Customer Satisfaction	89	89	90
First Call Resolution <sup>1</sup>	88	88	88
Service Level <sup>2</sup>	78	80	76 <sup>4</sup>
Trouble Call Response <sup>3</sup>	83	85	91

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

<sup>4</sup> % of customer calls answered within 40 seconds.

### Customer Service Performance

Customer satisfaction and first call resolution continued to track on plan, at 89% and 88% respectively. The Customer Contact Centre service level and trouble call response tracked slightly below plan.

### Customer Service Improvements

Newfoundland Power provides a range of electronic service options that allow customers to interact with the Company at their convenience 24 hours a day, while improving the Company's operational efficiency. Customers' use of these electronic means of communicating with the Company continues to increase, reaching over 2.6 million interactions in 2010.

Electronic Interactions with Customers		
	2010	3-Year Increase
eLetters	31,527	New in 2009
eBills	35,071	86%
email	39,729	68%
website	462,640	18%
ePayments	<u>2,055,183</u>	<u>16%</u>
<b>Total</b>	<b>2,624,150</b>	<b>19%</b>

## Energy Conservation

During 2009 and 2010, over 5,500 Newfoundland Power customers participated in one or more of the *takeCHARGE!* rebate programs. This resulted in 5.0 GWh of energy savings, which was 0.6 GWh above the target for 2010.

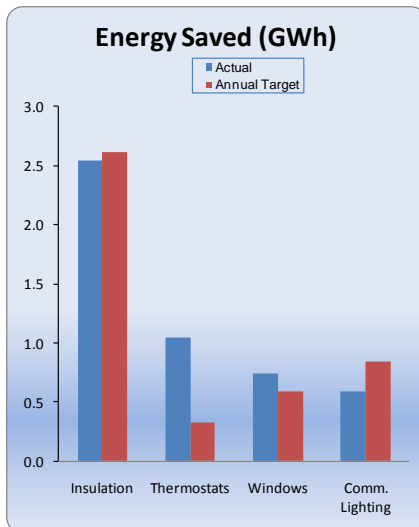
The promotion of the *takeCHARGE!* programs by larger retailers, such as Kent, RONA, and Home Depot, has been an important factor particularly in urban areas. For example, a double rebate event held at the St. John's Costco in November resulted in over 1,000 thermostats being sold.

Our mass media and retail advertising campaign continued throughout the year. Customers were exposed to *takeCHARGE!* through advertising, media events, presentations and retail displays. In addition to the traditional methods of promotion, *takeCHARGE!* entered the social media scene, launching a Facebook page which has drawn over 650 fans.

Together with Newfoundland and Labrador Hydro (Hydro), the Company held Energy Efficiency Week from October 2<sup>nd</sup> to 8<sup>th</sup>. The *takeCHARGE!* team hosted energy efficiency events throughout the week to support sales of energy efficient products and to provide energy efficiency tips and details on *takeCHARGE!* Energy Savers Rebates. The *takeCHARGE! of Your Town Challenge* was launched as part of Energy Efficiency Week, at the 2010 Municipalities Newfoundland and Labrador Annual Convention.



*Energy Efficiency Week "takeCHARGE! of Your Town Challenge" launch. Mayors across the province were eager to jump on board!*



Additional *takeCHARGE!* outreach events during the quarter included Lewisporte, Springdale, and Clarenville trade shows, Christmas in the Exploits, tree lightings, mall displays and retailer displays. The *takeCHARGE!* team made presentations to organizations representing seniors, and the retail, real estate and home construction industries, as well as the Canadian Armed Forces.

More than 52,000 visitors used the *takeCHARGE!* website throughout the year, a 4.6% increase over 2009. Energy Efficiency Week promotions had a significant impact on *takeCHARGE!* website activity. Weekly visits to the website increased from about 3,800 in September to 6,700 in October.

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>			
	Annual		
	Actual <sup>2</sup> 2010	Plan 2010	Actual 2009
<b>Customer Minutes of Outage <sup>3</sup></b>	194.1	36.6	35.0
<b>SAIDI (Outage hours per customer)</b>	13.82	2.62	2.53
<b>SAIFI (Outages per customer)</b>	2.69	2.15	1.99

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> System reliability statistics excluding storms are:

•Customer Minutes of Outage	36.4
•SAIDI	2.59
•SAIFI	1.52

<sup>3</sup> In millions of minutes.

System reliability performance in the 4<sup>th</sup> quarter was slightly below plan. Excluding the impact of major storms earlier in 2010, annual reliability measures were broadly consistent with plan and 2009 performance.

Significant unplanned power interruptions during the 4<sup>th</sup> quarter were:

Oct 19<sup>th</sup>: A broken insulator on GAL-04 caused an outage to 1,307 customers in the West Street area of Stephenville and resulted in 237,874 customer minutes of outage.

Nov 11<sup>th</sup>: A broken insulator on MOL-06 caused an outage to 1,348 customers in the Waterford Bridge Road area of St. John's and resulted in 241,292 customer minutes of outage.

Dec 21<sup>st</sup>: High winds blew trees across the line on GLV-02 causing an outage to 948 customers in the Eastport area which resulted in 835,188 customer minutes of outage.

Dec 27<sup>th</sup>: A broken conductor caused an outage to 1,609 customers in the Codroy Valley area and resulted in 391,882 customer minutes of outage.

Dec 27<sup>th</sup>: High winds caused an outage to 1,677 customers in the Old Perlican area and resulted in 446,082 customer minutes of outage.

### B. Electricity Supply

	Electricity Supply				
	4 <sup>th</sup> Quarter			Annual	
	Actual 2010	Plan 2010	Actual 2009	Actual 2010	Plan 2010
<b>Energy Purchased (GWh) <sup>1</sup></b>	1,456.8	1,424.9	1,443.5	5,308.3	5,238.8
<b>Peak Demand (MW) <sup>1, 2</sup></b>	1,237.4	1,253.8	1,237.1	1,237.4	1,253.8
<b>Hydro Plant Production (GWh)</b>	121.9	112.7	132.9	462.2	428.8
<b>Plant Availability (%)</b>	99.2	96.0	96.8	96.8	96.0

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2009/2010 winter period occurred on February 3<sup>rd</sup>, 2010 at 7:45 a.m.

Energy purchased was 31.9 GWh higher than plan for the quarter and 69.5 GWh higher than plan for the year. This reflects higher than expected energy sales.

During the 4<sup>th</sup> quarter, hydro plant production was 9.2 GWh higher than plan and 11 GWh lower than the same period of 2009. Total water inflows for the 4<sup>th</sup> quarter were 142 GWh, compared to a normal inflow of 118.2 GWh. Higher water inflows were largely due to the significant precipitation experienced across the island in December. For example, St. John's received 327 mm of precipitation in December 2010, compared to the normal amount of 148.8 mm.<sup>1</sup>

Hydro plant availability was higher than plan during the 4<sup>th</sup> quarter and on an annual basis.

There were 52 forced outages in the 4<sup>th</sup> quarter, compared to 53 experienced in same period of 2009. The total number of forced outages in 2010 was 214, compared to 168 in 2009 and 255 in 2008.

### Mobile River Watershed

On November 12<sup>th</sup>, 2010, the Trial Division of the Supreme Court of Newfoundland and Labrador dismissed the City of St. John's (the "City") application to set aside the ruling of the arbitration panel regarding the Mobile River watershed lease agreement. On December 10<sup>th</sup>, 2010, the City appealed the Court's decision to the Newfoundland and Labrador Court of Appeal.

<sup>1</sup> Source: Environment Canada – normal is based on the period from 1971 to 2000.

#### 4. Financial Matters

	4 <sup>th</sup> Quarter			Annual	
	Actual 2010	Plan 2010	Actual 2009	Actual 2010	Plan 2010
Electricity Sales (GWh)	1,488.2	1,451.2	1,473.9	5,419.0	5,349.9
Revenue (\$millions)	151.5	147.2	146.5	554.9	547.0
Purchased Power Costs (\$millions)	102.3	97.9	99.3	358.4	351.0
Operating Costs (\$millions) <sup>1</sup>	13.5	13.6	12.9	54.6	53.4
Operating Cost per Customer (\$)	57	58	55	234	229
Earnings (\$millions) <sup>2</sup>	9.2	8.2	8.6	35.0	34.0

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Results

4<sup>th</sup> quarter electricity sales were higher than plan and 2009. This sales growth reflects an increase in customer connections and the number of electrically heated homes. Revenue was also higher than plan due to sales growth.

Purchased power costs were also higher than plan, primarily as a result of sales growth and higher water inflows associated with the Company's hydroelectric generating facilities, partially offset by lower electricity system losses.

Operating costs for the 4<sup>th</sup> quarter were consistent with plan. Annual operating costs and operating cost per customer were higher than plan mainly as a result of costs associated with Hurricane Igor.

Earnings for the quarter and for the year were higher than plan. This reflects higher electricity sales, a lower effective tax rate and lower financing costs, partially offset by higher operating costs, and higher purchased power costs.

### The Automatic Adjustment Formula

Operation of the automatic adjustment formula for 2011 reduced Newfoundland Power's allowed rate of return on rate base to 7.96%, with a range of 7.78% to 8.14%. This reflects a rate of return on equity of 8.38%, as compared to 9.0% for 2010.

### Other Post Employment Benefits

On December 10, 2010, the PUB approved the Company's proposal relating to the accounting for, and recovery of, Other Post Employment Benefits (OPEBs) costs. Effective January 1, 2011, the Company will (i) adopt the accrual method of accounting for OPEBs costs; (ii) commence recovery of the transitional balance or regulatory asset associated with adoption of accrual accounting, over a 15-year period; and (iii) adopt an OPEBs cost variance deferral account to capture differences between actual annual OPEBs costs and OPEBs costs included in rates.

### Customer Rates

Effective January 1<sup>st</sup>, 2011, electricity rates charged to customers increased by an average of 0.8%. This reflects an increase of approximately \$7.5 million in 2011 rate revenue related to adoption of accrual accounting for OPEBs, partially offset by a reduction of approximately \$3.4 million in 2011 rate revenue related to operation of the automatic adjustment formula.

### Cost Recovery Deferral Application

On November 29<sup>th</sup>, 2010, the PUB approved Newfoundland Power's request for deferred recovery of \$2.4 million in 2011 costs due to expiring regulatory amortizations.

### Joint Use Support Structure Agreement

On December 22<sup>nd</sup>, 2010, Newfoundland Power and Bell Aliant signed an agreement regarding Bell Aliant's purchase of 40% of the Company's joint use poles and related infrastructure at a price of approximately \$45.7 million, effective January 1<sup>st</sup>, 2011. The estimated purchase price will be adjusted upon completion of a pole count survey in 2011. This sale represents approximately 5% of Newfoundland Power's rate base. The agreement is subject to PUB approval and the Company expects to file an application with the PUB in the first quarter of 2011. This transaction is expected to close in 2011.

In addition to the joint use support structure sale agreement, the two companies signed agreements regarding arrangements for ongoing joint use of these facilities. As well, Newfoundland Power will provide construction and maintenance services for poles owned by Bell Aliant during the transition in 2011.

## 5. Capital Program

2010 Capital Expenditures		
	Annual	
	Actual 2010	Plan 2010 <sup>1</sup>
Total (\$millions)	73.6	70.6

<sup>1</sup> Plan includes \$297,000 carryover for the feeder to service the Vale construction site at Long Harbour project and \$275,000 for Water Street underground civil work. Plan also includes the supplemental capital expenditures of \$4,200,000 associated with the March 2010 ice storm in Eastern Newfoundland and \$1,900,000 associated with Hurricane Igor. Annual plan excludes \$750,000 unused allowance for unforeseen items.

### 2010 Capital Expenditures

Capital expenditures in 2010 were \$73.6 million which was approximately \$3.0 million above plan. This increase was primarily due to higher than expected expenditures related to customer growth in the Distribution class. During 2010, there were 5,300 new customer connections. This was a 4.9% increase over 2009 and is 37% higher than the 2010 budget estimate of 3,864.

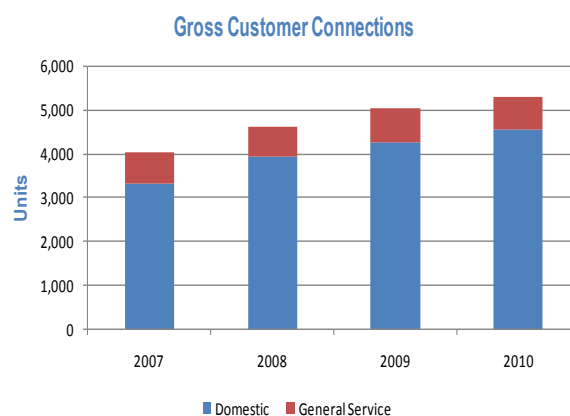
In 2010, the Company completed two material unforeseen capital projects. On March 5<sup>th</sup>, a severe ice storm damaged 8 transmission lines on the Avalon and Bonavista Peninsulas, causing outages for over 12,500 customers. On September 26<sup>th</sup>, high winds and heavy rains associated with Hurricane Igor damaged generating facilities, transmission and distribution lines on the Avalon, Bonavista and Burin Peninsulas. Over 106,000 customers were affected by the resulting outages. Capital projects to repair damage from both of these storms were completed in the 4<sup>th</sup> quarter.

Major capital projects that were completed in the 4<sup>th</sup> quarter include:

- Replacement of the Deer Lake and Mobile substation transformers
- Refurbishment of the Lookout Brook plant switchgear, governor, protection and controls systems
- Refurbishment of the Petty Harbour surge tank and replacement of a main valve on generator no. 1
- Replacement of the Seal Cove runner on generator no. 1

### 2011 Capital Budget

The Company's \$73.0 million 2011 capital budget was approved by the PUB on November 15<sup>th</sup>.





## 6. Safety

Safety Performance			
	Annual		
	Actual 2010	Plan 2010	Actual 2009
Injury Frequency Rate <sup>1</sup>	1.9	1.8 <sup>2</sup>	1.2

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> Based on a 10% improvement over the three-year average from 2007 to 2009.

### Safety Performance

In the 4<sup>th</sup> quarter, there was one lost-time injury and one medical-aid injury. For the year, the Company recorded a total of five lost-time and six medical-aid injuries. This resulted in an all-injury frequency rate of 1.9. There was a total of 36 calendar days of lost time due to injuries in 2010, compared to 86 days lost in 2009.

There were three recordable vehicle accidents during the 4<sup>th</sup> quarter. This brings the annual total to 12 compared to 16 in 2009. Seven of the accidents in 2010 occurred while the vehicle was reversing.

### OHSD Regulatory Activity

In the 4<sup>th</sup> quarter, Occupational Health & Safety Division (OHSD) requested and were provided incident reports on two separate public contacts. The first incident occurred on December 2<sup>nd</sup> at Robin Hood Bay landfill site in St. John's when a dump truck contacted a high voltage line. The second incident occurred on December 15<sup>th</sup> near Bay Bulls Big Pond in Goulds when a concrete pumping truck contacted a high voltage line. No serious injury resulted from these incidents.

### Safety Training Programs

During the 4<sup>th</sup> quarter, a significant effort was made toward completion of safety training. 134 Power Line Technicians (PLTs) received aerial device and high voltage rubber glove technique refresher training.

Over 100 PLTs received emergency preparedness training. This training reviews the Critical Incident Protocol, rescue from heights procedures, as well as practical exercises in bucket rescue and evacuation, and pole top rescue.

Electrical test equipment training was provided to 56 employees. This is a prerequisite to equipment-specific training, and outlines the process required to become qualified to use electrical test equipment. Training to improve the supervision skills of Lead Hands was provided to 115 employees.

### 7. Environment

Environment Performance			
	Annual		
	Actual 2010	Plan 2010	Actual 2009
Number of Spills	86	67	76
Reportable PCB spills <sup>1</sup>	1	2	1
Volume of Oil Spills (Litres)	1,606	900	1,299

<sup>1</sup> PCB spills must be reported if any of the following conditions exist:

- All PCB spills that have a concentration of 50 ppm PCBs or more.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

#### Environment Performance

Both the number and volume of spills increased in 2010 as compared to 2009. Of the 86 total spills in 2010, 13 were related to the March ice storm and Hurricane Igor in September. These storm related spills accounted for approximately 51%, or 817 of the 1,606 litres released during the year. In 2010, 57 spills, or 66%, were minor spills with volumes of 10 litres or less.

#### PCB Regulations

In November, Environment Canada confirmed that the *PCB Regulations* will permit the reuse of PCB-containing oil for maintenance under certain conditions.

The Canadian Electricity Association (“CEA”), on behalf of all CEA utility members, continues to seek an amendment to the *PCB Regulations* which would allow the continued use of smaller PCB-containing equipment such as bushings and instrument transformers until 2025. In early December, representatives of Environment Canada indicated that several options for this amendment are being considered.

On December 16<sup>th</sup>, the Company provided Environment Canada with an updated report of equipment where PCB concentrations are unknown. This is an annual requirement under the Company’s end-of-use extension to December 31, 2014 for all oil-filled electrical equipment with known PCB concentration levels of 500mg/kg and where concentration levels are unknown.

#### Training Programs

During the 4<sup>th</sup> quarter, 2 Newfoundland Power employees and 68 contractor employees were provided with environmental training. A total of 73 Newfoundland Power employees and 344 contractor employees were trained during the year.

### 8. Community

#### The Power of Life Project

Newfoundland Power employees and customers continue to support cancer care in our province by donating to our corporate charitable project, *The Power of Life Project*. During the 4<sup>th</sup> quarter, employees across the island organized events such as yard sales, Christmas breakfasts/dinners, bake sales and ticket sweeps to raise approximately \$47,000 for cancer care.

#### CIBC Run for the Cure

On October 3<sup>rd</sup>, 40 employees and family members participated in the annual CIBC Run for the Cure in support of breast cancer research. The team proudly walked or ran in their Team Newfoundland Power Hockey Jerseys in support of family, friends and co-workers who have been affected by this disease and raised over \$2,500.

#### Red Cross Humanitarian of the Year Awards

Newfoundland Power was once again a Gold Sponsor of the Red Cross Humanitarian of the Year Awards held in November. The 2010 Humanitarian of the Year Award was presented to Earl Ludlow in recognition of his ongoing commitment to volunteerism.



#### Partners for Life

The Company exceeded its 2010 annual corporate pledge of 300 blood donations. This is the 4<sup>th</sup> highest number of donations out of 437 corporate partners in Atlantic Canada this year. Since joining the Partners for Life Program in 2004, over 2,000 donations have been made by Newfoundland Power employees and family members, helping to save up to 6,000 lives.

#### Christmas Parades



Clarenville Christmas Parade

Newfoundland Power employees, retirees and family members got into the holiday spirit at Christmas parades across the island. In St. John's, employees and family members walked the parade route, collecting over 20,000 pounds of food valued at more than \$40,000 and approximately \$10,000 in cash for the Community Food Sharing Association. Over the past twelve years this event has collected approximately 216,000 pounds of food and over \$92,000 in cash to assist others during the holiday season. Gander employees also collected a pickup truck full of food for the Gander Food Bank.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At December 31**  
**(\$000s)**

	<b>2010</b>	<b>2009 <sup>1</sup></b>
<b>Capital Assets</b>		
Property plant and equipment	1,212,810	1,230,371
Less: accumulated amortization	436,428	443,153
	<u>776,382</u>	<u>787,218</u>
<b>Current Assets</b>		
Cash	4,182	5,308
Accounts receivable	61,654	64,553
Income tax receivable	-	4,194
Materials and supplies	992	934
Prepaid expenses	1,327	1,376
Regulatory assets	11,536	8,736
	<u>79,691</u>	<u>85,101</u>
<b>Accrued Pension</b>	97,755	97,802
<b>Regulatory Assets</b>	175,593	177,236
<b>Assets Held for Sale</b>	44,698	-
<b>Intangible Assets, net of amortization</b>	15,310	16,113
<b>Other Assets</b>	<u>1,647</u>	<u>1,717</u>
<b>Total Assets</b>	<u><u>1,191,076</u></u>	<u><u>1,165,187</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	330,181	310,864
Common shareholder's equity	<u>400,502</u>	<u>381,185</u>
Preference shares	9,111	9,111
	<u>409,613</u>	<u>390,296</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	64,269	65,727
Income tax payable	4,302	-
Current instalments of long-term debt	5,200	5,200
Future income taxes	3,211	1,068
Regulatory liabilities	-	7,087
	<u>76,982</u>	<u>79,082</u>
<b>Future Income Taxes</b>	120,016	122,426
<b>Long-term Debt</b>	470,282	474,050
<b>Other Liabilities</b>	56,812	50,673
<b>Regulatory Liabilities</b>	<u>57,371</u>	<u>48,660</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,191,076</u></u>	<u><u>1,165,187</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended December 31**  
**(\$000s)**

	<b>FOURTH QUARTER</b>			<b>ANNUAL</b>		
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Revenue</b>	151,477	147,174	146,506	554,950	547,048	527,179
<b>Purchased Power</b>	102,283	97,905	99,280	358,443	351,034	345,656
<b>Contribution</b>	49,194	49,269	47,226	196,507	196,014	181,523
<b>Operating Expenses</b>	13,460	13,632	12,939	54,623	53,402	49,315
<b>Pension and Early Retirement Program Costs</b>	1,927	2,067	663	7,588	8,196	2,673
<b>Amortization</b>	11,145	11,336	10,891	43,358	43,452	41,825
<b>Amortization True-Up Deferral</b>	966	965	965	3,862	3,860	3,862
<b>Finance Charges</b>	8,748	8,941	8,787	35,633	36,091	34,555
<b>Earnings Before Income Taxes</b>	12,948	12,328	12,981	51,443	51,013	49,293
<b>Income Taxes</b>	3,586	3,994	4,200	15,870	16,487	16,092
<b>Net Earnings</b>	9,362	8,334	8,781	35,573	34,526	33,201
<b>Dividends on Preference Shares</b>	142	141	141	568	564	573
<b>Earnings Applicable to Common Shares</b>	<b>9,220</b>	<b>8,193</b>	<b>8,640</b>	<b>35,005</b>	<b>33,962</b>	<b>32,628</b>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Years Ended December 31**  
**(\$000s)**

	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>Balance, Beginning of the Year</b>	310,864	303,417
Net Earnings	35,573	33,201
<b>Dividends</b>		
Preference Shares	(568)	(573)
Common Shares	(15,688)	(25,181)
<b>Balance, End of the Year</b>	<u><u><b>330,181</b></u></u>	<u><u><b>310,864</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Years Ended December 31**  
**(\$000s)**

	<b>2010</b>	<b>2009 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	35,573	33,201
Items not affecting cash:		
Amortization of property, plant and equipment	40,521	38,935
Amortization of intangibles and other	3,107	3,162
Change in regulatory assets and liabilities	7,124	691
Future income taxes	(1,903)	502
Employee future benefits	216	(4,416)
Change in non-cash working capital	9,928	(12,695)
	<u>94,566</u>	<u>59,380</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(76,347)	(71,267)
Intangible expenditures	(2,034)	(2,808)
Contributions from customers and other	2,945	4,468
	<u>(75,436)</u>	<u>(69,607)</u>
<b>Financing Activities</b>		
Net proceeds from (repayment of) committed credit facility	1,500	(18,500)
Proceeds from long-term debt	-	65,000
Repayment of long-term debt	(5,200)	(5,200)
Payment of debt financing costs	(300)	(389)
Redemption of preference shares	-	(241)
Dividends		
Preference shares	(568)	(573)
Common shares	(15,688)	(25,181)
	<u>(20,256)</u>	<u>14,916</u>
<b>(Decrease) Increase in Cash</b>	(1,126)	4,689
<b>Cash, Beginning of the Year</b>	<u>5,308</u>	<u>619</u>
<b>(Bank Indebtedness) Cash, End of the Year</b>	<u><b>4,182</b></u>	<u><b>5,308</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.



## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended December 31</b>				
	<b>FOURTH QUARTER</b>		<b>ANNUAL</b>	
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
<b>Sales (GWh)</b>				
Actual	1,384.3	1,480.2	5,176.6	5,227.5
Weather adjusted	1,488.2	1,473.9	5,419.0	5,299.0
Plan <sup>1</sup>	1,451.2		5,349.9	
<b>Produced &amp; Purchased (GWh)</b>				
Actual	1,459.5	1,568.2	5,476.6	5,538.2
Weather adjusted	1,569.5	1,561.6	5,732.9	5,613.8
Plan <sup>1</sup>	1,537.6		5,667.6	
<b>Hydro Production (GWh)</b>				
Actual	121.9	132.9	462.2	426.7

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended December 31**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FOURTH QUARTER			ANNUAL		
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	937.3	912.2	923.4	3,311.2	3,234.9	3,203.3
<b>Commercial</b>						
0-10 kW	24.1	23.0	24.1	92.5	89.7	89.8
10-100 kW	170.0	170.2	169.5	649.3	653.0	640.9
110-1000 kVA	243.7	230.9	236.8	910.6	898.7	890.5
1000 kVA and Over	101.7	103.8	108.7	419.2	437.6	438.0
<b>Total Commercial</b>	539.5	527.9	539.1	2,071.6	2,079.0	2,059.2
<b>Street Lighting</b>	11.4	11.1	11.4	36.2	36.0	36.5
<b>Total Sales</b>	<u><b>1,488.2</b></u>	<u><b>1,451.2</b></u>	<u><b>1,473.9</b></u>	<u><b>5,419.0</b></u>	<u><b>5,349.9</b></u>	<u><b>5,299.0</b></u>
<b>BY REGION</b>						
Eastern <sup>2</sup>	1,046.4	1,022.0	1,036.8	3,817.1	3,761.1	3,719.3
Western <sup>3</sup>	441.8	429.2	437.1	1,601.9	1,588.8	1,579.7
<b>Total Sales</b>	<u><b>1,488.2</b></u>	<u><b>1,451.2</b></u>	<u><b>1,473.9</b></u>	<u><b>5,419.0</b></u>	<u><b>5,349.9</b></u>	<u><b>5,299.0</b></u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated December 11, 2009.

<sup>2</sup> Eastern Region includes the St. John's, Avalon, Burin and Clarenville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended December 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FOURTH QUARTER			ANNUAL		
	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009	Actual 2010	Plan <sup>1</sup> 2010	Actual 2009
<b>Residential</b>	92,984	90,814	87,955	332,664	325,881	309,360
<b>Commercial</b>						
0-10 kW	3,189	3,066	3,148	12,331	12,029	11,840
10-100 kW	17,184	17,207	17,007	65,291	65,650	63,318
110-1000 kVA	20,958	19,796	19,915	77,976	76,551	74,182
1000 kVA and Over	7,638	7,754	7,947	31,037	32,480	31,675
<b>Total Commercial</b>	48,969	47,823	48,017	186,635	186,710	181,015
Street Lighting	3,459	3,359	3,229	13,540	13,408	12,862
Forfeited Discounts	610	624	609	2,494	2,783	2,644
<b>Revenue From Rates</b>	<b>146,022</b>	<b>142,620</b>	<b>139,810</b>	<b>535,333</b>	<b>528,782</b>	<b>505,881</b>
Energy Supply Cost Variance <sup>2</sup>	1,013	-	2,071	2,213	-	2,878
<b>Amortizations <sup>3</sup></b>						
2010 Pension Expense Variance Deferral	(160)	-	-	(640)	-	-
2005 Unbilled Remaining Balance	1,153	1,153	1,153	4,618	4,618	4,618
<b>Total Reported Revenue</b>	<b>148,028</b>	<b>143,773</b>	<b>143,034</b>	<b>541,524</b>	<b>533,400</b>	<b>513,377</b>
Other Revenue	3,449	3,401	3,472	13,426	13,648	13,802
<b>Total Operating Revenue</b>	<b>151,477</b>	<b>147,174</b>	<b>146,506</b>	<b>554,950</b>	<b>547,048</b>	<b>527,179</b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended December 31**  
**(\$000s)**

	<b>FOURTH QUARTER</b>			<b>ANNUAL</b>		
<b>REVENUE FROM ELECTRICITY SALES</b>	<b>Actual 2010</b>	<b>Plan <sup>1</sup> 2010</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Plan <sup>1</sup> 2010</b>	<b>Actual 2009</b>
Actual	137,280	142,620	140,329	514,888	528,782	500,123
Degree Day & Wind Adjustment	8,742	-	(519)	20,445	-	5,758
<b>Weather Adjusted</b>	<b><u>146,022</u></b>	<b><u>142,620</u></b>	<b><u>139,810</u></b>	<b><u>535,333</u></b>	<b><u>528,782</u></b>	<b><u>505,881</u></b>
Energy Supply Cost Variance <sup>2</sup>	1,013	-	2,071	2,213	-	2,878
<b>Amortizations <sup>3</sup></b>						
2010 Pension Expense Variance Deferral	(160)	-	-	(640)	-	-
2005 Unbilled Remaining Balance	1,153	1,153	1,153	4,618	4,618	4,618
<b>Total Reported Revenue</b>	<b><u>148,028</u></b>	<b><u>143,773</u></b>	<b><u>143,034</u></b>	<b><u>541,524</u></b>	<b><u>533,400</u></b>	<b><u>513,377</u></b>
<b>PURCHASED POWER EXPENSE</b>						
Actual	89,511	97,397	98,096	328,363	349,023	336,954
Degree Day & Wind Adjustment	9,677	-	(584)	22,568	-	6,663
Hydro Equalization Adjustment	2,010	-	1,261	4,506	-	29
<b>Purchased Power Weather Adjusted</b>	<b><u>101,198</u></b>	<b><u>97,397</u></b>	<b><u>98,773</u></b>	<b><u>355,437</u></b>	<b><u>349,023</u></b>	<b><u>343,646</u></b>
Demand Management Incentive Account <sup>4</sup>	576	-	-	994	-	-
<b>Amortizations <sup>5</sup></b>						
Rattling Brook Deferral	148	148	148	598	598	598
PPUCVR Balance at Dec 31, 2006	(166)	(166)	(166)	(688)	(688)	(688)
Weather Normalization Reserve	527	526	525	2,102	2,101	2,100
<b>Total Purchased Power Expense</b>	<b><u>102,283</u></b>	<b><u>97,905</u></b>	<b><u>99,280</u></b>	<b><u>358,443</u></b>	<b><u>351,034</u></b>	<b><u>345,656</u></b>

(1) Based on 2010 Test Year sales forecast dated December 11, 2009 and rates effective January 1, 2010 as approved by Order No. P.U. 46(2009).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007).

(3) Revenue amortizations as approved in Order No. P.U. 43(2009) & Order No. P.U. 32(2007).

(4) Demand Management Incentive Account as approved in Order No. P.U. 32(2007).

(5) Amortizations for 2009 & 2010 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended December 31**  
**(\$000s)**

	<b>FOURTH QUARTER</b>			<b>ANNUAL</b>		
	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Plan 2010</b>	<b>Actual 2009</b>
<b>Other Revenue</b>						
<b>Joint Use Revenue</b>						
Aliant	1,834	1,869	1,805	7,336	7,392	7,219
CATV	506	498	499	2,024	1,993	2,000
Total Joint Use Revenue	<u>2,340</u>	<u>2,367</u>	<u>2,304</u>	<u>9,360</u>	<u>9,385</u>	<u>9,219</u>
<b>Miscellaneous</b>						
Customer Jobbing	194	106	266	492	445	663
Rental Income	-	6	-	10	25	17
Municipal Tax Liability <sup>1</sup>	340	340	338	1,363	1,362	1,364
Interest - Customer Accounts	171	293	143	801	1,222	818
Interest - RSA	14	(11)	(36)	66	(44)	-
Interest - CIAC	25	30	26	100	125	107
Interest - Other	24	30	150	100	125	243
Reconnections	39	20	22	124	86	85
NSF Cheque Charges	7	10	8	32	40	34
Wheeling Charges	154	127	140	591	532	566
Miscellaneous	73	18	46	132	75	434
Service Connection Fees	68	65	65	255	270	252
Total Miscellaneous	<u>1,109</u>	<u>1,034</u>	<u>1,168</u>	<u>4,066</u>	<u>4,263</u>	<u>4,583</u>
<b>Total Other Revenue</b>	<u><b>3,449</b></u>	<u><b>3,401</b></u>	<u><b>3,472</b></u>	<u><b>13,426</b></u>	<u><b>13,648</b></u>	<u><b>13,802</b></u>
<b>Finance Charges</b>						
Interest on Long-term Debt	8,887	8,905	8,987	35,850	35,849	34,547
Interest on Long-term Committed Credit Facility	110	83	28	316	390	396
Interest on Short-term Uncommitted Demand Facility	4	-	-	13	-	7
Amortization of Deferred Debt Issue Costs	73	46	65	232	185	235
Amortization of Capital Stock Issue Expenses	10	10	10	38	38	38
Interest on Security Deposits	2	-	1	5	-	8
Interest Charged to Construction	<u>(338)</u>	<u>(103)</u>	<u>(304)</u>	<u>(821)</u>	<u>(371)</u>	<u>(676)</u>
<b>Total Finance Charges</b>	<u><b>8,748</b></u>	<u><b>8,941</b></u>	<u><b>8,787</b></u>	<u><b>35,633</b></u>	<u><b>36,091</b></u>	<u><b>34,555</b></u>

<sup>1</sup> Amortization of the Municipal Tax Liability as approved in Order No. P.U. 32(2007).

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At December 31</b>			
	ANNUAL		
	Actual 2010	Plan 2010	Actual 2009
<b>Customers</b>	243,426	241,634	239,307
<b>Employees <sup>1</sup></b>			
Regular	572	579	572
Temporary	69	72	72
<b>Total</b>	641	651	644

<sup>1</sup> Refers to full time equivalents.

<p align="center"><b>NEWFOUNDLAND POWER INC.</b>  <b>SERVICE CONTINUITY PERFORMANCE</b>  <b>BY AREA</b>  <b>For The Periods Ended December 31</b></p>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2010 #	2009 #	2010 #	2009 #		2010 HOURS	2009 HOURS	2010 HOURS	2009 HOURS	
St. John's	0.51	0.74	2.89	2.18	2.41	0.45	0.85	12.23	2.15	4.29
Avalon	0.42	0.73	1.94	1.89	2.12	0.77	0.86	7.78	2.13	3.96
Burin	0.93	0.77	4.33	3.83	4.22	0.62	0.96	5.77	4.03	4.41
Bonavista	0.25	0.71	4.74	2.17	5.17	0.75	0.72	31.66	2.78	17.99
Gander	0.69	0.64	2.65	3.90	3.51	1.88	1.14	12.42	4.39	6.48
Grand Falls	1.00	0.67	4.52	2.97	3.18	1.97	1.68	4.73	3.73	3.59
Corner Brook	1.11	1.12	2.06	2.08	2.54	1.30	1.18	3.66	2.11	2.82
Stephenville	0.49	0.37	4.66	2.79	4.06	0.98	0.53	9.82	3.00	4.62
<b>Company Totals</b>	<b>0.61</b>	<b>0.74</b>	<b>2.69</b>	<b>2.46</b>	<b>2.84</b>	<b>0.89</b>	<b>0.95</b>	<b>13.82</b>	<b>2.66</b>	<b>5.74</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.



<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended December 31</b>					
<b>ORIGIN</b>	<b>SAIFI</b>				
	<b>QUARTER</b>		<b>12 MONTH TO DATE</b>		<b>5 YEAR TO DATE # / YEAR</b>
	<b>2010 #</b>	<b>2009 #</b>	<b>2010 #</b>	<b>2009 #</b>	
Loss of Supply (NF Hydro)	0.12	0.18	0.28	0.47	0.47
Transmission	0.11	0.12	0.87	0.59	0.80
Distribution	0.38	0.44	1.54	1.40	1.57
<b>Company Totals</b>	<b>0.61</b>	<b>0.74</b>	<b>2.69</b>	<b>2.46</b>	<b>2.84</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended December 31</b>					
<b>ORIGIN</b>	<b>SAIDI</b>				
	<b>QUARTER</b>		<b>12 MONTH TO DATE</b>		<b>5 YEAR TO DATE HRS. / YEAR</b>
	<b>2010 HOURS</b>	<b>2009 HOURS</b>	<b>2010 HOURS</b>	<b>2009 HOURS</b>	
Loss of Supply (NF Hydro)	0.04	0.06	0.40	0.12	0.25
Transmission	0.17	0.07	4.70	0.40	1.45
Distribution	0.68	0.82	8.72	2.14	4.04
<b>Company Totals</b>	<b>0.89</b>	<b>0.95</b>	<b>13.82</b>	<b>2.66</b>	<b>5.74</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Fourth Quarter 2010</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.02	0.04	0.49	0.41	0.51	0.45
Avalon	0.17	0.26	0.25	0.51	0.42	0.77
Burin	0.78	0.40	0.15	0.22	0.93	0.62
Bonavista	0.10	0.24	0.15	0.51	0.25	0.75
Gander	0.40	0.88	0.29	1.00	0.69	1.88
Grand Falls	0.65	1.58	0.35	0.39	1.00	1.97
Corner Brook	0.60	0.75	0.51	0.55	1.11	1.30
Stephenville	0.11	0.08	0.38	0.90	0.49	0.98
<b>Company Totals</b>	<b>0.23</b>	<b>0.37</b>	<b>0.38</b>	<b>0.52</b>	<b>0.61</b>	<b>0.89</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended December 31, 2010**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report contains three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended December 31, 2010**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 41(2009), P.U. 17(2010) and P.U. 35(2010)	Fourth Quarter	Annual 2010	Variance
Generation Hydro	5,279	1,805	4,973	(306)
Generation Thermal	150	42	189	39
Substations	10,218	3,240	9,341	(877)
Transmission	5,915	1,097	2,931	(2,984)
Distribution	31,965	10,774	38,765	6,800
General Property	1,381	420	1,320	(61)
Transportation	2,352	167	2,287	(65)
Telecommunications	379	229	324	(55)
Information Systems	3,490	907	3,393	(97)
Unforeseen Items	6,850	1,662	6,133	(717)
General Expenses Capital	2,800	765	3,316	516
<b>TOTAL</b>	<b>70,779</b>	<b>21,108</b>	<b>72,972</b>	<b>2,193</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations in excess of \$5,000 annually entered into during the fourth quarter of 2010.		

<sup>1</sup> Excludes capital expenditures of approximately \$607,000 related to prior years capital projects carried forward into 2010.

## NEWFOUNDLAND POWER INC.

### INTER-COMPANY TRANSACTIONS REPORT

For the Period Ended December 31, 2010

#### Introduction

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For the Period Ended December 31, 2010**

**Charges from Associated Companies**

	Fourth Quarter 2010	Fourth Quarter 2009	Annual 2010	Annual 2009
<u>Regulated Charges</u>				
Trustee & Share Plan Costs	\$ 9,000	\$ 12,000	\$ 45,000	\$ 42,000
Hotel/Banquet Facilities	51,463	14,543	67,196	25,627
Staff Charges	104,933	-	151,132	12,000
Joint-use Pole Purchases	9,582	-	13,512	2,532
Miscellaneous	6,495	7,577	41,504	65,982
Sub-total	\$ 181,473	\$ 34,120	\$ 318,344	\$ 148,141
 <u>Non-Regulated Charges</u>				
Directors' Fees & Travel	\$ 92,000	\$ 97,000	\$ 263,000	\$ 226,000
Annual & Quarterly Reports	(1,000)	7,000	89,000	91,000
Hotel/Banquet Facilities	-	-	2,416	-
Staff Charges	157,000	(79,000)	352,000	71,000
Miscellaneous	39,000	113,000	697,877	695,521
Sub-total	\$ 287,000	\$ 138,000	\$ 1,404,293	\$ 1,083,521
 TOTAL	<u>\$ 468,473</u>	<u>\$ 172,120</u>	<u>\$ 1,722,637</u>	<u>\$ 1,231,662</u>

**Charges to Associated Companies**

	Fourth Quarter 2010	Fourth Quarter 2009	Annual 2010	Annual 2009
Printing & Stationery	\$ 177	\$ 33	\$ 401	\$ 843
Postage	4,275	4,913	20,851	20,689
Staff Charges	70,469	155,743	583,381	531,450
Staff Charges - Insurance	90,209	63,898	269,604	244,753
IS Charges	21,544	22,022	21,544	22,022
Pole Installations	3,107	11,513	23,976	23,599
Miscellaneous	10,752	5,960	36,607	41,697
 TOTAL	<u>\$ 200,533</u>	<u>\$ 264,082</u>	<u>\$ 956,364</u>	<u>\$ 885,053</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended December 31, 2010**

	<u><b>Fourth Quarter 2010</b></u>			<u><b>Fourth Quarter 2009</b></u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 92,000	\$ 92,000	\$ -	\$ 97,000	\$ 97,000
Annual & Quarterly Reports	-	(1,000)	(1,000)	-	7,000	7,000
Trustee & Share Plan Costs	9,000	-	9,000	12,000	-	12,000
Staff Charges	-	157,000	157,000	-	(79,000)	(79,000)
Joint-use Pole Purchases	9,582	-	9,582	-	-	-
Miscellaneous	3,529	39,000	42,529	3,572	113,000	116,572
Total	<u>\$ 22,111</u>	<u>\$ 287,000</u>	<u>\$ 309,111</u>	<u>\$ 15,572</u>	<u>\$ 138,000</u>	<u>\$ 153,572</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 51,463	\$ -	\$ 51,463	\$ 14,543	\$ -	\$ 14,543
Miscellaneous	-	-	-	1,503	-	1,503
Total	<u>\$ 51,463</u>	<u>\$ -</u>	<u>\$ 51,463</u>	<u>\$ 16,046</u>	<u>\$ -</u>	<u>\$ 16,046</u>
<b>Maritime Electric Co. Ltd.</b>						
Staff Charges	\$ 40,019	\$ -	\$ 40,019	\$ -	\$ -	\$ -
Miscellaneous	2,966	-	2,966	2,233	-	2,233
Total	<u>\$ 42,985</u>	<u>\$ -</u>	<u>\$ 42,985</u>	<u>\$ 2,233</u>	<u>\$ -</u>	<u>\$ 2,233</u>
<b>FortisAlberta Inc.</b>						
Staff Charges	\$ 64,914	\$ -	\$ 64,914	\$ -	\$ -	\$ -
Total	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ 269	\$ -	\$ 269
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 269</u>
<b>Grand Total</b>	<u>\$ 181,473</u>	<u>\$ 287,000</u>	<u>\$ 468,473</u>	<u>\$ 34,120</u>	<u>\$ 138,000</u>	<u>\$ 172,120</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended December 31, 2010**

	<u>Annual 2010</u>			<u>Annual 2009</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees and Travel	\$ -	\$ 263,000	\$ 263,000	\$ -	\$ 226,000	\$ 226,000
Annual & Quarterly Reports	-	89,000	89,000	-	91,000	91,000
Trustee & Share Plan Costs	45,000	-	45,000	42,000	-	42,000
Staff Charges	-	352,000	352,000	-	71,000	71,000
Joint-use Pole Purchases	13,512	-	13,512	2,532	-	2,532
Miscellaneous	12,493	697,877	710,370	35,862	695,521	731,383
Total	<u>\$ 71,005</u>	<u>\$ 1,401,877</u>	<u>\$1,472,882</u>	<u>\$ 80,394</u>	<u>\$1,083,521</u>	<u>\$ 1,163,915</u>
<b>Fortis Properties Corporation</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Hotel/Banquet Facilities	67,196	2,416	69,612	25,627	-	25,627
Miscellaneous	11,814	-	11,814	4,681	-	4,681
Total	<u>\$ 79,010</u>	<u>\$ 2,416</u>	<u>\$ 81,426</u>	<u>\$ 42,308</u>	<u>\$ -</u>	<u>\$ 42,308</u>
<b>Maritime Electric Co. Ltd.</b>						
Staff Charges	\$ 86,218	\$ -	\$ 86,218	\$ -	\$ -	\$ -
Miscellaneous	7,338	-	7,338	8,977	-	8,977
Total	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 93,556</u>	<u>\$ 8,977</u>	<u>\$ -</u>	<u>\$ 8,977</u>
<b>FortisAlberta Inc.</b>						
Staff Charges	\$ 64,914	\$ -	\$ 64,914	\$ -	\$ -	\$ -
Total	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 9,859	\$ -	\$ 9,859	\$ 16,462	\$ -	\$ 16,462
Total	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>	<u>\$ 16,462</u>	<u>\$ -</u>	<u>\$ 16,462</u>
<b>Grand Total</b>	<u>\$ 318,344</u>	<u>\$ 1,404,293</u>	<u>\$1,722,637</u>	<u>\$ 148,141</u>	<u>\$1,083,521</u>	<u>\$ 1,231,662</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended December 31, 2010**

	<b>Fourth Quarter 2010</b>	<b>Fourth Quarter 2009</b>	<b>Annual 2010</b>	<b>Annual 2009</b>
<b>Fortis Inc.</b>				
Printing & Stationery	\$ -	\$ -	\$ -	\$ 129
Postage	4,275	4,913	20,851	20,689
Staff Charges	57,169	112,027	500,948	327,534
Staff Charges - Insurance	65,963	26,484	213,164	173,887
IS Charges	-	277	-	277
Pole Installations	3,107	11,513	23,976	23,599
Miscellaneous	5,389	3,747	8,747	11,969
Total	<u>\$ 135,903</u>	<u>\$ 158,961</u>	<u>\$ 767,686</u>	<u>\$ 558,084</u>
<b>Fortis Properties Corporation</b>				
Printing & Stationery	\$ 177	\$ 33	\$ 401	\$ 714
Staff Charges	-	-	1,247	-
Staff Charges - Insurance	5,610	1,784	23,303	13,517
IS Charges	-	4,432	-	4,432
Miscellaneous	-	2,000	9,745	4,691
Total	<u>\$ 5,787</u>	<u>\$ 8,249</u>	<u>\$ 34,696</u>	<u>\$ 23,354</u>
<b>Maritime Electric Co. Ltd.</b>				
Staff Charges	\$ 569	\$ 791	\$ 2,312	\$ 1,932
Staff Charges - Insurance	369	143	1,346	1,488
IS Charges	3,351	2,424	3,351	2,424
Miscellaneous	-	-	580	701
Total	<u>\$ 4,289</u>	<u>\$ 3,358</u>	<u>\$ 7,589</u>	<u>\$ 6,545</u>
<b>FortisOntario Inc.</b>				
Staff Charges - Insurance	\$ 716	\$ 9,464	\$ 4,417	\$ 17,688
IS Charges	4,788	2,424	4,788	2,424
Miscellaneous	-	-	360	273
Total	<u>\$ 5,504</u>	<u>\$ 11,888</u>	<u>\$ 9,565</u>	<u>\$ 20,385</u>
<b>Belize Electric Company Limited</b>				
Staff Charges	\$ 9,891	\$ 19,410	\$ 37,456	\$ 86,581
Staff Charges - Insurance	1,134	6,961	1,134	8,743
Total	<u>\$ 11,025</u>	<u>\$ 26,371</u>	<u>\$ 38,590</u>	<u>\$ 95,324</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended December 31, 2010**

	<b>Fourth Quarter 2010</b>	<b>Fourth Quarter 2009</b>	<b>Annual 2010</b>	<b>Annual 2009</b>
<b>Belize Electricity Limited</b>				
Staff Charges	\$ 804	\$ 10,143	\$ 3,739	\$ 11,424
Staff Charges - Insurance	6,153	5,898	8,043	8,436
IS Charges	-	4,155	-	4,155
Miscellaneous	5,044	107	5,177	4,863
Total	<u>\$ 12,001</u>	<u>\$ 20,303</u>	<u>\$ 16,959</u>	<u>\$ 28,878</u>
<b>FortisAlberta Inc.</b>				
Staff Charges - Insurance	\$ 162	\$ 810	\$ 540	\$ 3,456
IS Charges	-	-	-	-
Miscellaneous	-	-	2,990	3,441
Total	<u>\$ 162</u>	<u>\$ 810</u>	<u>\$ 3,530</u>	<u>\$ 6,897</u>
<b>FortisBC Inc.</b>				
Staff Charges - Insurance	\$ 443	\$ 594	\$ 1,410	\$ 1,620
IS Charges	13,405	8,310	13,405	8,310
Miscellaneous	9	(89)	1,919	2,203
Total	<u>\$ 13,857</u>	<u>\$ 8,815</u>	<u>\$ 16,734</u>	<u>\$ 12,133</u>
<b>Terasen Gas Inc.</b>				
Staff Charges - Insurance	\$ -	\$ 378	\$ 540	\$ 1,296
Miscellaneous	8	130	6,212	6,425
Total	<u>\$ 8</u>	<u>\$ 508</u>	<u>\$ 6,752</u>	<u>\$ 7,721</u>
<b>Caribbean Utilities Co. Limited</b>				
Staff Charges	\$ -	\$ -	\$ -	\$ 888
Staff Charges - Insurance	4,968	6,243	7,452	6,837
Miscellaneous	-	-	-	101
Total	<u>\$ 4,968</u>	<u>\$ 6,243</u>	<u>\$ 7,452</u>	<u>\$ 7,826</u>
<b>Fortis Turks and Caicos</b>				
Staff Charges	\$ 2,036	\$ 13,372	\$ 37,679	\$ 103,091
Staff Charges - Insurance	4,691	5,139	8,255	7,785
Miscellaneous	302	65	877	7,030
Total	<u>\$ 7,029</u>	<u>\$ 18,576</u>	<u>\$ 46,811</u>	<u>\$ 117,906</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended December 31, 2010**

No loans or agreements with related companies were entered into during the quarter ending December 31, 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending December 31, 2010**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Fourth Quarter**

The total number of damage claims received during the fourth quarter of 2010 has decreased in comparison to the number of claims received during the same period in 2009. The decrease is found primarily in the Equipment Failure category.

Please note that the number of claims outstanding from the last quarter has been reduced by four as a result of claims being withdrawn by customers. Three of these claims were originally reported under System Operations, Improper Workmanship, and Weather Related categories in the Eastern Region while the remaining claim was reported under the Equipment Failure category in the Western Region. The new total of outstanding damage claims is 21, down from 25 as reported in the summary for the quarter ending September 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending December 31, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	3	1	4	3	\$ 1,497	\$ 797	1	\$ 700	-	\$ -
Power Interruptions	-	2	2	2	2,185	1,865	-	-	-	-
Improper Workmanship	7	5	12	7	11,368	6,722	-	-	5	15,250
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	21	9	30	21	23,692	15,738	-	-	9	6,500
Third Party	-	1	1	-	-	-	-	-	1	500
Miscellaneous	18	3	21	15	11,258	10,688	1	300	5	5,650
Total	<u>49</u>	<u>21</u>	<u>70</u>	<u>48</u>	<u>\$ 50,000</u>	<u>\$ 35,810</u>	<u>2</u>	<u>\$ 1,000</u>	<u>20</u>	<u>\$ 27,900</u>

**For the Quarter Ending December 31, 2009**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	1	1	-	\$ -	\$ -	-	\$ -	1	\$ 1,000
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	8	1	9	6	7,714	3,177	-	-	3	7,800
Weather Related	1	-	1	-	-	-	-	-	1	5,000
Equipment Failure	33	8	41	27	48,576	23,463	-	-	14	17,715
Third Party	1	-	1	1	315	315	-	-	-	-
Miscellaneous	14	5	19	14	43,095	7,965	-	-	5	3,300
Total	<u>57</u>	<u>15</u>	<u>72</u>	<u>48</u>	<u>\$ 99,700</u>	<u>\$ 34,920</u>	<u>-</u>	<u>\$ -</u>	<u>24</u>	<u>\$ 34,815</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending December 31, 2010**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	27	17	44	27	\$ 26,679	\$ 17,033	2	\$ 1,000	15	\$ 24,200
Western Region	22	4	26	21	23,321	18,777	-	-	5	3,700
Total	<b>49</b>	<b>21</b>	<b>70</b>	<b>48</b>	<b>\$ 50,000</b>	<b>\$ 35,810</b>	<b>2</b>	<b>\$ 1,000</b>	<b>20</b>	<b>\$ 27,900</b>

**For the Quarter Ending DEcember 31, 2009**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
Eastern Region	39	12	51	32	\$ 85,619	\$ 23,134	-	\$ -	19	\$ 31,615
Western Region	18	3	21	16	14,081	11,786	-	-	5	3,200
Total	<b>57</b>	<b>15</b>	<b>72</b>	<b>48</b>	<b>\$ 99,700</b>	<b>\$ 34,920</b>	<b>-</b>	<b>\$ -</b>	<b>24</b>	<b>\$ 34,815</b>

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Quarter Ending December 31, 2010**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the fourth quarter of 2010. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	23	11	34	20	3	11
- Outside Planning Area	32	31	63	24	11	28
	55	42	97	44	14	39
General Service	9	7	16	6	4	6
Total	64	49	113	50	18	45

The table on pages 2 to 3 of the report provides specific information for the 64 CIACs quoted to customers during the period October 1, 2010 to December 31, 2010. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.



**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
12-Oct-10	2010-30-119	1,710.00	4,260.00	Yes
22-Oct-10	2010-30-121	1,410.00	3,960.00	Yes
28-Oct-10	2010-51-126	4,680.00	7,230.00	
28-Oct-10	2010-30-123	2,250.00	4,800.00	Yes
28-Oct-10	2010-30-122	867.50	4,320.00	Yes
28-Oct-10	2010-51-124	17,480.00	17,480.00	
28-Oct-10	2010-51-130	1,170.00	4,620.00	
10-Nov-10	2010-20-217	1,430.00	3,980.00	Yes
16-Nov-10	2010-51-131	8,901.50	12,051.50	Yes
22-Nov-10	2010-30-126	270.00	2,820.00	Yes
24-Nov-10	2010-40-135	1,950.00	5,100.00	Yes
24-Nov-10	2010-40-136	17,390.00	19,940.00	
26-Nov-10	2010-10-165	3,010.00	5,560.00	Yes
2-Dec-10	2010-10-163	630.00	3,180.00	Yes
3-Dec-10	2010-20-224	10,583.24	13,133.24	
6-Dec-10	2010-20-226	1,410.00	3,960.00	Yes
6-Dec-10	2010-20-225	3,930.00	6,480.00	
7-Dec-10	2010-30-125	830.00	3,380.00	Yes
8-Dec-10	2010-10-112	450.00	3,000.00	Yes
10-Dec-10	2010-40-141	390.00	3,120.00	
13-Dec-10	2010-20-223	467.50	3,017.50	Yes
15-Dec-10	2010-41-111	377.60	2,927.60	Yes
15-Dec-10	2010-41-115	270.00	2,820.00	Yes
<b>DOMESTIC (outside Residential Planning Area)</b>				
8-Oct-10	2010-51-129	1,500.00	2,250.00	Yes
12-Oct-10	2010-20-213	360.00	1,410.00	Yes
12-Oct-10	2010-30-118	4,331.29	5,081.29	
18-Oct-10	2010-10-142	780.00	1,530.00	Yes
19-Oct-10	2010-31-111	5,489.58	6,239.58	Yes
22-Oct-10	2010-20-214	2,755.20	3,505.20	
22-Oct-10	2010-20-215	3,061.48	3,811.48	Yes
22-Oct-10	2010-40-127	2,918.10	3,668.10	Yes
26-Oct-10	2010-20-216	2,755.20	3,505.20	Yes
28-Oct-10	2010-30-120	4,331.29	5,081.29	
2-Nov-10	2010-30-124	4,331.29	5,081.29	Yes
5-Nov-10	2010-10-161	5,285.00	6,035.00	
8-Nov-10	2010-50-125	1,980.00	2,730.00	
8-Nov-10	2010-40-130	31,463.54	37,589.29	
9-Nov-10	2010-10-162	13,580.00	14,330.00	Yes
10-Nov-10	2010-10-155	1,455.01	2,205.01	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2010**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
10-Nov-10	2010-20-218	4,170.21	4,920.21	Yes
10-Nov-10	2010-20-219	3,545.06	4,295.06	Yes
24-Nov-10	2010-40-134	3,318.18	4,068.18	
25-Nov-10	2010-20-221	2,207.42	2,957.42	
25-Nov-10	2010-20-220	2,940.00	3,990.00	
26-Nov-10	2010-50-127	15,244.38	15,974.38	Yes
29-Nov-10	2010-40-129	2,641.89	3,391.89	
7-Dec-10	2010-50-128	2,961.54	3,711.54	
7-Dec-10	2010-20-227	1,120.00	1,870.00	Yes
9-Dec-10	2010-40-138	4,273.00	5,323.00	
14-Dec-10	2010-10-159	1,879.34	2,629.34	Yes
20-Dec-10	2010-40-142	3,511.68	4,261.68	
21-Dec-10	2010-20-231	3,738.00	4,488.00	
21-Dec-10	2010-10-170	240.00	990.00	
21-Dec-10	2010-20-229	2,755.20	3,505.20	
30-Dec-10	2010-10-171	2,289.94	3,039.94	Yes
<b>GENERAL SERVICE</b>				
5-Oct-10	2010-50-123	5,090.00	7,640.00	
14-Oct-10	2010-50-124	10,257.20	12,495.00	
15-Oct-10	2010-41-110	5,119.52	8,774.00	
4-Nov-10	2010-10-158	2,500.00	8,500.00	Yes
16-Nov-10	2010-51-132	5,904.00	20,010.00	Yes
17-Nov-10	2010-51-133	1,049.00	4,500.00	Yes
16-Dec-10	2010-41-114	3,985.00	5,870.00	Yes
16-Dec-10	2010-51-134	491,500.00	494,500.00	
20-Dec-10	2010-40-139	4,500.00	5,163.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
March 31, 2011***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**March 31, 2011**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	11
8. Community .....	12
 <b>Financial Statements</b>	
Balance Sheets .....	13
Statements of Earnings .....	14
Statements of Retained Earnings .....	15
Statements of Cashflows .....	16
 <b>Appendices</b>	
A Electricity Statistics .....	17
B Statements of Electricity Sold (GWh) .....	18
C Statements of Revenue .....	19
D Summary of Weather Adjustments .....	20
E Statements of Earnings – Detail .....	21
F Customer and Employee Statistics .....	22
G Service Continuity Performance .....	23



## 1. Highlights

	Highlights			
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Customer Satisfaction (%)	89	89	89	89
Customer Minutes of Outage <sup>1</sup>	13.3	11.0	49.7	36.9
Electricity Delivery <sup>2</sup>				
Electricity Sales (GWh)	1,833.8	1,820.3	1,795.2	5,480.0
Peak Demand (MW) <sup>3</sup>	1,252.5	1,283.9	1,237.6	1,283.9
Injury Frequency Rate <sup>4</sup>	4.9	1.7	3.3	1.7
Revenue (\$millions)	183.0	181.0	178.3	560.1
Earnings (\$millions) <sup>5</sup>	7.0	6.3	7.2	32.0

- ≈ 1<sup>st</sup> quarter customer satisfaction was consistent with plan at 89%.
- ≈ 1<sup>st</sup> quarter customer minutes of outage were higher than plan.
- ≈ 1<sup>st</sup> quarter sales were higher than plan.
- ≈ Peak demand for the 2010/2011 winter season was lower than plan.
- ≈ Four lost time and three medical aid incidents occurred in the 1<sup>st</sup> quarter.
- ≈ 1<sup>st</sup> quarter earnings were above plan.

<sup>1</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>2</sup> Weather adjusted.

<sup>3</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

<sup>4</sup> Injuries per 200,000 hours worked.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)				
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
<b>Customer Satisfaction</b>	89	89	89	89
<b>First Call Resolution</b> <sup>1</sup>	89	89	89	89
<b>Service Level</b> <sup>2</sup>	81	80	75	80
<b>Trouble Call Response</b> <sup>3</sup>	82	85	89	85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

### Customer Service Performance

1<sup>st</sup> quarter customer satisfaction, first-call resolution and service levels were consistent with plan. Trouble call response was slightly below plan at 82% principally as a result of a higher number of significant unplanned outages experienced during the quarter.

### Customer Service Improvements

The Company continued its advertising campaign to promote customers' use of eBills. Participation in eBills has increased by 25% in the past year to over 36,500 customers.

In January, the phone technology in the Customer Contact Centre was upgraded to Voice Over Internet Protocol (VOIP) technology. This upgrade extended the life of the system and reduce monthly telephone costs for the Customer Contact Center.

During the 1<sup>st</sup> quarter, there was a 12% increase in visits to the Company's website. Customers continue to use the website to obtain information on outages, account information, billing history and energy usage. Customers also use the website to make payment arrangements and to report street light outages.

In the 1<sup>st</sup> quarter, the Company also launched a version of its web site adapted for use on mobile phones.



*Paul Smith  
Meter Reader, Stephenville*

### Energy Conservation

During the 1<sup>st</sup> quarter, an additional 946 customers participated in the takeCHARGE Energy Savers rebate programs. This represents a 9% increase from the 1<sup>st</sup> quarter of 2010. The majority of program participation continues to be from customers living on the Avalon Peninsula, with particularly high numbers in the St. John's Region.



*Theresa Critch and Keith Barrett promote energy conservation to members of the Women's Institute in Harcourt.*

In the 1<sup>st</sup> quarter, the takeCHARGE team completed 162 follow-up visits with rebate program participants. These visits confirm program compliance and gather valuable feedback from customers' experiences with our rebate programs.

takeCHARGE outreach events during the quarter included trade shows and community events such as the Board of Trade Business Development Summit, Hospitality Newfoundland and Labrador's 2011 Lookout! Tourism Summit in St. John's, and Winter Carnivals in Deer Lake and Pasadena. In addition, the team gave presentations to community groups such as Lions Clubs and Women's Institutes across the province. In February, takeCHARGE sponsored two Natural Resources Canada workshops for

municipalities and commercial customers. The response was positive with almost 50 people in attendance.

In March, the Company together with Newfoundland and Labrador Hydro (Hydro) announced the winner of the joint takeCHARGE of *Your Town Community Challenge*. The winner was Admiral's Beach, St. Mary's Bay. Residents of Admiral's Beach reduced their energy consumption by approximately 9% compared to the same period last year, the highest percentage reduction of all 106 participating municipalities. As the winner of this energy efficiency challenge for municipalities, they received a \$10,000 energy efficiency upgrade for their municipal building(s).

The Company promoted participation in the March 26<sup>th</sup> *Earth Hour* initiative through its takeCHARGE newsletter, website and advertising, as well as through partners such as Municipalities Newfoundland and Labrador. The Company turned off lights in its facilities, except where required for safety and security purposes. Provincially, there was a demand reduction of approximately 15 MW during *Earth Hour*, compared to the previous hour.

The Company is also participating in a Provincial government working group on energy conservation planning. Two ongoing projects include modeling of energy efficiency program impacts in the province, as well as a review of Canadian commercial/industrial programs which would inform local program development. Results from both projects are expected by mid-year.



### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>				
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010 <sup>2</sup>	Plan 2011
<b>Customer Minutes of Outage <sup>3</sup></b>	13.3	11.0	49.7	36.9
<b>SAIDI (Outage hours per customer)</b>	0.94	0.78	3.59	2.60
<b>SAIFI (Outages per customer)</b>	0.58	0.58	0.80	1.95

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> System reliability statistics excluding storms are:

- Customer Minutes of Outage 7.0
- SAIDI 0.49
- SAIFI 0.31

<sup>3</sup> In millions of minutes.

The number of customer minutes of outage experienced during the quarter was higher than plan. Excluding the March 2010 ice storm, the 1<sup>st</sup> quarter 2011 results represent the highest number of customer minutes of outage since 2006. This was principally due to two substation bus lockouts in St. John's and a pole fire on the transmission line serving the Twillingate area.

The significant unplanned outages during the 1<sup>st</sup> quarter were:

Jan 29<sup>th</sup>: A failure of a circuit protection device resulted in a bus lockout at Kenmount substation causing outages to 5,862 customers in the Kenmount Road and Cowan Heights areas of St. John's and resulted in 597,683 customer minutes of outage.

Feb 11<sup>th</sup>: A conductor fault resulted in a bus lockout at Stamps Lane substation causing outages to 9,513 customers in the central part of St. John's and resulted in 934,380 customer minutes of outage.

Feb 26<sup>th</sup>: High winds downed trees causing an outage to 1,662 customers on SPF-02 affecting customers in the Brigus and Cupids areas and resulted in 349,020 customer minutes of outage.

Mar 7<sup>th</sup>: A pole fire on 114L caused an outage to 2,236 customers in the Twillingate and Summerford areas and resulted in 637,530 customer minutes of outage.

Mar 8<sup>th</sup>: A pole fire on MOL-04 resulted in outages to 1,610 customers in the Canada Drive section of St. John's and resulted in 393,896 customer minutes of outage.



*Working Linecrews, St. John's*

### B. Electricity Supply

Electricity Supply				
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Energy Purchased (GWh) <sup>1</sup>	1,835.3	1,832.6	1,806.4	5,376.5
Peak Demand (MW) <sup>1, 2</sup>	1,252.5	1,283.9	1,237.6	1,283.9
Hydro Plant Production (GWh)	148.3	106.1	122.9	429.7
Plant Availability (%)	97.2	96.5	97.3	96.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

Energy purchased during the 1<sup>st</sup> quarter was comparable to plan. Peak load management was implemented several times during the 1<sup>st</sup> quarter. Peak demand occurred on the evening of February 2<sup>nd</sup>, 2011, and was lower than plan.

During the 1<sup>st</sup> quarter, hydro plant production was 42.2 GWh higher than plan. This higher production is reflective of the higher than normal amount of water in Company reservoirs at the start of the year. Total inflows for the 1<sup>st</sup> quarter were also above normal, at 127.7 GWh compared to a normal inflow of 106.5 GWh.

Hydro plant availability was 97.2% in the 1<sup>st</sup> quarter compared to a plan of 96.5%. There were 77 forced outages in the 1<sup>st</sup> quarter of 2011 compared to 61 experienced in the 1<sup>st</sup> quarter of 2010. Approximately 30% of the forced outages in 2011 were attributable to ice buildup.

#### 4. Financial Matters

Financial Highlights				
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Electricity Sales (GWh)	1,833.8	1,820.3	1,795.2	5,480.0
Revenue (\$millions)	183.0	181.0	178.3	560.1
Purchased Power Costs (\$millions)	134.0	134.1	131.2	364.2
Operating Costs (\$millions) <sup>1</sup>	14.8	13.3	13.7	53.3
Operating Cost per Customer (\$)	64	59	61	225
Earnings (\$millions) <sup>2</sup>	7.0	6.3	7.2	32.0

<sup>1</sup> Excluding pension and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Performance

1<sup>st</sup> quarter electricity sales were higher than plan and 2010. The sales growth reflects an increase in the number of customer connections and the number of electrically heated homes. Revenue for the 1<sup>st</sup> quarter of 2011 was also higher than plan, primarily as a result of higher electricity sales.

Operating costs for the 1<sup>st</sup> quarter were higher than plan mainly due to higher operating labour costs. This primarily reflects timing differences in labour expenditures related to early delivery of employee training along with increases in both distribution maintenance and personal illness costs compared to plan.

Earnings for the 1<sup>st</sup> quarter were higher than plan primarily due to increases in electricity sales and other revenue, partially offset by higher operating expenses.

#### Joint Use Support Structure Agreement

On January 1<sup>st</sup>, 2011, the new Joint Use Support Structure regime with Bell Aliant came into effect. On February 4<sup>th</sup>, 2011, the Company filed an application with the Public Utilities Board (PUB) for approval of the sale of 40% of the Company's joint use poles and related infrastructure to Bell Aliant at a price of approximately \$45.7 million. The transaction is expected to close in 2011. Newfoundland Power continues to provide construction and maintenance services for Bell Aliant's support structures throughout 2011.

### Customer Rates

Effective January 1<sup>st</sup>, 2011, customer electricity rates increased by an average of 0.8%. This reflects the net impact of the increase in revenue requirement due to adoption of accrual accounting for other post employment benefits effective January 2011, partially offset by operation of the automatic adjustment formula which reduced the Company's allowed return on rate base for 2011.

In April 2011, Hydro released an updated fuel price projection for the Holyrood generating station. The forecast oil price has increased from \$84 to \$103 per barrel in the past year. Electricity rates are estimated to increase by approximately 8% effective July 1, 2011 through operation of the Rate Stabilization Account, principally as a result of increasing oil prices.

### Optional Seasonal Rate for Domestic Customers

On March 11<sup>th</sup>, 2011, the Company filed an application with the PUB relating to an optional seasonal rate for domestic customers effective July 1<sup>st</sup>, 2011. This optional seasonal rate charges a higher price for electricity during the months of December to April and a lower rate for May to November. The Company sought approval of (i) the optional seasonal rate, (ii) 2011 capital expenditures required to facilitate implementation of this rate, and (iii) an Optional Rates Revenue and Cost Recovery Account that provides for the deferral of revenue effects and annual costs associated with implementing optional rates. On April 13<sup>th</sup>, 2011, the PUB approved this application.

### Financial Reporting Standards

Due to the continued uncertainty regarding rate-regulated accounting under International Financial Reporting Standards (IFRS), the Company is evaluating the option of adopting US GAAP, as opposed to IFRS, effective January 1<sup>st</sup>, 2012. During the first quarter, the Company substantially completed the identification of high-level differences between US GAAP and Canadian GAAP. Based on analysis completed to date, the adoption of US GAAP is expected to result in fewer significant changes in the Company's accounting policies as compared to those that may result with the adoption of IFRS.

### Organizational Changes

In January 2011, the Company's operations were realigned into three regions: St. John's, Eastern and Western. A number of employees were reassigned to support this operational reorganization and the Company's continuing focus on energy conservation, materials management, workforce management and the new joint use arrangements.

## 5. Capital Program

Capital Expenditures				
	1 <sup>st</sup> Quarter			Annual <sup>1</sup>
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
<b>Total (\$000s)</b>	13,005	12,489	15,580	74,549

<sup>1</sup> Annual Plan excludes the \$750,000 allowance for unforeseen items. Annual Plan includes carryover of \$1,430,000 for Transmission projects on the Southern Shore and \$900,000 for Substation projects. The carryovers were necessary due to additional storm related work undertaken in 2010.

### 2011 Capital Expenditure

Planned capital expenditures for 2011 have been impacted by the two severe weather events experienced in 2010. \$2.3 million in 2010 Transmission and Substations projects were carried over into 2011 as a result of engineering, technician and powerline technician resources being diverted from the capital program to respond to storm damage. Also, a supplemental capital budget application has been filed seeking PUB approval of \$1.8 million in expenditure to return Port Union hydro plant to service, and make permanent repairs to the dam and penstock at Lawn. It is expected that some 2011 capital projects will be deferred to 2012 as a result of storm related damage experienced in 2010.



*Power Transformer Maintenance*

Customer driven work continued through the winter, and engineering proceeded on the major 2011 projects. Other capital project activity during the quarter included:

- The supply contracts for the Sandy Brook hydro plant governor and switchgear replacement are in place. Site work will commence in June.
- The supply contracts for the substation power transformers at Pulpit Rock and Kelligrews are in place. The transformers are scheduled to be delivered in July.

## 6. Safety

Safety Performance				
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Injury Frequency Rate <sup>1</sup>	4.9	1.7	3.3	1.7

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There were four lost time and three medical aid injuries in the 1<sup>st</sup> quarter of 2011 compared to three lost time and two medical aid injuries for the 1<sup>st</sup> quarter of 2010. Of these employee injuries in 2011, two resulted from slips and falls, three were muscle strain injuries, one occurred when an employee fell from a ladder and the other involved a snowmobile accident. A total of 112 calendar days of work were lost due to work related injuries. The majority of these lost days are attributed to a slip and fall by a Meter Reader and the fall from a ladder by a Powerline Technician. This is a significant increase compared to the 1<sup>st</sup> quarter of 2010 when there were seven calendar days lost. There were two recordable vehicle accidents during the quarter.

### OH&S Regulation

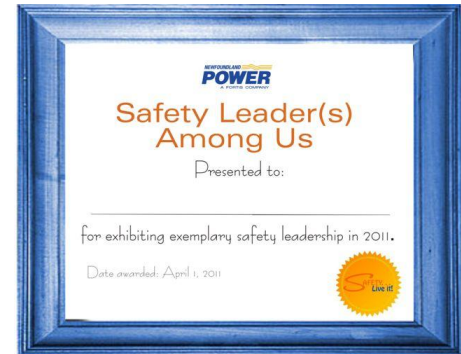
Government Services, Occupational Health and Safety Division (OHSD) completed an inspection with a Company line crew in the 1<sup>st</sup> quarter. Based on follow-up discussion with OHSD officials, a reminder regarding fall protection harness procedures was provided to crews at safety meetings. The Company is also researching the impact of contamination on flame resistant work clothing. There were no OHSD directives or investigations related to the Company or its contractors during the quarter.

### Safety Management

The annual review of the Company's Health & Safety Management System was completed in the 1<sup>st</sup> quarter. The review confirmed the adequacy and effectiveness of the system. The review also established health and safety priorities for 2011 which are subject to annual audit.

### Safety Recognition and Awards

During the 1<sup>st</sup> quarter a new safety recognition and awards program was implemented. This program includes monthly individual employee awards for demonstration of dedication and leadership in the area of health and safety. In the 1<sup>st</sup> quarter, Brian Hancock, Jim Emberley and Calvin Gosse were recognized as “Safety Leaders Among Us”. An annual department safety leader will also be recognized, as will particular safety milestones.



*Safety Recognition Certificate*

### Training

During the 1<sup>st</sup> quarter, the Company completed 70% of its planned safety training for the year. Training courses were developed and delivered for the Grounding and Bonding Code and Worker Protection Code. An Industrial Ergonomics course was delivered to employees, aimed at preventing musculoskeletal injuries. Compliance training delivered in the quarter included first aid, CPR, fall protection and confined space entry.

### Public Safety

During the 1<sup>st</sup> quarter there were six public incidents, of which five involved direct contact with energized lines. Four of these incidents involved construction equipment making contact with aerial or underground distribution lines. One incident involved a customer felling a tree. None of these incidents involved an injury to the public. The final incident involved a customer slipping and falling while entering one of our area offices.

Public safety education efforts were active during the 1<sup>st</sup> quarter. Approximately 1,500 students representing 27 elementary schools throughout the province received presentations on electrical safety. 43 volunteer fire fighters attended the Company's Fire Fighting and Electricity seminars. Public safety advertising continued throughout the 1<sup>st</sup> quarter.



## 7. Environment

Environment Performance				
	1 <sup>st</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Number of Spills	7	16	22	65
Reportable PCB Spills <sup>1</sup>	1	0	0	2
Volume of Oil Spills (Litres)	367	180	217	725

<sup>1</sup> PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

### Environmental Performance

The number of oil spills in the 1<sup>st</sup> quarter has decreased compared to the same period in 2010. However, the volume of spills is significantly higher, with three spills accounting for 360 litres. Of these, one spill of 210 litres was the result of a third party incident which caused a pole to break and three transformers to fall to the ground. One reportable PCB spill occurred as a result of a distribution transformer which rusted, spilling 82 litres of mineral oil containing less than 50 ppm PCB. This spill was reportable as it had the potential to exceed the one gram rule.

### PCB Regulations

The Canadian Electricity Association (CEA), on behalf of all CEA utility members, continues to seek an amendment to the current *PCB Regulations* which would allow the use of smaller equipment such as bushings and instrument transformers containing PCBs above regulatory limits until 2025. In January, Environment Canada indicated it is considering whether to proceed with the CEA recommended amendment, or to amend the regulations to allow utilities to apply for further end-of-use extensions beyond 2014.

### Sustainable Electricity

On March 24<sup>th</sup>, the Company submitted its Sustainable Electricity Program ("SEP") report to the CEA. The SEP program takes a holistic approach to sustainability by addressing three main components – environment, society and economics. The CEA's consolidated 2010 SEP report is scheduled to be released in June.

Newfoundland Power will co-host the SEP spring meeting with Hydro in early June 2011. Representatives from CEA members across the country will be in attendance.



### ISO 14001

In the 1<sup>st</sup> quarter, environmental training was provided to seven employees and 34 contractor employees performing work on behalf of the Company. This training reinforced the importance for employees and contractors of performing their duties in an environmentally responsible manner.

The annual Environmental Aspect Review and the Environment Management Review took place in January. The Environment Management Review confirmed that the Company's Environmental Management System continues to be suitable, adequate and effective.

## 8. Community

### The Power of Life Project

The Clarenville Area employees' 7<sup>th</sup> Annual Snowmobile Run, held Saturday, March 5<sup>th</sup>, raised over \$10,000. Since its inception, the event has raised approximately \$45,000. The proceeds from the event were equally shared between *The Power of Life Project* and the Triple Bay Eagles Ground Search and Rescue Team.



*Clarenville Employees  
Snowmobile Run*



*Corner Brook Employees  
Snowmobile Run*

Employees in Grand Falls-Windsor and Corner Brook each held their 1<sup>st</sup> Annual Family Snowmobile Run events in March. These events raised approximately \$7,800 that was donated to *The Power of Life Project* and The Stephan Hopkins Foundation.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At March 31**  
**(\$000s)**

	<u>2011</u>	<u>2010 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,225,517	1,245,140
Less: accumulated amortization	444,828	451,608
	<u>780,689</u>	<u>793,532</u>
<b>Current Assets</b>		
Cash	2,598	2,668
Accounts receivable	87,198	80,862
Income tax receivable	-	2,955
Materials and supplies	1,098	980
Prepaid expenses	1,358	999
Regulatory assets	13,209	8,216
	<u>105,461</u>	<u>96,680</u>
<b>Accrued Pension</b>	97,968	98,951
<b>Regulatory Assets</b>	177,689	181,530
<b>Assets Held for Sale</b>	44,698	-
<b>Intangible Assets, net of amortization</b>	15,121	15,816
<b>Other Assets</b>	<u>1,568</u>	<u>1,656</u>
<b>Total Assets</b>	<u><u>1,223,194</u></u>	<u><u>1,188,165</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	332,104	314,133
Common shareholder's equity	<u>402,425</u>	<u>384,454</u>
Preference shares	9,111	9,111
	<u>411,536</u>	<u>393,565</u>
<b>Current Liabilities</b>		
Short-term borrowings	525	-
Accounts payable and accrued charges	73,822	68,511
Income tax payable	5,137	-
Current instalments of long-term debt	5,200	5,200
Future income taxes	2,408	1,184
Regulatory liabilities	2,312	5,004
	<u>89,404</u>	<u>79,899</u>
<b>Future Income Taxes</b>	120,887	128,217
<b>Long-term Debt</b>	483,355	485,598
<b>Other Post Employment Benefits</b>	53,457	48,126
<b>Other Liabilities</b>	4,180	3,868
<b>Regulatory Liabilities</b>	<u>60,375</u>	<u>48,892</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,223,194</u></u>	<u><u>1,188,165</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual 2010 <sup>1</sup></b>	<b>Plan 2011</b>	<b>Actual 2010</b>
<b>Revenue</b>	182,966	180,994	178,274	560,104	554,950
<b>Purchased Power</b>	134,027	134,073	131,188	364,181	358,443
<b>Contribution</b>	48,939	46,921	47,086	195,923	196,507
<b>Operating Expenses</b>	14,782	13,930	13,724	53,291	54,623
<b>Pension and Early Retirement Program Costs</b>	5,124	4,583	2,040	18,407	7,588
<b>Amortization</b>	10,227	10,325	10,396	42,963	43,358
<b>Cost Recovery Deferral</b>	(591)	(600)	-	(2,400)	-
<b>Amortization True-Up Deferral</b>	-	-	965	-	3,862
<b>Finance Charges</b>	9,024	9,171	8,992	35,705	35,633
<b>Earnings Before Income Taxes</b>	10,373	9,512	10,969	47,957	51,443
<b>Income Taxes</b>	3,251	3,057	3,634	15,413	15,870
<b>Net Earnings</b>	7,122	6,455	7,335	32,544	35,573
<b>Dividends on Preference Shares</b>	142	142	142	568	568
<b>Earnings Applicable to Common Shares</b>	<b>6,980</b>	<b>6,313</b>	<b>7,193</b>	<b>31,976</b>	<b>35,005</b>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Balance, Beginning of the Period</b>	330,181	310,864
Net Earnings	7,122	7,335
<b>Dividends</b>		
Preference Shares	(142)	(142)
Common Shares	(5,057)	(3,924)
<b>Balance, End of the Period</b>	<u><u><b>332,104</b></u></u>	<u><u><b>314,133</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>2011</b>	<b>2010 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	7,122	7,335
Items not affecting cash:		
Amortization of property, plant and equipment	9,621	9,687
Amortization of intangible assets and other	679	767
Change in regulatory assets and liabilities	2,152	2,429
Future income taxes	(1,409)	(966)
Employee future benefits	735	(1,189)
Change in non-cash working capital	(15,293)	(11,955)
	<u>3,607</u>	<u>6,108</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(13,241)	(16,307)
Intangible asset expenditures	(417)	(412)
Contributions from customers	185	538
Other	(44)	(1)
	<u>(13,517)</u>	<u>(16,182)</u>
<b>Financing Activities</b>		
Change in short-term borrowings	525	-
Net proceeds from committed credit facility	13,000	11,500
Dividends		
Preference shares	(142)	(142)
Common shares	(5,057)	(3,924)
	<u>8,326</u>	<u>7,434</u>
<b>Decrease in Cash</b>	(1,584)	(2,640)
<b>Cash, Beginning of the Period</b>	<u>4,182</u>	<u>5,308</u>
<b>Cash, End of the Period</b>	<u><u>2,598</u></u>	<u><u>2,668</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended March 31</b>			
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2010</u></b>
<b>Sales (GWh)</b>			
Actual	1,769.2	1,684.5	5,176.6
Weather adjusted	1,833.8	1,795.2	5,419.0
Plan <sup>1</sup>	1,820.3		
<b>Produced &amp; Purchased (GWh)</b>			
Actual	1,884.6	1,795.2	5,476.6
Weather adjusted	1,952.8	1,912.2	5,732.9
Plan <sup>1</sup>	1,938.7		
<b>Hydro Production (GWh)</b>			
Actual	148.3	122.9	462.2

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended March 31**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>	1,202.7	1,189.3	1,170.2	3,343.7	3,311.2
<b>Commercial</b>					
0-10 kW	29.1	28.5	28.8	90.7	92.5
10-100 kW	210.2	207.8	205.8	654.7	649.3
110-1000 kVA	276.6	276.1	271.6	923.7	910.6
1000 kVA and Over	105.2	108.7	108.5	431.5	419.2
<b>Total Commercial</b>	621.1	621.1	614.7	2,100.6	2,071.6
<b>Street Lighting</b>	10.0	9.9	10.3	35.7	36.2
<b>Total Sales</b>	<u>1,833.8</u>	<u>1,820.3</u>	<u>1,795.2</u>	<u>5,480.0</u>	<u>5,419.0</u>
<b>BY REGION</b>					
St. John's	908.9	905.4	889.3	2,698.2	2,670.3
Eastern <sup>2</sup>	385.9	383.9	378.2	1,161.4	1,146.8
Western <sup>3</sup>	539.0	531.0	527.7	1,620.4	1,601.9
<b>Total Sales</b>	<u>1,833.8</u>	<u>1,820.3</u>	<u>1,795.2</u>	<u>5,480.0</u>	<u>5,419.0</u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

<sup>2</sup> Eastern Region includes the Avalon, Burin and Clarendville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended March 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>	117,834	116,327	113,714	338,853	332,664
<b>Commercial</b>					
0-10 kW	3,753	3,684	3,688	12,229	12,331
10-100 kW	20,518	20,582	20,215	66,611	65,291
110-1000 kVA	23,539	23,619	23,168	79,462	77,976
1000 kVA and Over	7,952	8,276	8,200	32,233	31,037
<b>Total Commercial</b>	55,762	56,161	55,271	190,535	186,635
Street Lighting	3,403	3,418	3,371	13,702	13,540
Forfeited Discounts	888	938	866	2,744	2,494
<b>Revenue From Rates</b>	<b>177,887</b>	<b>176,844</b>	<b>173,222</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	1,755	1,666	834	4,354	2,213
<b>Amortizations <sup>3</sup></b>					
2010 Pension Expense Variance Deferral	723	291	(160)	1,161	(640)
OPEBs Deferral	48	-	-	-	-
2005 Unbilled Remaining Balance	-	-	1,155	-	4,618
<b>Total Reported Revenue</b>	<b>180,413</b>	<b>178,801</b>	<b>175,051</b>	<b>551,349</b>	<b>541,524</b>
Other Revenue	2,553	2,193	3,223	8,755	13,426
<b>Total Operating Revenue</b>	<b>182,966</b>	<b>180,994</b>	<b>178,274</b>	<b>560,104</b>	<b>554,950</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended March 31**  
**(\$000s)**

	FIRST QUARTER			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>REVENUE FROM ELECTRICITY SALES</b>					
Actual	172,436	176,844	163,908	545,834	514,888
Degree Day & Wind Adjustment	5,451	-	9,314	-	20,445
<b>Weather Adjusted</b>	<b>177,887</b>	<b>176,844</b>	<b>173,222</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	1,755	1,666	834	4,354	2,213
<b>Amortizations <sup>3</sup></b>					
2010 Pension Expense Variance Deferral	723	291	(160)	1,161	(640)
OPEBs Deferral	48	-	-	-	-
2005 Unbilled Remaining Balance	-	-	1,155	-	4,618
<b>Total Reported Revenue</b>	<b>180,413</b>	<b>178,801</b>	<b>175,051</b>	<b>551,349</b>	<b>541,524</b>
<b>PURCHASED POWER EXPENSE</b>					
Actual	124,778	133,548	118,880	362,080	328,363
Degree Day & Wind Adjustment	6,010	-	10,303	-	22,568
Hydro Equalization Adjustment	2,714	-	1,504	-	4,506
<b>Purchased Power Weather Adjusted</b>	<b>133,502</b>	<b>133,548</b>	<b>130,687</b>	<b>362,080</b>	<b>355,437</b>
Demand Management Incentive Account <sup>4</sup>	-	-	-	-	<b>994</b>
<b>Amortizations <sup>5</sup></b>					
Rattling Brook Deferral	-	-	150	-	598
PPUCVR Balance at Dec 31, 2006	-	-	(174)	-	(688)
Weather Normalization Reserve	525	525	525	2,101	2,102
<b>Total Purchased Power Expense</b>	<b>134,027</b>	<b>134,073</b>	<b>131,188</b>	<b>364,181</b>	<b>358,443</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

(4) Demand Management Incentive Account as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(5) Amortizations for 2009 & 2010 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual 2010</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
<b>Other Revenue</b>					
<b>Joint Use Revenue</b>					
Aliant	-	-	1,805	-	7,336
CATV	233	228	507	912	2,024
Total Joint Use Revenue	233	228	2,312	912	9,360
<b>Miscellaneous</b>					
Aliant Pole Sale	1,550	1,091	-	4,362	-
Customer Jobbing	127	129	82	720	492
Rental Income	7	6	-	25	10
Municipal Tax Liability	-	-	341	-	1,363
Interest - Customer Accounts	268	325	230	1,061	801
Interest - RSA	73	54	26	212	66
Interest - CIAC	24	32	26	125	100
Interest - Other	24	31	27	125	100
Reconnections	12	12	8	87	124
NSF Cheque Charges	8	12	9	40	32
Wheeling Charges	157	150	160	541	591
Miscellaneous	18	74	(50)	290	132
Service Connection Fees	52	49	52	255	255
Total Miscellaneous	2,320	1,965	911	7,843	4,066
<b>Total Other Revenue</b>	<b>2,553</b>	<b>2,193</b>	<b>3,223</b>	<b>8,755</b>	<b>13,426</b>
<b>Finance Charges</b>					
Interest on Long-term Debt	8,886	8,886	8,988	35,444	35,850
Interest on Long-term Committed Credit Facility	166	272	51	593	316
Interest on Short-term Uncommitted Demand Facility	-	-	-	-	13
Amortization of Deferred Debt Issue Costs	48	72	48	290	232
Amortization of Capital Stock Issue Expenses	-	-	9	-	38
Interest on Security Deposits	2	-	1	-	5
Credit Facility Costs	25	-	-	-	-
Interest Charged to Construction	(103)	(59)	(105)	(622)	(821)
<b>Total Finance Charges</b>	<b>9,024</b>	<b>9,171</b>	<b>8,992</b>	<b>35,705</b>	<b>35,633</b>

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At March 31</b>				
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Actual 2010</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
<b>Customers</b>	244,452	240,377	245,759	243,426
<b>Employees <sup>1</sup></b>				
Regular	559	569	589	572
Temporary	56	55	58	69
<b>Total</b>	615	624	647	641

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended March 31</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 #	2010 #	2011 #	2010 #		2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
St. John's	0.66	0.35	2.86	1.79	2.38	0.97	0.40	12.53	1.69	4.59
Avalon	0.51	0.78	1.65	2.06	1.83	0.76	6.26	6.41	7.71	2.59
Burin	1.04	0.92	3.39	3.89	3.28	0.81	1.23	4.92	3.73	3.56
Bonavista	0.28	3.77	3.88	5.52	4.31	0.62	30.86	31.06	33.00	17.39
Gander	1.59	1.05	3.31	3.95	4.17	3.02	2.09	14.33	5.28	8.39
Grand Falls	0.36	0.59	4.40	2.63	3.06	0.67	0.96	4.35	4.26	3.21
Corner Brook	0.45	0.87	2.01	2.50	2.49	0.32	0.65	3.58	2.21	2.74
Stephenville	0.24	0.84	3.69	2.47	3.09	0.41	1.23	8.80	2.93	3.60
<b>Company Totals</b>	<b>0.64</b>	<b>0.83</b>	<b>2.51</b>	<b>2.54</b>	<b>2.66</b>	<b>0.95</b>	<b>3.59</b>	<b>13.70</b>	<b>5.40</b>	<b>5.62</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.

SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2011 #	2010 #	2011 #	2010 #	
Loss of Supply (NF Hydro)	0.05	0.02	0.24	0.37	0.43
Transmission	0.15	0.36	0.85	0.88	0.78
Distribution	0.44	0.45	1.42	1.29	1.45
<b>Company Totals</b>	<b>0.64</b>	<b>0.83</b>	<b>2.51</b>	<b>2.54</b>	<b>2.66</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
Loss of Supply (NF Hydro)	0.01	0.01	0.35	0.08	0.20
Transmission	0.23	1.80	4.66	2.10	1.41
Distribution	0.71	1.78	8.69	3.22	4.01
<b>Company Totals</b>	<b>0.95</b>	<b>3.59</b>	<b>13.70</b>	<b>5.40</b>	<b>5.62</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>First Quarter 2011</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.05	0.02	0.61	0.95	0.66	0.97
Avalon	0.15	0.13	0.36	0.63	0.51	0.76
Burin	0.95	0.62	0.09	0.19	1.04	0.81
Bonavista	0.04	0.09	0.24	0.53	0.28	0.62
Gander	0.70	1.49	0.89	1.53	1.59	3.02
Grand Falls	0.15	0.11	0.21	0.56	0.36	0.67
Corner Brook	0.11	0.04	0.34	0.28	0.45	0.32
Stephenville	0.09	0.02	0.15	0.39	0.24	0.41
<b>Company Totals</b>	<b>0.18</b>	<b>0.21</b>	<b>0.46</b>	<b>0.74</b>	<b>0.64</b>	<b>0.95</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.



**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended March 31, 2011**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and indicates the portion of the annual capital budget remaining to be expended (difference between annual budget and current quarter actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended March 31, 2011**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>	
	Approved by Order No. P.U. 28(2010)	First Quarter	Unexpended Balance
Generation Hydro	7,696	343	7,353
Generation Thermal	268	12	256
Substations	11,647	2,013	9,634
Transmission	4,745	178	4,567
Distribution	36,842	7,612	29,230
General Property	1,792	138	1,654
Transportation	2,254	584	1,670
Telecommunications	572	4	568
Information Systems	3,603	690	2,913
Unforeseen Items	750	-	750
General Expenses Capital	2,800	1,053	1,747
<b>TOTAL</b>	<b>72,969</b>	<b>12,627</b>	<b>60,342</b>

<b>Leasing Arrangements Entered Into</b>			
Brief description	Period	Annual Cost	Quarterly payments
	There were no lease obligations in excess of \$5,000 annually entered into during the first quarter of 2011.		

<sup>1</sup> Excludes capital expenditures of approximately \$378,000 related to prior years capital projects carried forward into 2011.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended March 31, 2011**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and the same period last year, as well as comparable annual charges for the previous year.
2. The second section breaks down the charges *from* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
3. The third section breaks down the charges *to* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended March 31, 2011**

**Charges from Associated Companies**

	First Quarter 2011	First Quarter 2010	Annual 2010
<u>Regulated Charges</u>			
Trustee & Share Plan Costs	\$ 11,000	\$ 12,000	\$ 45,000
Hotel/Banquet Facilities	5,078	7,310	67,196
Staff Charges	-	-	151,132
Joint-use Pole Purchases	936	1,173	13,512
Miscellaneous	12,027	15,304	41,504
Sub-total	\$ 29,041	\$ 35,787	\$ 318,344
 <u>Non-Regulated Charges</u>	 First Quarter 2011	 First Quarter 2010	 Annual 2010
Directors' Fees & Travel	\$ 52,000	\$ 57,000	\$ 263,000
Annual & Quarterly Reports	24,000	30,000	89,000
Hotel/Banquet Facilities	-	-	2,416
Staff Charges	137,000	65,000	352,000
Miscellaneous	445,265	85,000	697,877
Sub-total	\$ 658,265	\$ 237,000	\$ 1,404,293
 TOTAL	 \$ 687,306	 \$ 272,787	 \$ 1,722,637

**Charges to Associated Companies**

	First Quarter 2011	First Quarter 2010	Annual 2010
Printing & Stationery	\$ 387	\$ 98	\$ 401
Postage	6,704	6,407	20,851
Staff Charges	154,486	203,559	583,381
Staff Charges - Insurance	65,737	64,490	269,604
IS Charges	-	-	21,544
Pole Installations	3,148	3,975	23,976
Miscellaneous	2,027	9,353	36,607
 TOTAL	 \$ 232,489	 \$ 287,882	 \$ 956,364

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended March 31, 2011**

	<u>First Quarter 2011</u>			<u>First Quarter 2010</u>			<u>Annual 2010</u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Directors' Fees & Travel	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ 57,000	\$ 57,000	\$ -	\$ 263,000	\$ 263,000
Annual & Quarterly Reports	-	24,000	24,000	-	30,000	30,000	-	89,000	89,000
Trustee & Share Plan Costs	11,000	-	11,000	12,000	-	12,000	45,000	-	45,000
Staff Charges	-	137,000	137,000	-	65,000	65,000	-	352,000	352,000
Joint-use Pole Purchases	936	-	936	1,173	-	1,173	13,512	-	13,512
Miscellaneous	4,059	445,265	449,324	5,468	85,000	90,468	12,493	697,877	710,370
Total	<u>\$ 15,995</u>	<u>\$ 658,265</u>	<u>\$ 674,260</u>	<u>\$ 18,641</u>	<u>\$ 237,000</u>	<u>\$ 255,641</u>	<u>\$ 71,005</u>	<u>\$ 1,401,877</u>	<u>\$ 1,472,882</u>
<b>Fortis Properties Corporation</b>									
Hotel/Banquet Facilities	\$ 5,078	\$ -	\$ 5,078	\$ 7,310	\$ -	\$ 7,310	\$ 67,196	\$ 2,416	\$ 69,612
Miscellaneous	3,322	-	3,322	3,322	-	3,322	11,814	-	11,814
Total	<u>\$ 8,400</u>	<u>\$ -</u>	<u>\$ 8,400</u>	<u>\$ 10,632</u>	<u>\$ -</u>	<u>\$ 10,632</u>	<u>\$ 79,010</u>	<u>\$ 2,416</u>	<u>\$ 81,426</u>
<b>Maritime Electric Co. Ltd.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,218	\$ -	\$ 86,218
Miscellaneous	3,554	-	3,554	2,914	-	2,914	7,338	-	7,338
Total	<u>\$ 3,554</u>	<u>\$ -</u>	<u>\$ 3,554</u>	<u>\$ 2,914</u>	<u>\$ -</u>	<u>\$ 2,914</u>	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 93,556</u>
<b>FortisAlberta Inc.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,914	\$ -	\$ 64,914
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 1,092	\$ -	\$ 1,092	\$ 3,600	\$ -	\$ 3,600	\$ 9,859	\$ -	\$ 9,859
Total	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ 3,600</u>	<u>\$ -</u>	<u>\$ 3,600</u>	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2011**

	<b>First Quarter 2011</b>	<b>First Quarter 2010</b>	<b>Annual 2010</b>
<b>Fortis Inc.</b>			
Postage	\$ 6,704	\$ 6,407	\$ 20,851
Staff Charges	100,689	171,785	500,948
Staff Charges - Insurance	39,956	44,531	213,164
Pole Installations	3,148	3,975	23,976
Miscellaneous	142	358	8,747
Total	<u>\$ 150,639</u>	<u>\$ 227,056</u>	<u>\$ 767,686</u>
<b>Fortis Properties Corporation</b>			
Printing & Stationery	\$ 387	\$ 98	\$ 401
Staff Charges	-	-	1,247
Staff Charges - Insurance	7,013	8,463	23,303
Miscellaneous	1,017	8,955	9,745
Total	<u>\$ 8,417</u>	<u>\$ 17,516</u>	<u>\$ 34,696</u>
<b>Maritime Electric Co. Ltd.</b>			
Staff Charges	\$ 161	\$ 830	\$ 2,312
Staff Charges - Insurance	733	568	1,346
IS Charges	-	-	3,351
Miscellaneous	-	-	580
Total	<u>\$ 894</u>	<u>\$ 1,398</u>	<u>\$ 7,589</u>
<b>FortisOntario Inc.</b>			
Staff Charges - Insurance	\$ 462	\$ 3,584	\$ 4,417
IS Charges	-	-	4,788
Miscellaneous	-	-	360
Total	<u>\$ 462</u>	<u>\$ 3,584</u>	<u>\$ 9,565</u>
<b>Belize Electric Company Limited</b>			
Staff Charges	\$ -	\$ 7,823	\$ 37,456
Staff Charges - Insurance	162	-	1,134
Total	<u>\$ 162</u>	<u>\$ 7,823</u>	<u>\$ 38,590</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2011**

	<b>First Quarter 2011</b>	<b>First Quarter 2010</b>	<b>Annual 2010</b>
<b>Belize Electricity Limited</b>			
Staff Charges	\$ -	\$ 190	\$ 3,739
Staff Charges - Insurance	1,296	1,296	8,043
Miscellaneous	847	40	5,177
Total	<u>\$ 2,143</u>	<u>\$ 1,526</u>	<u>\$ 16,959</u>
<b>FortisAlberta Inc.</b>			
Staff Charges - Insurance	\$ 1,488	\$ -	\$ 540
Miscellaneous	-	-	2,990
Total	<u>\$ 1,488</u>	<u>\$ -</u>	<u>\$ 3,530</u>
<b>FortisBC Inc.</b>			
Staff Charges - Insurance	\$ 1,296	\$ -	\$ 1,410
IS Charges	-	-	13,405
Miscellaneous	21	-	1,919
Total	<u>\$ 1,317</u>	<u>\$ -</u>	<u>\$ 16,734</u>
<b>FortisBC Holdings Inc.</b>			
Staff Charges	\$ 10,215	\$ -	\$ -
Staff Charges - Insurance	1,728	378	540
Miscellaneous	-	-	6,212
Total	<u>\$ 11,943</u>	<u>\$ 378</u>	<u>\$ 6,752</u>
<b>Caribbean Utilities Co. Limited</b>			
Staff Charges - Insurance	\$ 11,387	\$ 2,268	\$ 7,452
Total	<u>\$ 11,387</u>	<u>\$ 2,268</u>	<u>\$ 7,452</u>
<b>Fortis Turks and Caicos</b>			
Staff Charges	\$ 43,421	\$ 22,931	\$ 37,679
Staff Charges - Insurance	216	3,402	8,255
Miscellaneous	-	-	877
Total	<u>\$ 43,637</u>	<u>\$ 26,333</u>	<u>\$ 46,811</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended March 31, 2011**

No loans or agreements with related companies were entered into during the quarter ending March 31, 2011.



**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Period Ended March 31, 2011**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - First Quarter**

The total number of damage claims received during the first quarter of 2011 was the same as the number of claims received during the same period in 2010. In the quarter an increase in the number of claims reported under Equipment Failure was offset by a decrease in the Power Interruptions and Improper Workmanship categories.

Please note that the number of claims outstanding from the last quarter has been reduced by five as a result of claims being withdrawn by customers. Of these claims, two were originally reported in the St. John's Region under Equipment Failure. The remaining claims were original reported in the Eastern Region with two under Equipment Failure and one under Improper Workmanship. The new total of outstanding claims is 15, down from 20 as reported in the summary for the quarter ending December 2010.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending March 31, 2011**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	-	1	-	\$ -	\$ -	-	\$ -	1	\$ 400
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	8	4	12	6	7,265	4,400	-	-	6	15,550
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	29	5	34	27	25,344	15,117	-	-	7	6,100
Third Party	-	1	1	-	-	-	-	-	1	500
Miscellaneous	8	5	13	7	4,316	2,519	-	-	6	11,550
Total	<u>46</u>	<u>15</u>	<u>61</u>	<u>40</u>	<u>\$ 36,925</u>	<u>\$ 22,036</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 34,100</u>

**For the Quarter Ending March 31, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	2	-	2	-	\$ -	\$ -	1	\$ 1,000	1	\$ 1,000
Power Interruptions	7	-	7	4	472	472	1	600	2	960
Improper Workmanship	11	3	14	7	15,729	8,379	-	-	7	10,550
Weather Related	-	1	1	-	-	-	-	-	1	5,000
Equipment Failure	18	14	32	22	19,195	17,796	-	-	10	28,255
Third Party	2	-	2	-	-	-	-	-	2	1,200
Miscellaneous	6	4	10	6	2,355	1,355	1	500	3	1,890
Total	<u>46</u>	<u>22</u>	<u>68</u>	<u>39</u>	<u>\$ 37,751</u>	<u>\$ 28,002</u>	<u>3</u>	<u>\$ 2,100</u>	<u>26</u>	<u>\$ 48,855</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending March 31, 2011**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	18	7	25	13	\$ 8,170	\$ 4,720	-	\$ -	12	\$ 20,550
Eastern Region <sup>1</sup>	10	3	13	10	15,954	8,284	-	-	3	2,850
Western Region <sup>2</sup>	18	5	23	17	12,801	9,032	-	-	6	10,700
Total	<b>46</b>	<b>15</b>	<b>61</b>	<b>40</b>	<b>\$ 36,925</b>	<b>\$ 22,036</b>	<b>-</b>	<b>\$ -</b>	<b>21</b>	<b>\$ 34,100</b>

**For the Quarter Ending March 31, 2010**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	18	6	24	11	\$ 5,187	\$ 4,587	3	\$ 2,100	10	\$ 21,540
Eastern Region <sup>1</sup>	15	11	26	15	20,467	11,998	-	-	11	21,415
Western Region <sup>2</sup>	13	5	18	13	12,097	11,417	-	-	5	5,900
Total	<b>46</b>	<b>22</b>	<b>68</b>	<b>39</b>	<b>\$ 37,751</b>	<b>\$ 28,002</b>	<b>3</b>	<b>\$ 2,100</b>	<b>26</b>	<b>\$ 48,855</b>

<sup>1</sup> Eastern Region includes Avalon, Burin and Clarenville operating areas.

<sup>2</sup> Western Region includes Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended March 31, 2011**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the first quarter of 2011. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	13	11	24	13	5	6
- Outside Planning Area	32	28	60	19	10	31
	45	39	84	32	15	37
General Service	16	6	22	10	1	11
Total	61	45	106	42	16	48

The table on pages 2 and 3 of the report provide specific information for the 61 CIACs quoted to customers during the period January 1, 2011 to March 31, 2011. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
24-Jan-11	2011-20-102	1,594.00	4,295.00	Yes
28-Jan-11	2011-20-103	2,300.33	7,010.33	Yes
4-Feb-11	2011-10-107	3,270.00	5,820.00	Yes
14-Feb-11	2011-20-107	2,660.00	5,660.00	Yes
14-Feb-11	2011-20-106	2,670.00	5,220.00	Yes
16-Feb-11	2011-10-111	705.00	3,255.00	Yes
22-Feb-11	2011-51-104	2,320.00	4,870.00	Yes
23-Feb-11	2010-10-167	1,380.00	3,930.00	Yes
24-Feb-11	2011-41-104	2,552.50	5,462.50	
8-Mar-11	2011-20-109	1,282.50	4,305.00	Yes
21-Mar-11	2011-20-110	8,790.00	11,340.00	
21-Mar-11	2011-20-112	1,580.00	4,490.00	Yes
25-Mar-11	2011-10-118	3,329.70	5,879.70	
<b>DOMESTIC (outside Residential Planning Area)</b>				
5-Jan-11	2010-30-129	4,331.29	5,081.29	
6-Jan-11	2011-41-100	1,040.60	1,790.60	Yes
10-Jan-11	2010-20-230	8,400.00	9,150.00	Yes
18-Jan-11	2010-30-107	2,340.27	3,090.27	Yes
18-Jan-11	2010-10-168	10,153.00	10,903.00	
21-Jan-11	2011-10-102	2,289.94	3,039.94	Yes
25-Jan-11	2011-20-104	450.00	1,500.00	
26-Jan-11	2011-41-102	2,192.04	2,942.04	Yes
28-Jan-11	2011-50-100	840.00	1,590.00	
28-Jan-11	2011-50-101	6,350.00	7,550.00	
28-Jan-11	2011-40-104	3,318.18	4,068.18	
28-Jan-11	2011-40-100	82,541.25	82,541.25	
28-Jan-11	2011-50-102	2,961.54	3,711.54	Yes
28-Jan-11	2011-40-101	4,382.43	5,132.43	Yes
14-Feb-11	2011-20-105	24,996.25	32,646.25	
17-Feb-11	2011-51-105	44,411.75	48,968.75	
17-Feb-11	2011-51-102	56,800.00	62,050.00	
18-Feb-11	2010-10-169	4,475.00	5,225.00	
18-Feb-11	2011-51-103	28,442.50	38,042.50	
23-Feb-11	2011-10-105	1,260.00	2,010.00	Yes
23-Feb-11	2011-10-106	5,300.00	6,050.00	
24-Feb-11	2011-10-113	1,879.34	2,629.34	Yes
24-Feb-11	2011-20-108	3,773.21	4,523.21	
2-Mar-11	2011-40-105	6,975.63	7,725.63	
15-Mar-11	2011-40-107	4,853.63	5,603.63	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
15-Mar-11	2011-40-108	4,680.00	5,430.00	Yes
17-Mar-11	2011-40-109	16,680.00	19,230.00	
18-Mar-11	2011-10-108	3,000.00	3,750.00	
18-Mar-11	2011-20-111	2,595.10	3,345.10	
22-Mar-11	2011-10-114	5,410.00	6,160.00	Yes
24-Mar-11	2011-10-119	57,828.00	69,978.00	
30-Mar-11	2011-20-113	13,630.00	14,380.00	
<b>GENERAL SERVICE</b>				
5-Jan-11	2010-30-128	191.25	3,827.25	Yes
10-Jan-11	2010-10-173	2,500.00	9,220.00	Yes
10-Jan-11	2010-41-102	3,860.00	11,740.00	Yes
11-Jan-11	2010-10-175	1,402.54	33,917.54	Yes
12-Jan-11	2011-41-101	3,790.00	10,243.00	Yes
17-Jan-11	2011-10-103	8,012.60	18,850.00	Yes
18-Jan-11	2011-31-100	2,934.12	9,609.12	Yes
18-Jan-11	2011-10-100	8,150.00	15,925.00	Yes
26-Jan-11	2011-41-103	4,252.00	10,930.00	Yes
7-Feb-11	2011-10-101	7,915.00	10,915.00	Yes
24-Feb-11	2011-51-101	9,200.00	12,350.00	
8-Mar-11	2011-30-105	622,000.00	755,000.00	
14-Mar-11	2011-10-115	4,092.40	11,065.00	
17-Mar-11	2011-41-106	2,152.00	9,525.00	
22-Mar-11	2011-41-105	2,896.00	6,370.00	
24-Mar-11	2011-10-116	1,808.00	12,540.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
June 30, 2011***





## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**June 30, 2011**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

### Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	9
6. Safety .....	10
7. Environment .....	12
8. Community .....	13
 <b>Financial Statements</b>	
Balance Sheets .....	14
Statements of Earnings .....	15
Statements of Retained Earnings .....	16
Statements of Cashflows .....	17
 <b>Appendices</b>	
A Electricity Statistics .....	18
B Statements of Electricity Sold (GWh) .....	19
C Statements of Revenue .....	20
D Summary of Weather Adjustments .....	21
E Statements of Earnings – Detail .....	22
F Customer and Employee Statistics .....	23
G Service Continuity Performance .....	24

### 1. Highlights

	Highlights			
	2 <sup>nd</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Customer Satisfaction (%)	89	89	90	89
Customer Minutes of Outage <sup>1</sup>	8.7	6.2	6.1	36.9
Electricity Delivery <sup>2</sup>				
Electricity Sales (GWh)	1,268.7	1,224.9	1,220.2	5,480.0
Peak Demand (MW) <sup>3</sup>	1,252.5	1,283.9	1,237.6	1,283.9
Injury Frequency Rate <sup>4</sup>	0.7	1.7	0.7	1.7
Revenue (\$millions)	132.5	126.0	126.2	560.1
Earnings (\$millions) <sup>5</sup>	10.7	9.4	11.0	32.0

- ≈ 2<sup>nd</sup> quarter customer satisfaction was 89%.
- ≈ Electricity sales were higher than plan.
- ≈ 2<sup>nd</sup> quarter customer minutes of outage were higher than plan.
- ≈ 2<sup>nd</sup> quarter earnings were above plan; annual earnings are trending above plan.
- ≈ One medical aid incident recorded in the 2<sup>nd</sup> quarter.

<sup>1</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>2</sup> Weather adjusted.

<sup>3</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

<sup>4</sup> Injuries per 200,000 hours worked.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)					
	Year to Date			Annual	
	Actual 2011	Plan 2011	Actual 2010		Plan 2011
Customer Satisfaction	89	89	89		89
First Call Resolution <sup>1</sup>	89	89	89		89
Service Level <sup>2</sup>	79	80	74		80
Trouble Call Response <sup>3</sup>	82	85	88		85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

### Customer Service Performance

2<sup>nd</sup> quarter customer satisfaction and first call resolution were consistent with plan. Service level for the quarter was below plan bringing the year to date performance to 79% of calls answered in 60 seconds. The volume of customer calls in the 2<sup>nd</sup> quarter was higher than plan due to the postal strike, introduction of the seasonal rate option, as well as energy conservation and technical requests. Trouble call response for the 2<sup>nd</sup> quarter was below plan. This was largely due to poor weather conditions which caused an unusually high volume of individual trouble calls.

### Customer Service Improvements

The Company ramped up its marketing campaign to promote customers' use of ebills during the postal strike. This included contacting customers via phone and email to remind them of the Company's ebill offering. This resulted in an increase in participation in ebills of over 5,000 customers or 14% in the 2<sup>nd</sup> quarter alone. The Company now has over 42,000 customers using ebills.

Customers' use of telephone self-service options increased by 12% in the first half of this year, compared to the same period in 2010, to comprise over 40% of all customer calls. The Company continues to expand the services available through telephone and web self-service, which now include options such as payment arrangements and reporting of streetlight outages. Self-service provides customer convenience while improving the Company's operational efficiency.

### Energy Conservation

During the 1<sup>st</sup> half of 2011, 1,677 Newfoundland Power customers participated in one or more of the takeCHARGE Energy Savers rebate programs. Rebates were \$392,000, up 29% over the 1<sup>st</sup> half of 2010. Energy savings from these participants represent approximately 65% of the Company's annual energy savings target for 2011.

During the 2<sup>nd</sup> quarter, the takeCHARGE team attended approximately 30 events, and gave 10 presentations to customer and partner groups. Some of the events during the quarter included: Canadian Home Builders' Association-Eastern Newfoundland (CHBA-EN) Home Show; Professional Municipal Administrators Annual Convention; Deer Lake Business Showcase; Port aux Basques Business Expo; Grand Falls-Windsor Home Show; Bay Expo in Stephenville; and the Kent Pro Show for contractors.



*Annual Home Show  
Mile One*



*Energy Reduction Strategy Launch*

The City of St. John's announced its Energy Reduction Strategy for new homes on June 23<sup>rd</sup>. The City policy becomes effective September 1<sup>st</sup>, and will require new homes to have insulated basements, Energy Star® windows and electronic thermostats. takeCHARGE and the CHBA-EN participated in the announcement.

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>				
	Year to Date			Annual
	Actual 2011	Plan 2011	Actual 2010 <sup>2</sup>	Plan 2011
Customer Minutes of Outage <sup>3</sup>	22.0	17.2	55.8	36.9
SAIDI (Outage hours per customer)	1.56	1.22	4.01	2.60
SAIFI (Outages per customer)	0.99	0.91	1.14	1.95

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> 2010 system reliability statistics excluding storms are:

- Customer Minutes of Outage 10.3
- SAIDI 0.78
- SAIFI 0.60

<sup>3</sup> In millions of minutes.

Both the number of customer minutes of outage and the number of outages during the 2<sup>nd</sup> quarter were higher than plan. Scheduled outages were higher than plan, largely due to several major rebuilds being carried out earlier than originally planned. Scheduled outage statistics for the remainder of the year are expected to be below plan. Overall unscheduled outages during the quarter were in line with historical trends.

The significant unplanned power interruptions during the 2<sup>nd</sup> quarter included:

- April 1<sup>st</sup>: An unexplained outage on 140L caused an outage to 1,633 customers in the Twillingate area and resulted in 211,874 customer minutes of outage.
- April 2<sup>nd</sup>: Damage caused by a bird nest resulted in an outage to 1,659 customers in the Wesleyville area and resulted in 340,251 customer minutes of outage.
- April 12<sup>th</sup>: A failed insulator caused an outage to 2,674 customers in the Stamps Lane area of St. John's and resulted in 243,966 customer minutes of outage.
- April 16<sup>th</sup>: An underground cable fault caused an outage to 1,089 customers in the James Lane area of St. John's and resulted in 298,386 customer minutes of outage.
- May 28<sup>th</sup>: A broken conductor caused an outage to 2,752 customers in the Shea Heights area of St. John's and resulted in 266,536 customer minutes of outage.

### B. Electricity Supply

	Electricity Supply			
	2 <sup>nd</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Energy Purchased (GWh) <sup>1</sup>	1,210.2	1,163.5	1,160.5	5,375.6
Peak Demand (MW) <sup>1, 2</sup>	1,252.5	1,283.9	1,237.6	1,283.9
Hydro Plant Production (GWh)	147.8	129.6	139.7	422.4
Plant Availability (%)	97.6	96.5	96.7	96.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

Energy purchased during the 2<sup>nd</sup> quarter was 46.7 GWh higher than plan due to higher than expected electricity sales.

During the 2<sup>nd</sup> quarter, hydro plant production was 18.2 GWh higher than plan and 8.1 GWh higher than 2010. The higher production in the 2<sup>nd</sup> quarter primarily reflects higher water inflows, at 146.1 GWh compared to normal of 138.4 GWh.

Hydro plant availability was 97.6% in the 2<sup>nd</sup> quarter compared to a plan of 96.5%. There were 29 forced outages in the second quarter compared to the 43 experienced in the 2<sup>nd</sup> quarter of 2010.

#### 4. Financial Matters

Financial Highlights				
	2 <sup>nd</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Electricity Sales (GWh)	1,268.7	1,224.9	1,220.2	5,480.0
Revenue (\$millions)	132.5	126.0	126.2	560.1
Purchased Power Costs (\$millions)	79.6	75.2	74.6	364.2
Operating Costs (\$millions) <sup>1</sup>	13.3	12.9	12.7	53.3
Operating Cost per Customer (\$)	57	55	53	225
Earnings (\$millions) <sup>2</sup>	10.7	9.4	11.0	32.0

<sup>1</sup> Excluding pension, OPEBs, and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Results

In the 2<sup>nd</sup> quarter of 2011, electricity sales increased by 48.5 GWh or 4.0% over the same quarter last year. During this period, residential energy sales increased due to an increase in both the number of customers and the number of electrically heated homes. Commercial energy sales also increased largely due to an early start to the crab fishery, a rebound in the retail sector, and construction power for the hydromet nickel processing plant in Long Harbour. Revenue and purchased power costs for the 2<sup>nd</sup> quarter of 2011 were higher than plan, primarily as a result of higher than expected sales.

Operating costs for the 2<sup>nd</sup> quarter were higher than plan. This was mainly due to higher operating labour costs, primarily related to training of new employees and the replacement of employees due to illness. As well, professional fees were higher as a result of the Company's consideration of adopting new accounting standards in 2012.

Earnings for the 2<sup>nd</sup> quarter were higher than plan primarily due to increases in electricity sales and other revenue and a lower effective tax rate, partially offset by higher operating expenses.



### Joint Use Support Structure Agreement

On January 1<sup>st</sup>, 2011, the new Joint Use Support Structure regime with Bell Aliant went into effect. The new arrangements with Bell Aliant are subject to certain conditions, including PUB approval of the sale of 40% of the Company's joint use poles. On July 22<sup>nd</sup>, 2011, the PUB issued an order denying the Company's application related to the sale. The Company is currently reviewing the order and its options, including whether to appeal the PUB decision or file further evidence to support the PUB's reconsideration of the proposed sale. Newfoundland Power continues to provide construction and maintenance services for Bell Aliant's support structures throughout 2011.

### Customer Rates

Effective July 1<sup>st</sup>, 2011, there was an overall average increase in customer electricity rates of 7.7%. The increase is primarily as a result of increases in Newfoundland and Labrador Hydro's (Hydro) cost of fuel, which are flowed-through to the Company's customers through the operation of its Rate Stabilization Account ("RSA"). The operation of the RSA also captures other variances in Newfoundland Power's costs such as pension and energy supply costs.

As part of its 2011 Budget, the Government of Newfoundland and Labrador introduced an Energy Rebate. This will result in the 8% provincial portion of the HST on home energy purchases, including electricity, being refunded to residential customers. The details regarding the rebate process and implementation date are expected to be finalized over the summer months for implementation in September or October 2011.

On July 1<sup>st</sup>, 2011 the Optional Seasonal Rate became available to Domestic customers. As of the end of July 2011 approximately 1,650 customers have subscribed to the seasonal rate option.

### Financial Reporting Standards

Due to the continued uncertainty regarding rate-regulated accounting under International Financial Reporting Standards (IFRS), the Company is continuing its evaluation of the possible adoption of US GAAP, as opposed to IFRS, effective January 1<sup>st</sup>, 2012. During the quarter, the Company substantially completed its analysis of differences between US GAAP and Canadian GAAP. The adoption of US GAAP is expected to result in fewer significant changes in the Company's accounting policies as compared to those that may result with the adoption of IFRS.

On June 9, 2011, the Ontario Securities Commission (OSC) granted an exemption which allows Newfoundland Power to prepare its financial statements in accordance with US GAAP without qualifying as a US Securities and Exchange Commission issuer. The exemption is for financial years commencing on or after January 1<sup>st</sup>, 2012, but before January 1<sup>st</sup>, 2015. This exemption is expected to reduce the corporate governance and legal requirements associated with adopting US GAAP.

The Company also requires an amendment of the *Corporations Act* (Newfoundland and Labrador) in order to prepare its financial statements in accordance with US GAAP. The amendment has been requested, and a decision is expected in the 3<sup>rd</sup> quarter of 2011.

### Defined Benefit Pension Plan

Based on a review of Newfoundland Power's defined benefit pension plan asset mix and investment strategy, the Company plans to gradually reduce the Canadian equity concentration from 40% to 30% of total plan assets and to increase the fixed income securities from 40% to 50% over the next five years. The transition timing will be subject to market conditions. The Company commenced execution of this change in investment strategy in 2011, with a 2% shift from Canadian equities to fixed income securities.

### Depreciation

The Company's depreciation of property, plant and equipment is subject to periodic review by external experts. The most recent review, based on capital assets in service as at December 31<sup>st</sup>, 2010, indicates an accumulated depreciation variance of approximately \$17.7 million. The disposition of this variance is expected to increase amortization of capital assets in future years and will be the subject of future PUB consideration.

### Credit Facilities and Ratings

In the 2<sup>nd</sup> quarter, Newfoundland Power extended its \$100 million committed credit facility to August 2015. In addition, the Company negotiated a \$20 million uncommitted demand facility agreement with Scotiabank. The uncommitted facility complements the committed facility by supporting very short-term (i.e. day-to-day) cash flow requirements.

Moody's Investor Service issued a revised credit opinion for Newfoundland Power in July 2011. The revised opinion confirmed the Company's existing investment grade bond rating.

## 5. Capital Program

Capital Expenditures				
	Year to Date			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan <sup>1</sup> 2011
Total (\$000s)	29,376	32,334	33,721	76,349

<sup>1</sup> Plan excludes the \$750,000 allowance for unforeseen items. Plan includes carryover of \$1.4 million for Transmission projects and \$0.9 million for Substation projects. The carryovers were necessary due to additional storm related work undertaken in 2010. The Plan also includes \$1.8 million for Generation projects related to the refurbishment of Port Union and Lawn plants approved in Order No. P. U. 11 (2011). These plants were damaged in Hurricane Igor.

### 2011 Capital Expenditure

Capital expenditures were lower than plan in the 2<sup>nd</sup> quarter primarily due to timing of equipment deliveries and invoicing for 3<sup>rd</sup> party work.

Procurement and construction are underway for most large capital projects. Capital project activity during the 2<sup>nd</sup> quarter included:

- Site work for the Rattling Brook spillway rehabilitation project got underway mid June. Construction is progressing well with first concrete poured by the end of June. The project is scheduled for completion by the end of September.
- The rebuild of transmission lines 23L and 24L on the Southern Shore is progressing, with construction 50% complete on 23L and 90% complete on 24L. The tender has been awarded for the rebuild of 25L (Goulds to St. John's).
- The projects to replace the power transformers at Kelligrews and Pulpit Rock substations are underway. Both transformers are scheduled to be delivered in mid July.
- The project to increase the height of the Sandy Lake spillway has received all provincial and federal environmental approvals and the construction tender has been awarded, with work to start in late July.



*Rattling Brook spillway rehabilitation*

## 6. Safety

Safety Performance				
	Year to Date			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Injury Frequency Rate <sup>1</sup>	2.8	1.7	2.0	1.7

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There was one medical aid injury recorded in the 2<sup>nd</sup> quarter. The injury occurred when a Meter Reader was bitten by a dog. There were no recordable vehicle accidents during the 2<sup>nd</sup> quarter, as compared to three recordable vehicle accidents for the 2<sup>nd</sup> quarter of 2010.

Newfoundland Power's injury frequency rate is trending over plan for 2011. This is principally the result of the poor safety performance in the 1<sup>st</sup> quarter of the year.

### Safety Initiatives

During the 2<sup>nd</sup> quarter, a new safety project was launched within the line operations group. The objective of the project is to ensure work is consistently planned and carried out in adherence with all line operations safety standards and procedures and to promote a strong safety culture aimed at reducing accidents and injuries. A team led by Corporate Safety is working with the Company's operating areas to create specific plans to improve safety performance in each area.

During the quarter, Monday morning safety meetings were initiated for all operations staff. These safety meetings emphasize the importance of working safely and include review of any safety-related incidents from the previous week and discussion of new safety initiatives.

### OH&S Regulation

On May 20<sup>th</sup>, Newfoundland Power requested approval from Government Services, Occupational Health and Safety Division (OHSD) for the Company to adopt the City of St. John's (the "City") Traffic Control Manual as the basis for traffic control procedures. Adoption of the City's traffic control procedures, which are approved by OHSD, is an efficient means for the Company to ensure continued regulatory compliance. On May 27<sup>th</sup>, the Company received an email from OHSD stating that they did not foresee any problems granting approval and that a formal response would follow.

On June 3<sup>rd</sup>, OHSD requested a copy of the accident investigation report for an employee injury that occurred on March 3<sup>rd</sup>. The injury was the result of a Powerline Technician falling from a ladder while inspecting a customer's service. The report was provided and no further action is required.

On June 22<sup>nd</sup>, a Newfoundland Power pole contractor excavating for a pole relocation to accommodate the expansion of Hydro's substation at the Come by Chance oil refinery contacted one of the underground cables supplying the refinery. There were no injuries, but the contact interrupted electrical service to the refinery. OHSD has requested a copy of the accident investigation report.

### Public Safety

During the 2<sup>nd</sup> quarter, there were eight public safety incidents. This is an increase over the 1<sup>st</sup> quarter when there were six incidents. Five of these were low voltage contacts involving trucks or excavators contacting service wires or street light feeds. Three were high voltage contacts which included two tree felling incidents and one excavator contacting a primary line. Public safety incidents are reported to OHSD immediately as well as being recorded by Newfoundland Power. Corrective measures are initiated with the contractors or individuals involved in each incident.

Public safety education efforts were active during the 2<sup>nd</sup> quarter. Approximately 1,100 students representing 13 elementary schools throughout the province attended presentations on electrical safety. 68 volunteer fire fighters attended the Company's Fire Fighting and Electricity seminars. Public safety advertising also continued. Newfoundland Power is currently developing a safety ad that will air on television this fall aimed directly at preventing public electrical contact incidents.

### North American Occupational Safety and Health (NAOSH) Week

NAOSH week was celebrated throughout the Company from May 2<sup>nd</sup> to May 6<sup>th</sup>. Safety related activities included work site inspections, work observations, safety training and safety meetings. Information sessions were held with retired employee Randy Pennell discussing his serious accident and injury in 2001. NAOSH week also included health and wellness activities such as heart healthy breakfasts and snacks, lifestyle/wellness presentations and fitness walks.

### Atlantic Electrical Utilities Safety Professionals (AEUSP) Conference

Newfoundland Power and Hydro co-hosted the AEUSP conference on June 2<sup>nd</sup> and 3<sup>rd</sup> in St. John's. Over 20 attendees, representing 7 utilities, participated in discussions regarding utility safety issues and initiatives.

## 7. Environment

Environment Performance					
	Year to Date			Annual	
	Actual 2011	Plan 2011	Actual 2010		Plan 2011
Number of Spills	38	32	42		65
Reportable PCB Spills <sup>1</sup>	1	2	0		2
Volume of Oil Spills (Litres)	606 <sup>2</sup>	360	344		725

<sup>1</sup> PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

<sup>2</sup> Includes 210 litres of mineral oil spilled as a result of one 3<sup>rd</sup> party incident.

The number of spills to date has decreased compared to the same period in 2010. The number of spills in 2010 was higher due to an ice storm in March 2010 which resulted in damage to a number of distribution transformers on the Bonavista and Avalon Peninsulas. However, the volume of spills in 2011 is higher compared to the same period in 2010. The increase is primarily due to a third party incident that resulted in a spill of 210 litres.

### Sustainable Electricity

On June 30<sup>th</sup>, the Canadian Electricity Association (CEA) released its third *Sustainable Electricity Annual Report*, outlining the environmental, social and economic performance of its member companies in 2010. The 2010 report outlines the steps taken to fulfil the commitment of Newfoundland Power and other CEA utility members to provide reliable, safe, sustainable and cost-effective electricity to Canadians.

### ISO 14001

In the 2<sup>nd</sup> quarter, environmental training was provided to 67 Company employees and 93 contractor employees performing work on behalf of the Company, bringing the total participation year to date to 74 and 127, respectively. This training reinforced the importance for our employees and contractors of performing their duties in an environmentally responsible manner.

Work has begun on production of a video which combines Environment and Health and Safety awareness training for contractors. Training using this video is expected to start later in 2011.



## 8. Community

### EnviroFest 2011

Newfoundland Power partnered with the provincial government for the 14<sup>th</sup> annual *EnviroFest* celebrations. Communities across the island came out in support of the various events which were aimed at increasing environmental awareness across the province. Each of the events was successful in engaging participants and educating them about what it means to be environmentally friendly. Tree planting and beautification projects were held at various locations across the island.

### Fish Friends

Hundreds of students, along with the Company's Environmental Coordinators, released Atlantic salmon fry into Newfoundland's streams during the week of June 14<sup>th</sup> – 16<sup>th</sup>. This marks the Company's 14<sup>th</sup> year as a corporate sponsor of the *Fish Friends* program, having contributed approximately \$80,000 over the years.



*Students Participating in the Fish Friends Program*

### The Power of Life Project

The 2<sup>nd</sup> annual *Power of Life* Kitchen Party took place in St. John's on April 1<sup>st</sup>. The \$5,200 raised during the event was donated to the Dr. H. Bliss Murphy Cancer Care Foundation during the Garden of Hope Radiothon. Newfoundland Power employees also answered the phones during the 15<sup>th</sup> annual Garden of Hope Radiothon April 13<sup>th</sup>. Approximately \$108,000 was raised with all proceeds going towards the development and maintenance of the Dr. H. Bliss Murphy Cancer Care Gardens of Hope in St. John's, Grand Falls-Windsor and Corner Brook.



*Corner Brook Cancer Centre*

On May 30<sup>th</sup>, employees from Corner Brook unveiled an updated waiting room and presented two new blood pressure monitors at the Corner Brook Cancer Centre. A total of \$17,000 was raised by employees for this project through yard sales, tickets sales, and other events.

The 4<sup>th</sup> Annual *Power of Life* Softball Tournament was held on June 10<sup>th</sup> and 11<sup>th</sup> in St. John's. The \$2,000 raised during the event was donated to *The Power of Life Project*. Stephenville employees held their 3<sup>rd</sup> annual golf tournament at Harmon Seaside Links in Stephenville, Saturday, June 4<sup>th</sup>. Approximately \$3,500 was raised for *The Power of Life Project*.

### Learn Not to Burn

At the Annual Convention of the Newfoundland and Labrador Association of Fire Services in June, the Company donated \$15,000 in support of the *Learn Not to Burn Program* for school children across the province.

## FINANCIAL STATEMENTS



**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At June 30**  
**(\$000s)**

	<b>2011</b>	<b>2010 <sup>1</sup></b>
<b>Capital Assets</b>		
Property plant and equipment	1,240,352	1,262,940
Less: accumulated amortization	453,510	460,390
	<u>786,842</u>	<u>802,550</u>
<b>Current Assets</b>		
Accounts receivable	72,915	60,729
Income tax receivable	-	2,696
Materials and supplies	1,092	1,069
Prepaid expenses	787	803
Regulatory assets	14,675	7,906
	<u>89,469</u>	<u>73,203</u>
<b>Accrued Pension</b>	96,633	98,552
<b>Regulatory Assets</b>	177,742	200,838
<b>Assets Held for Sale</b>	44,698	-
<b>Intangible Assets, net of amortization</b>	15,257	15,662
<b>Other Assets</b>	<u>1,541</u>	<u>1,620</u>
<b>Total Assets</b>	<u><b>1,212,182</b></u>	<u><b>1,192,425</b></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	337,697	321,192
Common shareholder's equity	<u>408,018</u>	<u>391,513</u>
Preference shares	9,091	9,111
	<u>417,109</u>	<u>400,624</u>
<b>Current Liabilities</b>		
Bank indebtedness	255	549
Short-term borrowings	89	675
Accounts payable and accrued charges	46,163	41,702
Income tax payable	2,953	-
Current instalments of long-term debt	5,200	5,200
Future income taxes	3,100	653
Regulatory liabilities	1,541	4,556
	<u>59,301</u>	<u>53,335</u>
<b>Future Income Taxes</b>	120,351	122,786
<b>Long-term Debt</b>	493,800	486,646
<b>Other Post Employment Benefits</b>	54,481	49,538
<b>Other Liabilities</b>	4,294	4,027
<b>Regulatory Liabilities</b>	<u>62,846</u>	<u>75,469</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><b>1,212,182</b></u>	<u><b>1,192,425</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>SECOND QUARTER</b>			<b>YEAR TO DATE</b>			<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual <sup>1</sup> 2010</b>	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual <sup>1</sup> 2010</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
Revenue	132,498	126,004	126,199	315,464	306,998	304,473	560,104	554,950
Purchased Power	79,575	75,167	74,616	213,602	209,240	205,804	364,181	358,443
Contribution	52,923	50,837	51,583	101,862	97,758	98,669	195,923	196,507
Operating Expenses	13,252	12,924	12,725	28,034	26,854	26,449	53,291	54,623
Pension and Early Retirement Program Costs	5,169	4,621	2,081	10,293	9,204	4,121	18,407	7,588
Amortization	10,494	10,598	10,779	20,721	20,923	21,175	42,963	43,358
Cost Recovery Deferral	(591)	(600)	-	(1,182)	(1,200)	-	(2,400)	-
Amortization True-Up Deferral	-	-	966	-	-	1,931	-	3,862
Finance Charges	9,036	9,183	8,977	18,060	18,354	17,969	35,705	35,633
Earnings Before Income Taxes	15,563	14,111	16,055	25,936	23,623	27,024	47,957	51,443
Income Taxes	4,771	4,535	4,933	8,022	7,592	8,567	15,413	15,870
Net Earnings	10,792	9,576	11,122	17,914	16,031	18,457	32,544	35,573
Dividends on Preference Shares	142	142	142	284	284	284	568	568
Earnings Applicable to Common Shares	<u><b>10,650</b></u>	<u><b>9,434</b></u>	<u><b>10,980</b></u>	<u><b>17,630</b></u>	<u><b>15,747</b></u>	<u><b>18,173</b></u>	<u><b>31,976</b></u>	<u><b>35,005</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Balance, Beginning of the Period</b>	330,181	310,864
Net Earnings	17,914	18,457
<b>Dividends</b>		
Preference Shares	(284)	(284)
Common Shares	(10,114)	(7,845)
<b>Balance, End of the Period</b>	<u><u><b>337,697</b></u></u>	<u><u><b>321,192</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>2011</b>	<b>2010 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	17,914	18,457
Items not affecting cash:		
Amortization of property, plant and equipment	19,508	19,756
Amortization of intangibles and other	1,361	1,533
Change in regulatory assets and liabilities	3,164	4,229
Future income taxes	(2,449)	(317)
Employee future benefits	3,149	(734)
Change in non-cash working capital	(30,276)	(18,264)
	<u>12,371</u>	<u>24,660</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(29,553)	(35,613)
Intangible asset expenditures	(1,160)	(968)
Contributions from customers	822	890
Other	42	128
	<u>(29,849)</u>	<u>(35,563)</u>
<b>Financing Activities</b>		
Change in short-term borrowings	89	675
Net proceeds from committed credit facility	23,500	12,500
Payment of debt financing costs	(130)	-
Redemption of preference shares	(20)	-
Dividends		
Preference shares	(284)	(284)
Common shares	(10,114)	(7,845)
	<u>13,041</u>	<u>5,046</u>
<b>Decrease in Cash</b>	(4,437)	(5,857)
<b>Cash, Beginning of the Period</b>	<u>4,182</u>	<u>5,308</u>
<b>Cash, End of the Period</b>	<u><u>(255)</u></u>	<u><u>(549)</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended June 30</b>					
	<b><u>SECOND QUARTER</u></b>		<b><u>YEAR TO DATE</u></b>		<b><u>ANNUAL</u></b>
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2010</u></b>
<b>Sales (GWh)</b>					
Actual	1,275.4	1,209.2	3,044.6	2,893.7	5,176.6
Weather adjusted	1,268.7	1,220.2	3,102.5	3,015.4	5,419.0
Plan <sup>1</sup>	1,224.9		3,045.2		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	1,346.4	1,275.9	3,231.0	3,071.1	5,476.6
Weather adjusted	1,339.4	1,287.6	3,292.2	3,199.8	5,732.9
Plan <sup>1</sup>	1,293.1		3,231.8		
<b>Hydro Production (GWh)</b>					
Actual	147.8	139.7	296.1	262.6	462.2

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended June 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>	752.5	723.4	727.9	1,955.2	1,912.7	1,898.1	3,343.7	3,311.2
<b>Commercial</b>								
0-10 kW	22.0	20.8	21.5	51.1	49.3	50.3	90.7	92.5
10-100 kW	155.4	150.7	149.3	365.6	358.5	355.1	654.7	649.3
110-1000 kVA	221.7	214.8	212.3	498.3	490.9	483.9	923.7	910.6
1000 kVA and Over	110.0	108.3	102.4	215.2	217.0	210.9	431.5	419.2
<b>Total Commercial</b>	509.1	494.6	485.5	1,130.2	1,115.7	1,100.2	2,100.6	2,071.6
<b>Street Lighting</b>	7.1	6.9	6.8	17.1	16.8	17.1	35.7	36.2
<b>Total Sales</b>	<u>1,268.7</u>	<u>1,224.9</u>	<u>1,220.2</u>	<u>3,102.5</u>	<u>3,045.2</u>	<u>3,015.4</u>	<u>5,480.0</u>	<u>5,419.0</u>
<b>BY REGION</b>								
St. John's	621.4	599.5	605.7	1,530.3	1,504.9	1,495.0	2,698.2	2,670.3
Eastern <sup>2</sup>	271.6	262.1	257.1	657.5	646.0	635.3	1,161.4	1,146.8
Western <sup>3</sup>	375.7	363.3	357.4	914.7	894.3	885.1	1,620.4	1,601.9
<b>Total Sales</b>	<u>1,268.7</u>	<u>1,224.9</u>	<u>1,220.2</u>	<u>3,102.5</u>	<u>3,045.2</u>	<u>3,015.4</u>	<u>5,480.0</u>	<u>5,419.0</u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

<sup>2</sup> Eastern Region includes the Avalon, Burin and Clarenville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended June 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>	77,025	74,398	74,160	194,859	190,725	187,874	338,853	332,664
<b>Commercial</b>								
0-10 kW	2,975	2,842	2,902	6,728	6,526	6,590	12,229	12,331
10-100 kW	15,836	15,380	15,104	36,354	35,962	35,319	66,611	65,291
110-1000 kVA	18,951	18,310	18,008	42,490	41,929	41,176	79,462	77,976
1000 kVA and Over	7,951	7,892	7,317	15,903	16,168	15,517	32,233	31,037
<b>Total Commercial</b>	45,713	44,424	43,331	101,475	100,585	98,602	190,535	186,635
Street Lighting	3,534	3,421	3,327	6,937	6,839	6,698	13,702	13,540
Forfeited Discounts	688	731	593	1,576	1,669	1,459	2,744	2,494
<b>Revenue From Rates</b>	<b>126,960</b>	<b>122,974</b>	<b>121,411</b>	<b>304,847</b>	<b>299,818</b>	<b>294,633</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	1,967	484	394	3,722	2,150	1,228	4,354	2,213
<b>Amortizations <sup>3</sup></b>								
2010 Pension Expense Variance Deferral	723	291	(160)	1,446	582	(320)	1,161	(640)
OPEBs Deferral	48	-	-	96	-	-	-	-
2005 Unbilled Remaining Balance	-	-	1,155	-	-	2,310	-	4,618
<b>Total Reported Revenue</b>	<b>129,698</b>	<b>123,749</b>	<b>122,800</b>	<b>310,111</b>	<b>302,550</b>	<b>297,851</b>	<b>551,349</b>	<b>541,524</b>
Other Revenue	2,800	2,255	3,399	5,353	4,448	6,622	8,755	13,426
<b>Total Operating Revenue</b>	<b>132,498</b>	<b>126,004</b>	<b>126,199</b>	<b>315,464</b>	<b>306,998</b>	<b>304,473</b>	<b>560,104</b>	<b>554,950</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).



<b>NEWFOUNDLAND POWER INC.</b> <b>SUMMARY OF WEATHER ADJUSTMENTS</b> <b>For The Periods Ended June 30</b> <b>(\$000s)</b>								
	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	127,553	122,974	120,497	299,989	299,818	284,405	545,834	514,888
Degree Day & Wind Adjustment	(593)	-	914	4,858	-	10,228	-	20,445
<b>Weather Adjusted</b>	<b>126,960</b>	<b>122,974</b>	<b>121,411</b>	<b>304,847</b>	<b>299,818</b>	<b>294,633</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	1,967	484	394	3,722	2,150	1,228	4,354	2,213
<b>Amortizations <sup>3</sup></b>								
2010 Pension Expense Variance Deferral	723	291	(160)	1,446	582	(320)	1,161	(640)
OPEBs Deferral	48	-	-	96	-	-	-	-
2005 Unbilled Remaining Balance	-	-	1,155	-	-	2,310	-	4,618
<b>Total Reported Revenue</b>	<b>129,698</b>	<b>123,749</b>	<b>122,800</b>	<b>310,111</b>	<b>302,550</b>	<b>297,851</b>	<b>551,349</b>	<b>541,524</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	77,457	74,642	71,786	202,235	208,190	190,666	362,080	328,363
Degree Day & Wind Adjustment	(623)	-	1,026	5,387	-	11,329	-	22,568
Hydro Equalization Adjustment	1,634	-	1,106	4,348	-	2,610	-	4,506
<b>Purchased Power Weather Adjusted</b>	<b>78,468</b>	<b>74,642</b>	<b>73,918</b>	<b>211,970</b>	<b>208,190</b>	<b>204,605</b>	<b>362,080</b>	<b>355,437</b>
Demand Management Incentive Account <sup>4</sup>	582	-	197	582	-	197	-	994
<b>Amortizations <sup>5</sup></b>								
Rattling Brook Deferral	-	-	150	-	-	300	-	598
PPUCVR Balance at Dec 31, 2006	-	-	(174)	-	-	(348)	-	(688)
Weather Normalization Reserve	525	525	525	1,050	1,050	1,050	2,101	2,102
<b>Total Purchased Power Expense</b>	<b>79,575</b>	<b>75,167</b>	<b>74,616</b>	<b>213,602</b>	<b>209,240</b>	<b>205,804</b>	<b>364,181</b>	<b>358,443</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

(4) Demand Management Incentive Account as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(5) Amortizations as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended June 30**  
**(\$000s)**

	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan 2011	Actual 2010	Actual 2011	Plan 2011	Actual 2010	Plan 2011	Actual 2010
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
Aliant	-	-	1,804	-	-	3,609	-	7,336
CATV	231	228	506	464	456	1,013	912	2,024
Total Joint Use Revenue	231	228	2,310	464	456	4,622	912	9,360
<b>Miscellaneous</b>								
Aliant Pole Sale	1,672	1,090	-	3,222	2,181	-	4,362	-
Customer Jobbing	211	188	154	338	317	236	720	492
Rental Income	-	6	4	7	12	4	25	10
Municipal Tax Liability	-	-	341	-	-	682	-	1,363
Interest - Customer Accounts	273	310	224	541	635	454	1,061	801
Interest - RSA	110	69	14	183	123	40	212	66
Interest - CIAC	23	31	25	47	63	51	125	100
Interest - Other	23	31	25	47	62	52	125	100
Reconnections	29	27	50	41	39	58	87	124
NSF Cheque Charges	8	10	9	16	22	18	40	32
Wheeling Charges	154	135	143	311	285	303	541	591
Miscellaneous	3	70	38	21	144	(12)	290	132
Service Connection Fees	63	60	62	115	109	114	255	255
Total Miscellaneous	2,569	2,027	1,089	4,889	3,992	2,000	7,843	4,066
<b>Total Other Revenue</b>	<b>2,800</b>	<b>2,255</b>	<b>3,399</b>	<b>5,353</b>	<b>4,448</b>	<b>6,622</b>	<b>8,755</b>	<b>13,426</b>
<b>Finance Charges</b>								
Interest on Long-term Debt	8,887	8,886	8,987	17,773	17,772	17,975	35,444	35,850
Interest on Long-term Committed Credit Facility	229	340	78	394	612	129	593	316
Interest on Short-term Uncommitted Demand Facility	10	-	9	10	-	9	-	13
Amortization of Deferred Debt Issue Costs	47	72	47	95	144	95	290	232
Amortization of Capital Stock Issue Expenses	-	-	10	-	-	19	-	38
Interest on Security Deposits	2	-	1	5	-	2	-	5
Credit Facility Costs	28	-	-	53	-	-	-	-
Interest Charged to Construction	(167)	(115)	(155)	(270)	(174)	(260)	(622)	(821)
<b>Total Finance Charges</b>	<b>9,036</b>	<b>9,183</b>	<b>8,977</b>	<b>18,060</b>	<b>18,354</b>	<b>17,969</b>	<b>35,705</b>	<b>35,633</b>

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At June 30</b>				
	<b>SECOND QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Actual 2010</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
<b>Customers</b>	244,907	241,177	245,759	243,426
<b>Employees <sup>1</sup></b>				
Regular	563	573	589	572
Temporary	70	59	58	69
<b>Total</b>	633	632	647	641

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended June 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 #	2010 #	2011 #	2010 #		2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
St. John's	0.29	0.29	2.86	1.94	2.42	0.41	0.33	12.61	1.79	4.79
Avalon	0.23	0.45	1.43	2.32	1.84	0.16	0.39	6.18	7.87	2.37
Burin	1.00	0.16	4.23	3.08	2.46	1.04	0.34	5.62	3.53	3.35
Bonavista	0.52	0.86	3.54	6.08	3.97	1.07	1.56	30.57	33.93	17.72
Gander	1.42	0.54	4.19	3.37	5.09	2.44	0.08	16.69	5.07	10.27
Grand Falls	0.60	0.07	4.93	1.77	1.81	0.75	0.20	4.90	3.36	2.70
Corner Brook	0.21	0.27	1.95	2.59	1.37	0.25	0.35	3.48	2.29	2.76
Stephenville	0.34	0.55	3.48	2.65	2.70	0.29	0.70	8.39	3.38	2.86
<b>Company Totals</b>	<b>0.45</b>	<b>0.36</b>	<b>2.60</b>	<b>2.53</b>	<b>2.45</b>	<b>0.62</b>	<b>0.48</b>	<b>13.84</b>	<b>5.46</b>	<b>5.73</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2011 #	2010 #	2011 #	2010 #	
Loss of Supply (NF Hydro)	0.04	0.02	0.26	0.37	0.38
Transmission	0.12	0.13	0.84	0.86	0.71
Distribution	0.29	0.21	1.50	1.30	1.36
<b>Company Totals</b>	<b>0.45</b>	<b>0.36</b>	<b>2.60</b>	<b>2.53</b>	<b>2.45</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
Loss of Supply (NF Hydro)	0.01	0.04	0.32	0.12	0.19
Transmission	0.46	0.10	5.02	2.11	1.73
Distribution	0.15	0.34	8.50	3.23	3.81
<b>Company Totals</b>	<b>0.62</b>	<b>0.48</b>	<b>13.84</b>	<b>5.46</b>	<b>5.73</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Second Quarter 2011</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.06	0.18	0.23	0.23	0.29	0.41
Avalon	0.01	0.01	0.22	0.15	0.23	0.16
Burin	0.34	0.80	0.66	0.24	1.00	1.04
Bonavista	0.42	0.82	0.10	0.25	0.52	1.07
Gander	1.00	1.51	0.42	0.93	1.42	2.44
Grand Falls	0.42	0.47	0.18	0.28	0.60	0.75
Corner Brook	0.05	0.18	0.16	0.07	0.21	0.25
Stephenville	0.10	0.15	0.24	0.14	0.34	0.29
<b>Company Totals</b>	<b>0.19</b>	<b>0.36</b>	<b>0.26</b>	<b>0.26</b>	<b>0.45</b>	<b>0.62</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended June 30, 2011**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and indicates the portion of the annual capital budget remaining to be expended (difference between annual budget and current quarter actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended June 30, 2011**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 28(2010) and P.U. 11(2011)	Second Quarter	Year To Date	Unexpended Balance
Generation Hydro	9,496	869	1,212	8,284
Generation Thermal	268	18	30	238
Substations	11,647	1,714	3,727	7,920
Transmission	4,745	384	562	4,183
Distribution	36,842	8,658	16,270	20,572
General Property	1,792	493	631	1,161
Transportation	2,254	1,132	1,716	538
Telecommunications	572	27	31	541
Information Systems	3,603	1,172	1,862	1,741
Unforeseen Items	750	-	-	750
General Expenses Capital	2,800	983	2,036	764
<b>TOTAL</b>	<b>74,769</b>	<b>15,450</b>	<b>28,077</b>	<b>46,692</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations entered into during the second quarter of 2011 that exceed \$5,000 annually.		

<sup>1</sup> Excludes capital expenditures of approximately \$1,299,000 related to prior years capital projects carried forward into 2011.



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended June 30, 2011**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended June 30, 2011**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Second Quarter 2011</u>	<u>Second Quarter 2010</u>	<u>Year To Date 2011</u>	<u>Year To Date 2010</u>	<u>Annual 2010</u>
Trustee & Share Plan Costs	\$ 11,000	\$ 12,000	\$ 22,000	\$ 24,000	\$ 45,000
Hotel/Banquet Facilities	3,742	4,358	8,820	11,668	67,196
Staff Charges	-	46,199	-	46,199	151,132
Joint-use Pole Purchases	10,583	2,757	11,519	3,930	13,512
Miscellaneous	6,699	13,704	18,726	29,008	41,504
Sub-total	<u>\$ 32,024</u>	<u>\$ 79,018</u>	<u>\$ 61,065</u>	<u>\$ 114,805</u>	<u>\$ 318,344</u>
 <u>Non-Regulated Charges</u>	 <u>Second Quarter 2011</u>	 <u>Second Quarter 2010</u>	 <u>Year To Date 2011</u>	 <u>Year To Date 2010</u>	 <u>Annual 2010</u>
Directors' Fees & Travel	\$ 52,000	\$ 57,000	\$ 104,000	\$ 114,000	\$ 263,000
Annual & Quarterly Reports	24,000	30,000	48,000	60,000	89,000
Hotel/Banquet Facilities	-	2,416	-	2,416	2,416
Staff Charges	137,000	65,000	274,000	130,000	352,000
Miscellaneous	69,000	488,877	514,265	573,877	697,877
Sub-total	<u>\$ 282,000</u>	<u>\$ 643,293</u>	<u>\$ 940,265</u>	<u>\$ 880,293</u>	<u>\$ 1,404,293</u>
 TOTAL	 <u><u>\$ 314,024</u></u>	 <u><u>\$ 722,311</u></u>	 <u><u>\$ 1,001,330</u></u>	 <u><u>\$ 995,098</u></u>	 <u><u>\$ 1,722,637</u></u>

**Charges to Associated Companies**

	<u>Second Quarter 2011</u>	<u>Second Quarter 2010</u>	<u>Year To Date 2011</u>	<u>Year To Date 2010</u>	<u>Annual 2010</u>
Printing & Stationery	\$ 72	\$ 73	\$ 459	\$ 171	\$ 401
Postage	4,678	5,233	11,382	11,640	20,851
Staff Charges	138,140	207,553	292,626	411,112	583,381
Staff Charges - Insurance	85,352	75,893	151,089	140,383	269,604
IS Charges	-	-	-	-	21,544
Pole Installations	9,555	13,828	12,703	17,803	23,976
Miscellaneous	3,147	1,167	5,174	10,520	36,607
TOTAL	<u><u>\$ 240,944</u></u>	<u><u>\$ 303,747</u></u>	<u><u>\$ 473,433</u></u>	<u><u>\$ 591,629</u></u>	<u><u>\$ 956,364</u></u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2011**

	<u><b>Second Quarter 2011</b></u>			<u><b>Second Quarter 2010</b></u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ 57,000	\$ 57,000
Annual & Quarterly Reports	-	24,000	24,000	-	30,000	30,000
Trustee & Share Plan Costs	11,000	-	11,000	12,000	-	12,000
Staff Charges	-	137,000	137,000	-	65,000	65,000
Joint-use Pole Purchases	10,583	-	10,583	2,757	-	2,757
Miscellaneous	444	69,000	69,444	2,396	488,877	491,273
Total	<u>\$ 22,027</u>	<u>\$ 282,000</u>	<u>\$ 304,027</u>	<u>\$ 17,153</u>	<u>\$ 640,877</u>	<u>\$ 658,030</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 3,742	\$ -	\$ 3,742	\$ 4,358	\$ 2,416	\$ 6,774
Miscellaneous	4,119	-	4,119	8,492	-	8,492
Total	<u>\$ 7,861</u>	<u>\$ -</u>	<u>\$ 7,861</u>	<u>\$ 12,850</u>	<u>\$ 2,416</u>	<u>\$ 15,266</u>
<b>Maritime Electric Co. Ltd.</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ 46,199	\$ -	\$ 46,199
Miscellaneous	2,136	-	2,136	-	-	-
Total	<u>\$ 2,136</u>	<u>\$ -</u>	<u>\$ 2,136</u>	<u>\$ 46,199</u>	<u>\$ -</u>	<u>\$ 46,199</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ 2,816	\$ -	\$ 2,816
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,816</u>	<u>\$ -</u>	<u>\$ 2,816</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2011**

	<u>Year To Date 2011</u>			<u>Year To Date 2010</u>			<u>Annual 2010</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 104,000	\$ 104,000	\$ -	\$ 114,000	\$ 114,000	\$ -	\$ 263,000	\$ 263,000
Annual & Quarterly Reports	-	48,000	48,000	-	60,000	60,000	-	89,000	89,000
Trustee & Share Plan Costs	22,000	-	22,000	24,000	-	24,000	45,000	-	45,000
Staff Charges	-	274,000	274,000	-	130,000	130,000	-	352,000	352,000
Joint-use Pole Purchases	11,519	-	11,519	3,930	-	3,930	13,512	-	13,512
Miscellaneous	4,503	514,265	518,768	7,864	573,877	581,741	12,493	697,877	710,370
Total	<u>\$ 38,022</u>	<u>\$ 940,265</u>	<u>\$ 978,287</u>	<u>\$ 35,794</u>	<u>\$ 877,877</u>	<u>\$ 913,671</u>	<u>\$ 71,005</u>	<u>\$ 1,401,877</u>	<u>\$ 1,472,882</u>
<b>Fortis Properties Corporation</b>									
Hotel/Banquet Facilities	\$ 8,820	\$ -	\$ 8,820	\$ 11,668	\$ 2,416	\$ 14,084	\$ 67,196	\$ 2,416	\$ 69,612
Miscellaneous	7,441	-	7,441	11,814	-	11,814	11,814	-	11,814
Total	<u>\$ 16,261</u>	<u>\$ -</u>	<u>\$ 16,261</u>	<u>\$ 23,482</u>	<u>\$ 2,416</u>	<u>\$ 25,898</u>	<u>\$ 79,010</u>	<u>\$ 2,416</u>	<u>\$ 81,426</u>
<b>Maritime Electric Co. Ltd.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ 46,199	\$ -	\$ 46,199	\$ 86,218	\$ -	\$ 86,218
Miscellaneous	5,690	-	5,690	2,914	-	2,914	7,338	-	7,338
Total	<u>\$ 5,690</u>	<u>\$ -</u>	<u>\$ 5,690</u>	<u>\$ 49,113</u>	<u>\$ -</u>	<u>\$ 49,113</u>	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 93,556</u>
<b>FortisAlberta Inc.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,914	\$ -	\$ 64,914
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 1,092	\$ -	\$ 1,092	\$ 6,416	\$ -	\$ 6,416	\$ 9,859	\$ -	\$ 9,859
Total	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ 6,416</u>	<u>\$ -</u>	<u>\$ 6,416</u>	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2011**

	<b>Second Quarter 2011</b>	<b>Second Quarter 2010</b>	<b>Year To Date 2011</b>	<b>Year To Date 2010</b>	<b>Annual 2010</b>
<b>Fortis Inc.</b>					
Postage	\$ 4,678	\$ 5,233	\$ 11,382	\$ 11,640	\$ 20,851
Staff Charges	78,686	192,391	179,375	364,176	500,948
Staff Charges - Insurance	70,285	69,725	110,241	114,256	213,164
Pole Installations	9,555	13,828	12,703	17,803	23,976
Miscellaneous	2,743	1,167	2,885	1,525	8,747
Total	<u>\$ 165,947</u>	<u>\$ 282,344</u>	<u>\$ 316,586</u>	<u>\$ 509,400</u>	<u>\$ 767,686</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 72	\$ 73	\$ 459	\$ 171	\$ 401
Staff Charges	-	1,247	-	1,247	1,247
Staff Charges - Insurance	9,690	3,893	16,703	12,356	23,303
Miscellaneous	-	-	1,017	8,955	9,745
Total	<u>\$ 9,762</u>	<u>\$ 5,213</u>	<u>\$ 18,179</u>	<u>\$ 22,729</u>	<u>\$ 34,696</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ 149	\$ 913	\$ 310	\$ 1,743	\$ 2,312
Staff Charges - Insurance	207	270	940	838	1,346
IS Charges	-	-	-	-	3,351
Miscellaneous	-	-	-	-	580
Total	<u>\$ 356</u>	<u>\$ 1,183</u>	<u>\$ 1,250</u>	<u>\$ 2,581</u>	<u>\$ 7,589</u>
<b>FortisOntario Inc.</b>					
Staff Charges	\$ 2,088	\$ -	\$ 2,088	\$ -	\$ -
Staff Charges - Insurance	103	27	565	3,611	4,417
IS Charges	-	-	-	-	4,788
Miscellaneous	-	-	-	-	360
Total	<u>\$ 2,191</u>	<u>\$ 27</u>	<u>\$ 2,653</u>	<u>\$ 3,611</u>	<u>\$ 9,565</u>
<b>Fortis US Energy Corporation</b>					
Staff Charges - Insurance	\$ 1,199	\$ -	\$ 1,199	\$ -	\$ -
Total	<u>\$ 1,199</u>	<u>\$ -</u>	<u>\$ 1,199</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Belize Electric Company Limited</b>					
Staff Charges	\$ -	\$ 8,836	\$ -	\$ 16,659	\$ 37,456
Staff Charges - Insurance	-	-	162	-	1,134
Total	<u>\$ -</u>	<u>\$ 8,836</u>	<u>\$ 162</u>	<u>\$ 16,659</u>	<u>\$ 38,590</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2011**

	<b>Second Quarter 2011</b>	<b>Second Quarter 2010</b>	<b>Year To Date 2011</b>	<b>Year To Date 2010</b>	<b>Annual 2010</b>
<b>Belize Electricity Limited</b>					
Staff Charges	\$ -	\$ 1,750	\$ -	\$ 1,940	\$ 3,739
Staff Charges - Insurance	-	594	1,296	1,890	8,043
Miscellaneous	329	-	1,176	40	5,177
Total	<u>\$ 329</u>	<u>\$ 2,344</u>	<u>\$ 2,472</u>	<u>\$ 3,870</u>	<u>\$ 16,959</u>
<b>FortisAlberta Inc.</b>					
Staff Charges	\$ 9,146	\$ -	\$ 9,146	\$ -	\$ -
Staff Charges - Insurance	905	378	2,393	378	540
Miscellaneous	-	-	-	-	2,990
Total	<u>\$ 10,051</u>	<u>\$ 378</u>	<u>\$ 11,539</u>	<u>\$ 378</u>	<u>\$ 3,530</u>
<b>FortisBC Inc.</b>					
Staff Charges - Insurance	\$ 1,952	\$ 844	\$ 3,248	\$ 844	\$ 1,410
IS Charges	-	-	-	-	13,405
Miscellaneous	-	-	21	-	1,919
Total	<u>\$ 1,952</u>	<u>\$ 844</u>	<u>\$ 3,269</u>	<u>\$ 844</u>	<u>\$ 16,734</u>
<b>FortisBC Holdings Inc.</b>					
Staff Charges	\$ -	\$ -	\$ 10,215	\$ -	\$ -
Staff Charges - Insurance	715	-	2,443	378	540
Miscellaneous	-	-	-	-	6,212
Total	<u>\$ 715</u>	<u>\$ -</u>	<u>\$ 12,658</u>	<u>\$ 378</u>	<u>\$ 6,752</u>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges - Insurance	\$ (460)	\$ -	\$ 10,927	\$ 2,268	\$ 7,452
Total	<u>\$ (460)</u>	<u>\$ -</u>	<u>\$ 10,927</u>	<u>\$ 2,268</u>	<u>\$ 7,452</u>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 48,071	\$ 2,416	\$ 91,492	\$ 25,347	\$ 37,679
Staff Charges - Insurance	756	162	972	3,564	8,255
Miscellaneous	75	-	75	-	877
Total	<u>\$ 48,902</u>	<u>\$ 2,578</u>	<u>\$ 92,539</u>	<u>\$ 28,911</u>	<u>\$ 46,811</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended June 30, 2011**

No loans or agreements with related companies were entered into during the quarter ending June 30, 2011.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Period Ended June 30, 2011**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Second Quarter**

The total number of damage claims received during the second quarter of 2011 has increased in comparison to the number of claims received during the same period in 2010. The increase is primarily found in the Equipment Failure and Miscellaneous categories.

Please note that the number of claims outstanding from the last quarter has been reduced by two as a result of claims being withdrawn by customers. One claim was originally reported in the Third Party category in St. John's Region while second claim was reported in Equipment Failure category in the Western Region. The new total of outstanding claims is 19, down from 21 as reported in the summary for the quarter ending March 2011.



**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending June 30, 2011**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	1	\$ 221	\$ 150	-	\$ -	1	\$ 400
Power Interruptions	1	-	1	1	300	300	-	-	-	-
Improper Workmanship	5	6	11	3	5,745	5,745	-	-	8	20,500
Weather Related	1	-	1	-	3,837	-	1	3,837	-	-
Equipment Failure	24	6	30	22	16,395	13,023	-	-	8	8,049
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	16	6	22	16	13,343	8,175	-	-	6	7,185
Total	<u>48</u>	<u>19</u>	<u>67</u>	<u>43</u>	<u>\$ 39,841</u>	<u>\$ 27,393</u>	<u>1</u>	<u>\$ 3,837</u>	<u>23</u>	<u>\$ 36,134</u>

**For the Quarter Ending June 30, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	-	\$ -	\$ -	-	\$ -	2	\$ 1,700
Power Interruptions	-	2	2	2	959	959	-	-	-	-
Improper Workmanship	8	7	15	10	11,774	4,292	-	-	5	9,250
Weather Related	-	1	1	-	-	-	-	-	1	5,000
Equipment Failure	20	9	29	15	25,458	19,406	-	-	14	18,450
Third Party	-	2	2	1	630	630	-	-	1	500
Miscellaneous	13	3	16	12	4,873	4,321	-	-	4	2,150
Total	<u>42</u>	<u>25</u>	<u>67</u>	<u>40</u>	<u>\$ 43,694</u>	<u>\$ 29,608</u>	<u>-</u>	<u>\$ -</u>	<u>27</u>	<u>\$ 37,050</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending June 30, 2011**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	16	11	27	12	\$ 9,130	\$ 4,409	1	\$ 3,837	14	\$ 21,834
Eastern Region <sup>1</sup>	11	3	14	11	5,575	4,592	-	-	3	5,200
Western Region <sup>2</sup>	21	5	26	20	25,136	18,392	-	-	6	9,100
Total	48	19	67	43	\$ 39,841	\$ 27,393	1	\$ 3,837	23	\$ 36,134

**For the Quarter Ending June 30, 2010**

Region	For the Quarters Ending June 30, 2024									
	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	11	10	21	8	\$ 16,753	\$ 15,993	-	\$ -	13	\$ 19,100
Eastern Region <sup>1</sup>	13	10	23	17	18,465	6,964	-	-	6	9,200
Western Region <sup>2</sup>	18	5	23	15	8,476	6,651	-	-	8	8,750
Total	<u>42</u>	<u>25</u>	<u>67</u>	<u>40</u>	<u>\$ 43,694</u>	<u>\$ 29,608</u>	<u>-</u>	<u>\$ -</u>	<u>27</u>	<u>\$ 37,050</u>

<sup>1</sup> Eastern Region includes Avalon, Burin and Clarenville operating areas

<sup>2</sup> Western Region includes Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended June 30, 2011**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the second quarter of 2011. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	28	6	34	13	3	18
- Outside Planning Area	79	31	110	45	7	58
	107	37	144	58	10	76
General Service	14	11	25	7	4	14
Total	121	48	169	65	14	90

The table on pages 2 to 4 of the report provides specific information for the 121 CIACs quoted to customers during the period April 1, 2011 to June 30, 2011. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
6-Apr-11	2011-40-110	11,750.00	14,300.00	
7-Apr-11	2011-20-117	980.00	3,830.00	Yes
11-Apr-11	2011-20-120	2,592.00	5,442.00	Yes
13-Apr-11	2011-20-121	500.00	3,622.50	Yes
3-May-11	2011-20-136	3,650.00	6,200.00	Yes
6-May-11	2011-20-137	1,339.00	3,805.00	Yes
11-May-11	2011-41-108	3,419.00	5,969.00	
17-May-11	2011-41-109	915.00	4,090.00	Yes
19-May-11	2011-50-108	200.00	3,230.00	
19-May-11	2011-51-111	7,600.00	10,150.00	
31-May-11	2011-20-154	1,020.00	3,570.00	Yes
31-May-11	2011-51-107	7,520.00	15,170.00	Yes
1-Jun-11	2011-10-124	1,590.00	4,740.00	Yes
1-Jun-11	2011-10-125	480.00	3,030.00	
1-Jun-11	2011-51-106	3,800.00	6,350.00	
3-Jun-11	2011-31-102	960.00	3,510.00	Yes
8-Jun-11	2011-20-158	2,390.00	4,940.00	
10-Jun-11	2011-20-166	2,880.00	5,430.00	
10-Jun-11	2011-20-167	505.00	3,055.00	
10-Jun-11	2011-20-168	1,705.00	4,255.00	
14-Jun-11	2011-10-130	3,720.00	6,270.00	
16-Jun-11	2011-50-116	1,220.00	3,770.00	
18-Jun-11	2011-10-127	2,970.00	5,970.00	
18-Jun-11	2011-10-131	3,630.00	6,180.00	
23-Jun-11	2011-10-133	10,850.00	13,400.00	
24-Jun-11	2011-10-132	7,619.00	10,169.00	
24-Jun-11	2011-10-134	270.00	3,060.00	
28-Jun-11	2011-51-119	2,990.00	5,840.00	
<b>DOMESTIC (outside Residential Planning Area)</b>				
7-Apr-11	2011-20-114	2,595.10	3,345.10	Yes
7-Apr-11	2011-20-116	2,207.42	2,957.42	Yes
8-Apr-11	2011-31-101	151,378.00	166,078.00	
11-Apr-11	2011-40-111	26,250.00	28,800.00	
13-Apr-11	2011-20-123	2,595.10	3,345.10	Yes
20-Apr-11	2011-20-124	3,014.30	3,764.30	Yes
25-Apr-11	2011-20-122	1,740.00	2,490.00	Yes
25-Apr-11	2011-20-125	1,260.00	2,010.00	Yes
27-Apr-11	2011-20-127	2,207.42	2,957.42	Yes
27-Apr-11	2011-20-128	2,207.42	2,957.42	Yes
28-Apr-11	2011-51-109	1,725.00	2,475.00	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
2-May-11	2011-20-129	3,014.30	3,764.30	Yes
2-May-11	2011-20-130	2,426.00	3,176.00	Yes
2-May-11	2011-20-131	3,014.30	3,764.30	
2-May-11	2011-20-132	2,595.10	3,345.10	Yes
3-May-11	2011-20-133	2,207.42	2,957.42	Yes
3-May-11	2011-20-134	2,207.42	2,957.42	Yes
5-May-11	2011-50-105	2,961.54	3,711.54	
5-May-11	2011-50-106	2,961.54	3,711.54	
10-May-11	2011-20-138	8,440.00	9,190.00	
12-May-11	2011-20-139	6,728.75	7,478.75	Yes
17-May-11	2011-41-110	8,436.53	9,186.53	
19-May-11	2011-20-142	2,207.42	2,957.42	
19-May-11	2011-20-143	2,595.10	3,345.10	Yes
19-May-11	2011-20-144	3,014.30	3,764.30	Yes
19-May-11	2011-20-145	5,514.20	6,264.20	
19-May-11	2011-20-146	3,014.30	3,764.30	Yes
24-May-11	2011-10-121	2,108.83	2,858.83	
25-May-11	2011-10-123	44,480.00	64,580.00	
25-May-11	2011-50-110	3,980.00	4,730.00	
25-May-11	2011-50-111	1,440.00	2,190.00	Yes
27-May-11	2011-10-108	3,000.00	3,750.00	Yes
27-May-11	2010-10-126	2,108.83	2,858.83	
27-May-11	2011-20-148	3,773.21	4,523.21	
27-May-11	2011-20-149	2,207.42	2,957.20	Yes
27-May-11	2011-20-150	2,595.10	3,345.10	
27-May-11	2011-20-151	3,157.00	3,907.00	
27-May-11	2011-30-106	4,331.29	5,081.29	
27-May-11	2011-30-107	4,331.29	5,081.29	Yes
27-May-11	2011-30-108	4,331.29	5,081.29	Yes
31-May-11	2011-20-147	867.92	1,617.92	
31-May-11	2011-20-152	5,300.00	6,050.00	Yes
31-May-11	2011-20-153	510.00	1,560.00	
2-Jun-11	2011-20-155	2,207.42	2,957.42	
2-Jun-11	2011-20-156	3,014.30	3,764.30	
2-Jun-11	2011-20-157	3,545.06	4,295.06	
2-Jun-11	2011-51-112	1,725.00	2,475.00	
3-Jun-11	2011-20-159	2,430.00	7,530.00	
6-Jun-11	2011-51-113	2,610.00	3,360.00	
6-Jun-11	2011-51-114	1,725.00	2,475.00	Yes
8-Jun-11	2011-20-160	5,514.20	6,264.20	
8-Jun-11	2011-20-161	810.00	1,560.00	
8-Jun-11	2011-20-162	3,014.30	3,764.30	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
8-Jun-11	2011-20-163	3,773.21	4,523.21	
8-Jun-11	2011-20-164	3,014.30	3,764.30	
8-Jun-11	2011-30-101	4,331.29	5,081.29	Yes
8-Jun-11	2011-30-102	4,331.29	5,081.29	
8-Jun-11	2011-30-110	4,331.29	5,081.29	Yes
9-Jun-11	2011-51-115	1,421.01	2,171.01	Yes
13-Jun-11	2011-50-115	2,961.54	3,711.54	
15-Jun-11	2011-20-165	450.00	1,200.00	
15-Jun-11	2011-41-111	59,142.00	67,392.00	
16-Jun-11	2011-50-103	3,440.00	4,190.00	
16-Jun-11	2011-50-117	13,162.00	16,162.00	
16-Jun-11	2011-50-118	2,310.00	3,060.00	Yes
16-Jun-11	2011-51-116	2,370.21	3,120.21	
17-Jun-11	2011-30-109	4,331.29	5,081.29	
17-Jun-11	2011-30-112	21,050.00	24,050.00	
17-Jun-11	2011-31-103	9,116.68	11,066.68	
17-Jun-11	2011-41-112	5,435.86	6,185.86	Yes
21-Jun-11	2011-10-135	600.00	1,350.00	Yes
22-Jun-11	2011-20-115	14,820.00	15,270.00	
24-Jun-11	2011-20-169	2,595.10	3,345.10	
28-Jun-11	2011-20-170	1,035.00	1,785.00	
28-Jun-11	2011-20-171	3,014.30	3,764.30	
28-Jun-11	2011-51-117	2,370.00	3,420.00	
29-Jun-11	2011-40-117	3,511.68	4,261.68	
30-Jun-11	2011-20-172	2,207.42	2,957.42	
30-Jun-11	2011-20-173	2,207.42	2,957.42	
<b>GENERAL SERVICE</b>				
15-Apr-11	2011-41-107	575,360.00	582,285.00	
25-Apr-11	2011-40-112	4,318.00	11,640.00	
28-Apr-11	2011-51-108	5,208.08	8,213.08	Yes
2-May-11	2011-20-126	15,650.00	18,200.00	
3-May-11	2011-20-135	7,020.00	17,820.00	Yes
13-May-11	2011-51-110	6,970.00	9,520.00	
3-Jun-11	2011-50-112	3,505.00	20,455.00	Yes
15-Jun-11	2011-10-129	4,535.00	10,965.00	
16-Jun-11	2011-50-114	12,253.00	21,905.00	
18-Jun-11	2011-10-128	1,500.00	3,150.00	
22-Jun-11	2011-20-140	45,190.00	47,740.00	
22-Jun-11	2011-30-100	32,876.20	43,392.20	
22-Jun-11	2011-30-111	3,920.00	9,535.00	
24-Jun-11	2011-40-115	2,600.00	9,480.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
September 30, 2011***





## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**September 30, 2011**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	9
6. Safety .....	10
7. Environment .....	12
8. Community .....	13
 <b>Financial Statements</b>	
Balance Sheets .....	14
Statements of Earnings .....	15
Statements of Retained Earnings .....	16
Statements of Cashflows .....	17
 <b>Appendices</b>	
A Electricity Statistics .....	18
B Statements of Electricity Sold (GWh) .....	19
C Statements of Revenue .....	20
D Summary of Weather Adjustments .....	21
E Statements of Earnings – Detail .....	22
F Customer and Employee Statistics .....	23
G Service Continuity Performance .....	24

### 1. Highlights

	Highlights			
	3 <sup>rd</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Injury Frequency Rate <sup>1</sup>	1.5	1.7	2.2	1.7
Customer Satisfaction (%)	89	89	89	89
Customer Minutes of Outage <sup>2</sup>	8.2	8.1	126.2	36.9
Electricity Delivery <sup>3</sup>				
Electricity Sales (GWh)	923.7	915.3	915.4	5,480.0
Peak Demand (MW) <sup>4</sup>	1,252.5	1,283.9	1,237.6	1,283.9
Revenue (\$millions)	101.2	98.0	99.0	560.1
Earnings (\$millions) <sup>5</sup>	8.0	7.5	7.6	32.0

- ≈ 2 medical aid incidents recorded in the 3<sup>rd</sup> quarter.
- ≈ 3<sup>rd</sup> quarter customer satisfaction was 89%.
- ≈ 3<sup>rd</sup> quarter customer minutes of outage were slightly higher than plan.
- ≈ Electricity sales and revenue were higher than plan.
- ≈ 3<sup>rd</sup> quarter earnings were above plan.

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> In millions of minutes, excluding Hydro related interruptions. The 2010 results were impacted by Hurricane Igor.

<sup>3</sup> Weather adjusted.

<sup>4</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)					
	Year to Date			Annual	
	Actual 2011	Plan 2011	Actual 2010		Plan 2011
Customer Satisfaction	89	89	89		89
First Call Resolution <sup>1</sup>	88	89	88		89
Service Level <sup>2</sup>	79	80	75		80
Trouble Call Response <sup>3</sup>	82	85	49		85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours. The 2010 results were impacted by Hurricane Igor.

### Customer Service Performance

3<sup>rd</sup> quarter customer satisfaction remains consistent with plan. First call resolution for the 3<sup>rd</sup> quarter, although below plan, is consistent with prior years for the same quarter. Newly trained summer hires combined with higher seasonal call volume contribute to the lower result. Service level for the 3<sup>rd</sup> quarter remains consistent with the 2<sup>nd</sup> quarter result.

### Customer Service Improvements

The Company is piloting an initiative that uses contact centre phone technology to reassign agents on an as-needed basis to answer incoming customer calls. When not required for incoming calls, agents continue to work on other off-phone customer related work, such as email responses.

A total of 11 meter reading routes have been eliminated in the Paradise, Conception Bay South and St. Mary's Bay areas as a result of the installation of Automatic Meter Reading (AMR) meters. The installation of AMR makes the monthly meter reading process more efficient and enables the utilization of Meter Readers for other work such as meter change outs.

The Company continues to promote customers' use of ebills. Approximately 2,000 customers signed up in the 3<sup>rd</sup> quarter, for a total of 44,000 participants or 18% of all customers.

### Energy Conservation

During the 3<sup>rd</sup> quarter, 671 Newfoundland Power customers participated in one or more of the takeCHARGE Energy Saver programs, bringing the total for the year to 2,348. Energy savings from these participants represent approximately 85% of the Company's energy savings target for 2011.

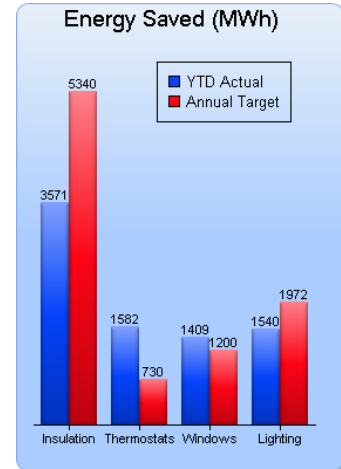
The takeCHARGE team was busy with customer outreach in the quarter. Some of the events included the *East meets West meets North Expo* in Placentia and Corner Brook, the *17<sup>th</sup> Annual Trade and Craft Show* in Lewisporte and presentations to various groups such as realtors and employees of Kent Building Supplies.



*takeCHARGE Battle of the Energy Saver\$ Contest*

In the 3<sup>rd</sup> quarter, the Company launched the takeCHARGE "Battle of the Energy Saver\$" contest on Facebook. The takeCHARGE fan page received an additional 500 "likes", bringing the total number to approximately 1,700. To enhance employee engagement and promote social media awareness, an employee contest similar to the Facebook contest for customers was also launched.

takeCHARGE also participated in the Building Owners and Managers Association's national conference in St. John's in September. Over 350 delegates attended the 3 day conference, and enjoyed educational sessions focusing on energy management.



### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>				
	Year to Date			Annual
	Actual 2011	Plan 2011	Actual <sup>2</sup> 2010	Plan 2011
<b>Customer Minutes of Outage <sup>3</sup></b>	30.2	25.3	182.0	36.9
<b>SAIDI (Outage hours per customer)</b>	2.13	1.79	13.03	2.60
<b>SAIFI (Outages per customer)</b>	1.35	1.34	2.23	1.95

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> 2010 system reliability statistics excluding Hurricane Igor and the March Ice Storm are:

- Customer Minutes of Outage 24.3
- SAIDI 1.80
- SAIFI 1.06

<sup>3</sup> In millions of minutes.

The total number of outages during the 3<sup>rd</sup> quarter was below plan. However, the number of customer minutes of outage to date was higher than plan due to several large unplanned outages.

The significant unplanned power interruptions during the 3<sup>rd</sup> quarter included:

- July 10<sup>th</sup>: High winds and fallen trees caused an outage to 1,706 customers in the Cromer Avenue area of Grand Falls – Windsor and resulted in 300,622 customer minutes of outage.
- July 19<sup>th</sup>: Difficulties restoring service following a scheduled substation outage caused an extended outage to 1,630 customers in the Codroy Valley and resulted in 298,698 customer minutes of outage.
- July 28<sup>th</sup>: Vandals broke into the Bishop's Falls substation and tripped four transmission line breakers, causing an outage to 5,100 customers in and around Bishop's Falls and Botwood and resulting in 380,856 customer minutes of outage.
- Sept 29<sup>th</sup>: Vandals broke into the Botwood substation and stole ground wire attached to high voltage equipment, causing an outage to 3,460 customers in and around Botwood and resulting in 355,662 customer minutes of outage.

### B. Electricity Supply

	Electricity Supply			
	3 <sup>rd</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
<b>Energy Purchased (GWh) <sup>1</sup></b>	907.8	882.4	884.6	5,375.6
<b>Peak Demand (MW) <sup>1, 2</sup></b>	1,252.5	1,283.9	1,237.6	1,283.9
<b>Hydro Plant Production (GWh)</b>	64.6	81.0	77.7	429.7
<b>Plant Availability (%)</b>	88.5	96.5	93.7	96.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2010/2011 winter period occurred on February 2nd, 2011 at 5:45 p.m.

Energy purchased during the 3<sup>rd</sup> quarter was 25.4 GWh higher than plan due to higher than expected electricity sales and a change in the Company's hydro plant production normal for the quarter related to a 2010 review of hydrology.

During the 3<sup>rd</sup> quarter, hydro plant production was 13.1 GWh lower than the same period in 2010. The lower production in the 3<sup>rd</sup> quarter primarily reflects lower water inflows of 47.5 GWh, compared to 75.2 GWh in 2010.

Hydro plant availability was 88.5% in the 3<sup>rd</sup> quarter compared to a plan of 96.5%. The reduced plant availability is mainly attributable to maintenance work at Horsechops plant and the rebuilding of the Port Union plant that was damaged in Hurricane Igor.



*Horsechops Plant  
Maintenance*

There were 35 forced outages in the 3<sup>rd</sup> quarter compared to the 58 experienced in the 3<sup>rd</sup> quarter of 2010.

#### 4. Financial Matters

Financial Highlights				
	3 <sup>rd</sup> Quarter			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Electricity Sales (GWh)	923.7	915.3	915.4	5,480.0
Revenue (\$millions)	101.2	98.0	99.0	560.1
Purchased Power Costs (\$millions)	52.8	50.4	50.4	364.2
Operating Costs (\$millions) <sup>1</sup>	12.4	12.6	14.1	53.3
Operating Cost per Customer (\$)	52	53	60	225
Earnings (\$millions) <sup>2</sup>	8.0	7.5	7.6	32.0

<sup>1</sup> Excluding pension, OPEBs, and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Results

In the 3<sup>rd</sup> quarter of 2011, electricity sales increased by 8.3 GWh or 0.9% over the same quarter last year. During this period, residential energy sales increased due to an increase in the number of customers. Commercial energy sales also increased, largely due to the construction of the hydromet nickel processing plant in Long Harbour and a rebound in the retail sector. An early end to the crab fishery and the closure of the OCI plant in Marystown partially offset this growth. Revenue and purchased power costs for the 3<sup>rd</sup> quarter of 2011 were higher than plan, primarily as a result of higher than expected sales.

Operating costs for the 3<sup>rd</sup> quarter were consistent with plan. In 2010, 3<sup>rd</sup> quarter operating costs were higher due to Hurricane Igor. Excluding the impact of Hurricane Igor, 3<sup>rd</sup> quarter 2011 operating expenses were \$0.2 million higher than 2010, primarily due to wage and inflationary increases.

Earnings for the 3<sup>rd</sup> quarter were higher than plan primarily due to increases in other revenue related to the support structure arrangements with Bell Aliant and a lower effective tax rate.



### Joint Use Support Structure Agreement

On September 28<sup>th</sup>, 2011, the Board of Commissioners of Public Utilities (PUB) issued an order approving the sale of 40% of the Company's joint use support structures to Bell Aliant. On October 5<sup>th</sup>, 2011, proceeds in the amount of \$45.7 million were received from Bell Aliant. The purchase price is subject to adjustment upon completion of a pole survey later this year. The Company also recovered its financing costs on the assets held for sale of approximately \$3.3 million up to October 5<sup>th</sup>, 2011. The Company utilized the proceeds from this transaction to pay down its short-term debt, and on October 7<sup>th</sup>, 2011 paid a special dividend to Fortis of \$29.9 million in order to maintain its capital structure of 45 per cent common equity. Newfoundland Power continues to provide construction and maintenance services for Bell Aliant's support structures.

### Financial Reporting Standards

The Company has decided to adopt US GAAP for financial reporting purposes effective January 1<sup>st</sup>, 2012. The adoption of US GAAP will result in fewer significant changes in the Company's accounting policies as compared to the adoption of International Financial Reporting Standards (IFRS).

In the 3<sup>rd</sup> quarter, an amendment to the *Corporations Act* (Newfoundland and Labrador) was enacted to permit the adoption of US GAAP by Newfoundland and Labrador corporations for financial reporting purposes. This effectively eliminated the final impediment to Newfoundland Power's adoption of US GAAP for financial reporting purposes.

### Customer Rates

During the 3<sup>rd</sup> quarter, both the Optional Seasonal Rate and the Provincial Government energy tax rebate were implemented. Metering installations and customer visits are currently underway in preparation for the implementation of the Time of Day Rate pilot project on December 1<sup>st</sup>, 2011.

### Capital Plan

On July 8<sup>th</sup>, 2011, the Company filed an application with the PUB requesting approval for its 2012 capital expenditure plan totaling \$77.3 million. The application is currently under review by the PUB.

### Cost Recovery Deferral

On September 16<sup>th</sup>, 2011, the Company filed an application with the PUB requesting the deferred recovery of costs in 2012 of \$2.4 million due to effect of certain expired regulatory amortizations. The application was approved by the PUB on October 27<sup>th</sup>, 2011.

### Labour Relations

The Company's two collective bargaining agreements with its unionized workforce expired on September 30<sup>th</sup>, 2011. Negotiations to renew the collective bargaining agreements began in October 2011. Approximately 54% of the Company's employees are represented by the International Brotherhood of Electrical Workers labour union.

### Workforce Management

The Company has experienced an increase in human resource activity to the end of the 3<sup>rd</sup> quarter. There have been 20 retirements so far this year. This trend is expected to continue as the Company is projecting 192 retirements in the next six years, representing 30% of the workforce. In addition, there have been 16 resignations to date. This is higher than the Company has experienced in recent years, and is another trend which is expected to continue.

Recruitment activity has been higher, largely as a result of retirements and resignations. Excluding co-op students, the Company has hired 49 employees to date in 2011.

## 5. Capital Program

Capital Expenditures				
	Year to Date			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan <sup>1</sup> 2011
<b>Total (\$000s)</b>	52,385	54,589	52,471	76,474

<sup>1</sup> Plan excludes the \$750,000 allowance for unforeseen items. Plan includes carryover of \$1.4 million for Transmission projects and \$0.9 million for Substation projects. The carryovers were necessary due to additional storm related work undertaken in 2010. Plan includes \$1.8 million for Generation projects related to the refurbishment of Port Union and Lawn plants approved in Order No. P. U. 11 (2011). These plants were damaged in Hurricane Igor. The Plan also includes \$125,000 for an Information Systems project related to the implementation of the Optional Seasonal Rate.

### 2011 Capital Expenditure

Capital expenditures were lower than plan by the end of the 3<sup>rd</sup> quarter primarily due to the timing of contractor invoicing for transmission and energy supply projects. There is normally a lag between the time work is completed and contractor invoices are approved.

Construction is underway or completed for most large capital projects. Capital project activity during the 3<sup>rd</sup> quarter included:

- Replacement of the Rattling Brook Spillway is substantially complete. The 105m long stoplog spillway has been replaced with a high efficiency piano key spillway. This type of spillway is new to Newfoundland Power. The project will result in improved employee safety, reduced operating costs, and improved flood handling capability.
- The rebuild of transmission lines 23L and 24L on the Southern Shore is complete. Construction is ongoing on the rebuild of transmission lines 16L (Pepperell to King's Bridge) and 25L (Goulds to St. John's Main).
- The project to replace the power transformer at Pulpit Rock substation is complete with the transformer energized. The project to replace the power transformer at Kelligrews substation is ongoing. Both transformers are required to address customer growth on the Northeast Avalon Peninsula.
- The project to increase the height of the Sandy Lake spillway is ongoing, with work scheduled to be completed in November.



*Rattling Brook piano key spillway*

## 6. Safety

Safety Performance				
	Year to Date			Annual
	Actual 2011	Plan 2011	Actual 2010	Plan 2011
Injury Frequency Rate <sup>1</sup>	2.4	1.7	2.1	1.7

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There were two medical aid injuries recorded during the 3<sup>rd</sup> quarter. One injury was due to a foreign particle entering an employee's eye; the other involved a shoulder injury sustained by an employee while patrolling a line on an all-terrain vehicle. Newfoundland Power's injury rate is trending above plan for 2011 due to slip and fall injuries that occurred in the 1<sup>st</sup> quarter.

There were no recordable vehicle accidents again this quarter. This compares to six recordable vehicle accidents for the 3<sup>rd</sup> quarter of 2010.

### Safety Initiatives

During the quarter, the Company continued its initiative to ensure consistency across all local operating areas in safety procedures and culture in line operations. In the 3<sup>rd</sup> quarter, the project team was in the field observing and providing feedback to work crews and supervisors, and observing safety meetings. The project team will be documenting specific action plans for each local operating area by year end.

### OH&S Regulation

The Company received approval from Government Services, Occupational Health and Safety Division (OHSD) to adopt the City of St. John's Traffic Control Manual as the basis for its traffic control procedures.

### Safety Training

As of the end of September, the Company has completed 90% of the total safety training requirement for 2011. This is in comparison to approximately 70% for the same period in 2010.

During the 3<sup>rd</sup> quarter, the Company gave a presentation with respect to safety hazards and barriers to telecommunication companies who access our support structures on a regular basis. In addition, the Company trained a Rogers Communications employee to assist in training Rogers' technical staff.

### Mobile Documentation

During the 3<sup>rd</sup> quarter, the Company completed installation of mobile computing devices in its operations vehicles. These devices will ensure employees have access to the most current operational safety procedures and other required reference documents.

### Public Safety

During the quarter, there were twelve public safety incidents. This is an increase from the 2<sup>nd</sup> quarter, when there were eight incidents. Six of the incidents in the 3<sup>rd</sup> quarter were low voltage contacts. Five involved trucks or other heavy equipment contacting service wires; one involved a child receiving a minor shock while playing near a streetlight pole. The remaining six incidents were high voltage contacts. Two involved excavators making contact with power distribution lines. The other four involved individuals felling trees into power lines.

In the 3<sup>rd</sup> quarter, the Company launched three new television ads focused on public electrical safety.

On September 7<sup>th</sup>, the Company experienced a fault at one of the oil-filled switches that forms part of the underground electrical distribution system serving the downtown St. John's area. The fault caused the switch to blow apart, sending oil and debris up through the manhole and onto Water Street. A vehicle that was passing close to the manhole cover received some minor damage. There were no injuries to individuals. The switch in question was approximately 25 years old and was scheduled for removal as part of the Company's 5-year capital program.

## 7. Environment

Environment Performance <sup>1</sup>					
	Year to Date			Annual	
	Actual 2011	Plan 2011	Actual 2010		Plan 2011
Number of Spills	58	48	66		65
Reportable PCB Spills <sup>2</sup>	2	2	1		2
Volume of Oil Spills (Litres)	594	540	1,258		725

<sup>1</sup> Excludes all third party spills over which the Company has no control. The total number of third party spills excluded in 2011 is 5 and the volume has been reduced by 214 litres. The actual 2010 figure excludes 2 spills and 44 litres as a result of third party spills.

<sup>2</sup> PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

### Environment Performance

The number of spills and volume to date has decreased compared to the same period in 2010. The reduction is due to the ice storm in March 2010 and Hurricane Igor in September 2010, which in total accounted for 13 spills and a volume of 817 litres.

### Audit Activity

A joint audit of the Company's Environmental Management and Health & Safety Management Systems began on September 26<sup>th</sup> and concluded on October 7<sup>th</sup>, 2011. The audit confirmed that the Company remains compliant with the ISO 14001 and OHSAS 18001 international standards.

### Training

In the 3<sup>rd</sup> quarter, environmental training was provided to 66 Company employees and 139 contractor employees performing work on behalf of the Company, bringing the total participation to date to 140 and 266, respectively. This training reinforced the importance of employees and contractors performing their duties in an environmentally responsible manner.

## 8. Community

### The Power of Life Project

The new *Power of Life* logo was launched in September. The new logo is the first step in a marketing campaign which will be unveiled to employees in the 4<sup>th</sup> quarter.



*New Power of Life Logo*



*Clareville Golf Tournament*

The 7<sup>th</sup> Annual Clareville Golf Tournament was held on September 10<sup>th</sup>. The \$11,000 raised during the event was donated to *The Power of Life*.

Corner Brook area employees hosted a Fall yard sale at the office on September 24<sup>th</sup>, raising over \$1,100 for the Corner Brook Cancer Centre.

*The Power of Life Project*, through the generous support of our employees and customers, donated \$5,000 to Camp Delight, a major project of the Candlelighters Association of Newfoundland and Labrador. Camp Delight is an 8-day annual camp that hosts young people who have been affected by cancer. Carbonear area employees have supported Camp Delight for the past 16 years through the generous donation of backpacks that are filled with goodies and enjoyed by the children.

### National Tree Day

The Company partnered with the City of St. John's and Tree Canada to kick-off the first National Tree Day on Wednesday, September 21<sup>st</sup> in Bowring Park. Children from St. Mary's School, along with the Mayor of the City of St. John's, planted a tree in the same spot where a tree was uprooted during Hurricane Igor in 2010. There were presentations/demonstrations throughout the day by contractors involved in the tree care industry.



*National Tree Day Ceremony*

## FINANCIAL STATEMENTS



**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At September 30**  
**(\$000s)**

	<u>2011</u>	<u>2010 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,254,701	1,271,520
Less: accumulated amortization	<u>455,082</u>	<u>460,948</u>
	<u>799,619</u>	<u>810,572</u>
<b>Current Assets</b>		
Cash	4,138	2,431
Accounts receivable	50,247	42,050
Materials and supplies	1,211	979
Prepaid expenses	2,092	1,824
Regulatory assets	14,921	5,049
Assets held for sale	<u>44,698</u>	<u>-</u>
	<u>117,307</u>	<u>52,333</u>
<b>Accrued Pension</b>	95,297	98,153
<b>Regulatory Assets</b>	181,991	180,501
<b>Intangible Assets, net of amortization</b>	14,959	15,249
<b>Other Assets</b>	<u>1,550</u>	<u>1,610</u>
<b>Total Assets</b>	<u><b>1,210,723</b></u>	<u><b>1,158,418</b></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>340,674</u>	<u>324,882</u>
Common shareholder's equity	410,995	395,203
Preference shares	<u>9,081</u>	<u>9,111</u>
	<u>420,076</u>	<u>404,314</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	51,593	45,895
Income tax payable	2,522	651
Current instalments of long-term debt	5,200	5,200
Future income taxes	3,044	187
Regulatory liabilities	<u>771</u>	<u>1,668</u>
	<u>63,130</u>	<u>53,601</u>
<b>Future Income Taxes</b>	124,113	123,546
<b>Long-term Debt</b>	480,380	468,410
<b>Other Post Employment Benefits</b>	55,203	50,951
<b>Other Liabilities</b>	4,343	4,073
<b>Regulatory Liabilities</b>	<u>63,478</u>	<u>53,523</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><b>1,210,723</b></u>	<u><b>1,158,418</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<b>THIRD QUARTER</b>			<b>YEAR TO DATE</b>			<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual <sup>1</sup> 2010</b>	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual <sup>1</sup> 2010</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
Revenue	101,207	97,974	99,000	416,671	404,972	403,473	560,104	554,950
Purchased Power	52,789	50,405	50,356	266,391	259,645	256,160	364,181	358,443
Contribution	48,418	47,569	48,644	150,280	145,327	147,313	195,923	196,507
Operating Expenses	12,403	12,632	14,118	40,438	39,486	40,566	53,291	54,623
Employee Future Benefits	5,133	4,583	2,136	15,426	13,787	6,258	18,407	7,588
Amortization	10,858	10,852	11,038	31,579	31,775	32,213	42,963	43,358
Cost Recovery Deferral	(590)	(600)	-	(1,772)	(1,800)	-	(2,400)	-
Amortization True-Up Deferral	-	-	965	-	-	2,896	-	3,862
Finance Charges	8,844	8,777	8,916	26,904	27,131	26,885	35,705	35,633
Earnings Before Income Taxes	11,770	11,325	11,471	37,705	34,948	38,495	47,957	51,443
Income Taxes	3,595	3,639	3,717	11,617	11,231	12,284	15,413	15,870
Net Earnings	8,175	7,686	7,754	26,088	23,717	26,211	32,544	35,573
Dividends on Preference Shares	141	142	142	425	426	426	568	568
Earnings Applicable to Common Shares	<b>8,034</b>	<b>7,544</b>	<b>7,612</b>	<b>25,663</b>	<b>23,291</b>	<b>25,785</b>	<b>31,976</b>	<b>35,005</b>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Balance, Beginning of the Period</b>	330,181	310,864
Net Earnings	26,088	26,211
<b>Dividends</b>		
Preference Shares	(425)	(426)
Common Shares	(15,170)	(11,767)
<b>Balance, End of the Period</b>	<u><u><b>340,674</b></u></u>	<u><u><b>324,882</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended September 30**  
**(\$000s)**

	<b>2011</b>	<b>2010 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	26,088	26,211
Items not affecting cash:		
Amortization of property, plant and equipment	29,610	30,085
Amortization of intangibles and other	2,197	2,317
Change in regulatory assets and liabilities	2,836	4,872
Future income taxes	(3,218)	(699)
Employee future benefits	5,276	(250)
Change in non-cash working capital	(4,033)	7,023
	<u>58,756</u>	<u>69,559</u>
<b>Investing Activities</b>		
Capital expenditures (net of salvage)	(53,482)	(55,126)
Intangible asset expenditures	(1,618)	(1,264)
Contributions from customers	2,042	1,857
Other	13	90
	<u>(53,045)</u>	<u>(54,443)</u>
<b>Financing Activities</b>		
Net credit facilities borrowings (repayments)	10,000	(5,500)
Proceeds from related party loan	25,000	-
Repayment of related party loan	(25,000)	-
Payment of debt financing costs	(130)	(300)
Redemption of preference shares	(30)	-
Dividends		
Preference shares	(425)	(426)
Common shares	(15,170)	(11,767)
	<u>(5,755)</u>	<u>(17,993)</u>
<b>Decrease in Cash</b>	(44)	(2,877)
<b>Cash, Beginning of the Period</b>	<u>4,182</u>	<u>5,308</u>
<b>Cash, End of the Period</b>	<u><b>4,138</b></u>	<u><b>2,431</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended September 30</b>					
	<b>THIRD QUARTER</b>		<b>YEAR TO DATE</b>		<b>ANNUAL</b>
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2010</u></b>
<b>Sales (GWh)</b>					
Actual	918.0	898.6	3,962.6	3,792.3	5,176.6
Weather adjusted	923.7	915.4	4,026.2	3,930.8	5,419.0
Plan <sup>1</sup>	915.3		3,960.5		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	966.4	946.0	4,197.4	4,017.1	5,476.6
Weather adjusted	972.4	963.6	4,264.6	4,163.4	5,732.9
Plan <sup>1</sup>	963.4		4,195.2		
<b>Hydro Production (GWh)</b>					
Actual	64.6	77.7	360.7	340.3	462.2

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended September 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>								
Residential	479.8	469.8	475.8	2,435.0	2,382.5	2,373.9	3,343.7	3,311.2
Residential - Seasonal	4.0	-	-	4.0	-	-	-	-
<b>Total Residential</b>	483.8	469.8	475.8	2,439.0	2,382.5	2,373.9	3,343.7	3,311.2
<b>Commercial</b>								
0-10 kW	18.1	17.3	18.1	69.2	66.6	68.4	90.7	92.5
10-100 kW	124.6	123.7	124.2	490.2	482.2	479.3	654.7	649.3
110-1000 kVA	187.2	188.7	183.0	685.5	679.6	666.9	923.7	910.6
1000 kVA and Over	101.9	108.0	106.6	317.1	325.0	317.5	431.5	419.2
<b>Total Commercial</b>	431.8	437.7	431.9	1,562.0	1,553.4	1,532.1	2,100.6	2,071.6
<b>Street Lighting</b>	8.1	7.8	7.7	25.2	24.6	24.8	35.7	36.2
<b>Total Sales</b>	<b>923.7</b>	<b>915.3</b>	<b>915.4</b>	<b>4,026.2</b>	<b>3,960.5</b>	<b>3,930.8</b>	<b>5,480.0</b>	<b>5,419.0</b>
<b>BY REGION</b>								
St. John's	450.4	441.9	443.4	1,980.7	1,946.8	1,938.4	2,698.2	2,670.3
Eastern <sup>2</sup>	198.1	197.5	197.0	855.6	843.5	832.3	1,161.4	1,146.8
Western <sup>3</sup>	275.2	275.9	275.0	1,189.9	1,170.2	1,160.1	1,620.4	1,601.9
<b>Total Sales</b>	<b>923.7</b>	<b>915.3</b>	<b>915.4</b>	<b>4,026.2</b>	<b>3,960.5</b>	<b>3,930.8</b>	<b>5,480.0</b>	<b>5,419.0</b>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

<sup>2</sup> Eastern Region includes the Avalon, Burin and Clarendville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended September 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>								
Residential	52,667	51,783	51,806	247,526	242,508	239,680	338,853	332,664
Residential - Seasonal	380	-	-	380	-	-	-	-
<b>Total Residential</b>	<b>53,047</b>	<b>51,783</b>	<b>51,806</b>	<b>247,906</b>	<b>242,508</b>	<b>239,680</b>	<b>338,853</b>	<b>332,664</b>
<b>Commercial</b>								
0-10 kW	2,579	2,492	2,552	9,307	9,018	9,142	12,229	12,331
10-100 kW	13,149	12,928	12,788	49,503	48,890	48,107	66,611	65,291
110-1000 kVA	16,432	16,421	15,842	58,922	58,350	57,018	79,462	77,976
1000 kVA and Over	7,584	8,065	7,882	23,487	24,233	23,399	32,233	31,037
<b>Total Commercial</b>	<b>39,744</b>	<b>39,906</b>	<b>39,064</b>	<b>141,219</b>	<b>140,491</b>	<b>137,666</b>	<b>190,535</b>	<b>186,635</b>
Street Lighting	3,458	3,428	3,383	10,395	10,267	10,081	13,702	13,540
Forfeited Discounts	517	462	425	2,093	2,131	1,884	2,744	2,494
<b>Revenue From Rates</b>	<b>96,766</b>	<b>95,579</b>	<b>94,678</b>	<b>401,613</b>	<b>395,397</b>	<b>389,311</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	716	(93)	(28)	4,438	2,057	1,200	4,354	2,213
Seasonal Rate Revenue Deferral <sup>3</sup>	50	-	-	50	-	-	-	-
<b>Amortizations <sup>4</sup></b>								
2010 Pension Expense Variance Deferral	722	291	(160)	2,168	873	(480)	1,161	(640)
OPEBs Deferral	48	-	-	144	-	-	-	-
2005 Unbilled Remaining Balance	-	-	1,155	-	-	3,465	-	4,618
<b>Total Reported Revenue</b>	<b>98,302</b>	<b>95,777</b>	<b>95,645</b>	<b>408,413</b>	<b>398,327</b>	<b>393,496</b>	<b>551,349</b>	<b>541,524</b>
Other Revenue	2,905	2,197	3,355	8,258	6,645	9,977	8,755	13,426
<b>Total Operating Revenue</b>	<b>101,207</b>	<b>97,974</b>	<b>99,000</b>	<b>416,671</b>	<b>404,972</b>	<b>403,473</b>	<b>560,104</b>	<b>554,950</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).



<b>NEWFOUNDLAND POWER INC.</b> <b>SUMMARY OF WEATHER ADJUSTMENTS</b> <b>For The Periods Ended September 30</b> <b>(\$000s)</b>								
	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Plan <sup>1</sup> 2011	Actual 2010
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	96,281	95,579	93,203	396,270	395,397	377,608	545,834	514,888
Degree Day & Wind Adjustment	485	-	1,475	5,343	-	11,703	-	20,445
<b>Weather Adjusted</b>	<b>96,766</b>	<b>95,579</b>	<b>94,678</b>	<b>401,613</b>	<b>395,397</b>	<b>389,311</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	716	(93)	(28)	4,438	2,057	1,200	4,354	2,213
Seasonal Rate Revenue Deferral <sup>3</sup>	50	-	-	50	-	-	-	-
<b>Amortizations <sup>4</sup></b>								
Pension Expense Variance Deferral Account	722	291	(160)	2,168	873	(480)	1,161	(640)
OPEBs Expense Variance Deferral Account	48	-	-	144	-	-	-	-
2005 Unbilled Remaining Balance	-	-	1,155	-	-	3,465	-	4,618
<b>Total Reported Revenue</b>	<b>98,302</b>	<b>95,777</b>	<b>95,645</b>	<b>408,413</b>	<b>398,327</b>	<b>393,496</b>	<b>551,349</b>	<b>541,524</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	51,319	49,880	48,186	253,554	258,070	238,852	362,080	328,363
Degree Day & Wind Adjustment	530	-	1,562	5,917	-	12,891	-	22,568
Hydro Equalization Adjustment	-	-	(114)	4,348	-	2,496	-	4,506
<b>Purchased Power Weather Adjusted</b>	<b>51,849</b>	<b>49,880</b>	<b>49,634</b>	<b>263,819</b>	<b>258,070</b>	<b>254,239</b>	<b>362,080</b>	<b>355,437</b>
Demand Management Incentive Account <sup>5</sup>	415	-	221	997	-	418	-	994
<b>Amortizations <sup>6</sup></b>								
Rattling Brook Deferral	-	-	150	-	-	450	-	598
PPUCVR Balance at Dec 31, 2006	-	-	(174)	-	-	(522)	-	(688)
Weather Normalization Reserve	525	525	525	1,575	1,575	1,575	2,101	2,102
<b>Total Purchased Power Expense</b>	<b>52,789</b>	<b>50,405</b>	<b>50,356</b>	<b>266,391</b>	<b>259,645</b>	<b>256,160</b>	<b>364,181</b>	<b>358,443</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

(5) Demand Management Incentive Account as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(6) Amortizations for 2009 & 2010 as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended September 30**  
**(\$000s)**

	THIRD QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2011	Plan 2011	Actual 2010	Actual 2011	Plan 2011	Actual 2010	Plan 2011	Actual 2010
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
Aliant	-	-	1,893	-	-	5,502	-	7,336
CATV	232	228	505	696	684	1,518	912	2,024
Total Joint Use Revenue	232	228	2,398	696	684	7,020	912	9,360
<b>Miscellaneous</b>								
Aliant Pole Sale	1,799	1,090	-	5,021	3,271	-	4,362	-
Customer Jobbing	216	215	62	554	532	298	720	492
Rental Income	12	6	6	19	18	10	25	10
Municipal Tax Liability	-	-	341	-	-	1,023	-	1,363
Interest - Customer Accounts	210	225	176	751	860	630	1,061	801
Interest - RSA	113	56	12	296	179	52	212	66
Interest - CIAC	22	32	24	69	95	75	125	100
Interest - Other	22	31	24	69	93	76	125	100
Reconnections	26	27	27	67	66	85	87	124
NSF Cheque Charges	8	9	7	24	31	25	40	32
Wheeling Charges	143	123	134	454	408	437	541	591
Miscellaneous	26	74	71	47	218	59	290	132
Service Connection Fees	76	81	73	191	190	187	255	255
Total Miscellaneous	2,673	1,969	957	7,562	5,961	2,957	7,843	4,066
<b>Total Other Revenue</b>	<b>2,905</b>	<b>2,197</b>	<b>3,355</b>	<b>8,258</b>	<b>6,645</b>	<b>9,977</b>	<b>8,755</b>	<b>13,426</b>
<b>Finance Charges</b>								
Interest on Long-term Debt	8,886	8,886	8,988	26,659	26,658	26,963	35,444	35,850
Interest on Long-term Committed Credit Facility	188	(17)	77	582	595	206	593	316
Interest on Short-term Uncommitted Demand Facility	-	-	-	10	-	9	-	13
Amortization of Deferred Debt Issue Costs	48	72	48	143	216	143	290	232
Interest on Tax Return	6	-	-	6	-	-	-	-
Amortization of Capital Stock Issue Expenses	-	-	9	-	-	28	-	38
Interest on Security Deposits	3	-	1	8	-	3	-	5
Credit Facility Costs	32	-	16	85	-	16	-	-
Interest Charged to Construction	(319)	(164)	(223)	(589)	(338)	(483)	(622)	(821)
<b>Total Finance Charges</b>	<b>8,844</b>	<b>8,777</b>	<b>8,916</b>	<b>26,904</b>	<b>27,131</b>	<b>26,885</b>	<b>35,705</b>	<b>35,633</b>

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At September 30</b>				
	<b>THIRD QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2011</b>	<b>Actual 2010</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
<b>Customers</b>	245,848	242,021	245,759	243,426
<b>Employees <sup>1</sup></b>				
Regular	572	573	589	572
Temporary	67	66	58	69
<b>Total</b>	639	639	647	641

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended September 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 #	2010 #	2011 #	2010 #		2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
St. John's	0.20	1.59	1.56	3.12	2.27	0.28	10.67	2.22	12.46	4.82
Avalon	0.21	0.89	0.75	2.25	1.85	0.36	6.62	0.55	8.09	2.43
Burin	0.60	0.99	3.84	4.17	2.42	0.97	1.89	4.70	5.61	3.62
Bonavista	0.31	2.99	0.86	5.20	0.76	0.86	29.10	2.33	32.12	16.40
Gander	0.57	2.40	2.36	2.60	4.21	0.63	9.54	7.78	12.37	9.87
Grand Falls	1.12	1.03	5.02	4.19	1.86	1.86	1.03	5.73	4.40	3.78
Corner Brook	0.46	0.82	0.67	2.07	1.43	0.53	1.96	2.05	3.67	2.73
Stephenville	0.58	1.62	2.44	4.54	1.32	0.98	7.83	1.54	9.70	3.03
<b>Company Totals</b>	<b>0.39</b>	<b>1.04</b>	<b>1.95</b>	<b>2.97</b>	<b>2.01</b>	<b>0.60</b>	<b>8.96</b>	<b>5.48</b>	<b>13.98</b>	<b>5.74</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended September 30</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2011 #	2010 #	2011 #	2010 #	
Loss of Supply (NF Hydro)	0.03	0.12	0.17	0.34	0.39
Transmission	0.07	0.27	0.64	0.88	0.32
Distribution	0.29	0.65	1.14	1.75	1.30
<b>Company Totals</b>	<b>0.39</b>	<b>1.04</b>	<b>1.95</b>	<b>2.97</b>	<b>2.01</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended September 30</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
Loss of Supply (NF Hydro)	0.04	0.31	0.05	0.42	0.22
Transmission	0.06	2.63	2.45	4.60	1.62
Distribution	0.50	6.02	2.98	8.96	3.90
<b>Company Totals</b>	<b>0.60</b>	<b>8.96</b>	<b>5.48</b>	<b>13.98</b>	<b>5.74</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Third Quarter 2011</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.05	0.03	0.15	0.25	0.20	0.28
Avalon	0.09	0.20	0.12	0.16	0.21	0.36
Burin	0.26	0.86	0.34	0.11	0.60	0.97
Bonavista	0.21	0.72	0.10	0.14	0.31	0.86
Gander	0.03	0.11	0.54	0.52	0.57	0.63
Grand Falls	0.45	0.69	0.67	1.17	1.12	1.86
Corner Brook	0.15	0.26	0.31	0.27	0.46	0.53
Stephenville	0.14	0.55	0.44	0.43	0.58	0.98
<b>Company Totals</b>	<b>0.13</b>	<b>0.25</b>	<b>0.26</b>	<b>0.35</b>	<b>0.39</b>	<b>0.60</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended September 30, 2011**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended September 30, 2011**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 28(2010), P.U. 8(2011) and P.U. 11(2011)	Third Quarter	Year To Date	Unexpended Balance
Generation Hydro	9,496	3,328	4,540	4,956
Generation Thermal	268	72	102	166
Substations	11,647	3,322	7,049	4,598
Transmission	4,745	1,037	1,599	3,146
Distribution	36,842	10,974	27,244	9,598
General Property	1,792	436	1,067	725
Transportation	2,254	271	1,987	267
Telecommunications	572	24	55	517
Information Systems	3,728	842	2,704	1,024
Unforeseen Items	750	-	-	750
General Expenses Capital	2,800	889	2,925	- 125
<b>TOTAL</b>	<b>74,894</b>	<b>21,195</b>	<b>49,272</b>	<b>25,622</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations entered into during the third quarter of 2011 that exceed \$5,000 annually.		

<sup>1</sup> Excludes capital expenditures of approximately \$3,113,000 related to prior years capital projects carried forward into 2011.



## NEWFOUNDLAND POWER INC.

### INTER-COMPANY TRANSACTIONS REPORT

For the Period Ended September 30, 2011

#### Introduction

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended September 30, 2011**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Third Quarter 2011</u>	<u>Third Quarter 2010</u>	<u>Year To Date 2011</u>	<u>Year To Date 2010</u>	<u>Annual 2010</u>
Trustee & Share Plan Costs	\$ 11,000	\$ 12,000	\$ 33,000	\$ 36,000	\$ 45,000
Hotel/Banquet Facilities	8,219	4,065	17,039	15,733	67,196
Staff Charges	4,805	-	4,805	46,199	151,132
Joint-use Pole Purchases	-	-	11,519	3,930	13,512
Miscellaneous	5,825	6,001	24,551	35,009	41,504
Sub-total	\$ 29,849	\$ 22,066	\$ 90,914	\$ 136,871	\$ 318,344
<u>Non-Regulated Charges</u>	<u>Third Quarter 2011</u>	<u>Third Quarter 2010</u>	<u>Year To Date 2011</u>	<u>Year To Date 2010</u>	<u>Annual 2010</u>
Directors' Fees & Travel	\$ 52,000	\$ 57,000	\$ 156,000	\$ 171,000	\$ 263,000
Annual & Quarterly Reports	24,000	30,000	72,000	90,000	89,000
Hotel/Banquet Facilities	-	-	-	2,416	2,416
Staff Charges	137,000	65,000	411,000	195,000	352,000
Miscellaneous	69,000	85,000	583,265	658,877	697,877
Sub-total	\$ 282,000	\$ 237,000	\$ 1,222,265	\$ 1,117,293	\$ 1,404,293
TOTAL	<u>\$ 311,849</u>	<u>\$ 259,066</u>	<u>\$ 1,313,179</u>	<u>\$ 1,254,164</u>	<u>\$ 1,722,637</u>

**Charges to Associated Companies**

	<u>Third Quarter 2011</u>	<u>Third Quarter 2010</u>	<u>Year To Date 2011</u>	<u>Year To Date 2010</u>	<u>Annual 2010</u>
Printing & Stationery	\$ 137	\$ 53	\$ 596	\$ 224	\$ 401
Postage	5,910	4,936	17,292	16,576	20,851
Staff Charges	118,322	101,800	410,948	512,912	583,381
Staff Charges - Insurance	26,831	39,012	177,920	179,395	269,604
IS Charges	-	-	-	-	21,544
Pole Installations	3,000	3,066	15,703	20,869	23,976
Miscellaneous	19,961	15,335	25,135	25,855	36,607
TOTAL	<u>\$ 174,161</u>	<u>\$ 164,202</u>	<u>\$ 647,594</u>	<u>\$ 755,831</u>	<u>\$ 956,364</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended September 30, 2011**

	<u>Third Quarter 2011</u>			<u>Third Quarter 2010</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ 57,000	\$ 57,000
Annual & Quarterly Reports	-	24,000	24,000	-	30,000	30,000
Trustee & Share Plan Costs	11,000	-	11,000	12,000	-	12,000
Staff Charges	-	137,000	137,000	-	65,000	65,000
Miscellaneous	3,126	69,000	72,126	1,100	85,000	86,100
Total	<u>\$ 14,126</u>	<u>\$ 282,000</u>	<u>\$ 296,126</u>	<u>\$ 13,100</u>	<u>\$ 237,000</u>	<u>\$ 250,100</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 8,219	\$ -	\$ 8,219	\$ 4,065	\$ -	\$ 4,065
Miscellaneous	588	-	588	-	-	-
Total	<u>\$ 8,807</u>	<u>\$ -</u>	<u>\$ 8,807</u>	<u>\$ 4,065</u>	<u>\$ -</u>	<u>\$ 4,065</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 2,111	\$ -	\$ 2,111	\$ 1,458	\$ -	\$ 1,458
Total	<u>\$ 2,111</u>	<u>\$ -</u>	<u>\$ 2,111</u>	<u>\$ 1,458</u>	<u>\$ -</u>	<u>\$ 1,458</u>
<b>FortisAlberta Inc.</b>						
Staff Charges	\$ 4,805	\$ -	\$ 4,805	\$ -	\$ -	\$ -
Total	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ -	\$ -	\$ -	\$ 3,443	\$ -	\$ 3,443
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,443</u>	<u>\$ -</u>	<u>\$ 3,443</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended September 30, 2011**

	<u>Year To Date 2011</u>			<u>Year To Date 2010</u>			<u>Annual 2010</u>		
	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total	Regulated	Non Regulated	Total
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 156,000	\$ 156,000	\$ -	\$ 171,000	\$ 171,000	\$ -	\$ 263,000	\$ 263,000
Annual & Quarterly Reports	-	72,000	72,000	-	90,000	90,000	-	89,000	89,000
Trustee & Share Plan Costs	33,000	-	33,000	36,000	-	36,000	45,000	-	45,000
Staff Charges	-	411,000	411,000	-	195,000	195,000	-	352,000	352,000
Joint-use Pole Purchases	11,519	-	11,519	3,930	-	3,930	13,512	-	13,512
Miscellaneous	7,629	583,265	590,894	8,964	658,877	667,841	12,493	697,877	710,370
Total	<u>\$ 52,148</u>	<u>\$ 1,222,265</u>	<u>\$ 1,274,413</u>	<u>\$ 48,894</u>	<u>\$ 1,114,877</u>	<u>\$ 1,163,771</u>	<u>\$ 71,005</u>	<u>\$ 1,401,877</u>	<u>\$ 1,472,882</u>
<b>Fortis Properties Corporation</b>									
Hotel/Banquet Facilities	\$ 17,039	\$ -	\$ 17,039	\$ 15,733	\$ 2,416	\$ 18,149	\$ 67,196	\$ 2,416	\$ 69,612
Miscellaneous	8,029	-	8,029	11,814	-	11,814	11,814	-	11,814
Total	<u>\$ 25,068</u>	<u>\$ -</u>	<u>\$ 25,068</u>	<u>\$ 27,547</u>	<u>\$ 2,416</u>	<u>\$ 29,963</u>	<u>\$ 79,010</u>	<u>\$ 2,416</u>	<u>\$ 81,426</u>
<b>Maritime Electric Co. Ltd.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ 46,199	\$ -	\$ 46,199	\$ 86,218	\$ -	\$ 86,218
Miscellaneous	7,801	-	7,801	4,372	-	4,372	7,338	-	7,338
Total	<u>\$ 7,801</u>	<u>\$ -</u>	<u>\$ 7,801</u>	<u>\$ 50,571</u>	<u>\$ -</u>	<u>\$ 50,571</u>	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 93,556</u>
<b>FortisAlberta Inc.</b>									
Staff Charges	\$ 4,805	\$ -	\$ 4,805	\$ -	\$ -	\$ -	\$ 64,914	\$ -	\$ 64,914
Total	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ 1,092	\$ -	\$ 1,092	\$ 9,859	\$ -	\$ 9,859	\$ 9,859	\$ -	\$ 9,859
Total	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended September 30, 2011**

	<b>Third Quarter 2011</b>	<b>Third Quarter 2010</b>	<b>Year To Date 2011</b>	<b>Year To Date 2010</b>	<b>Annual 2010</b>
<b>Fortis Inc.</b>					
Postage	\$ 5,910	\$ 4,936	\$ 17,292	\$ 16,576	\$ 20,851
Staff Charges	69,182	79,603	248,557	443,779	500,948
Staff Charges - Insurance	8,249	32,945	118,490	147,201	213,164
Pole Installations	3,000	3,066	15,703	20,869	23,976
Miscellaneous	6,781	1,833	9,666	3,358	8,747
Total	<u>\$ 93,122</u>	<u>\$ 122,383</u>	<u>\$ 409,708</u>	<u>\$ 631,783</u>	<u>\$ 767,686</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 137	\$ 53	\$ 596	\$ 224	\$ 401
Staff Charges	-	-	-	1,247	1,247
Staff Charges - Insurance	10,852	5,337	27,555	17,693	23,303
Miscellaneous	730	790	1,747	9,745	9,745
Total	<u>\$ 11,719</u>	<u>\$ 6,180</u>	<u>\$ 29,898</u>	<u>\$ 28,909</u>	<u>\$ 34,696</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ 14,650	\$ -	\$ 14,960	\$ 1,743	\$ 2,312
Staff Charges - Insurance	1,468	139	2,408	977	1,346
IS Charges	-	-	-	-	3,351
Miscellaneous	550	580	550	580	580
Total	<u>\$ 16,668</u>	<u>\$ 719</u>	<u>\$ 17,918</u>	<u>\$ 3,300</u>	<u>\$ 7,589</u>
<b>FortisOntario Inc.</b>					
Staff Charges	\$ 546	\$ -	\$ 2,634	\$ -	\$ -
Staff Charges - Insurance	747	90	1,312	3,701	4,417
IS Charges	-	-	-	-	4,788
Miscellaneous	360	360	360	360	360
Total	<u>\$ 1,653</u>	<u>\$ 450</u>	<u>\$ 4,306</u>	<u>\$ 4,061</u>	<u>\$ 9,565</u>
<b>Fortis US Energy Corporation</b>					
Staff Charges - Insurance	\$ 620	\$ -	\$ 1,819	\$ -	\$ -
Total	<u>\$ 620</u>	<u>\$ -</u>	<u>\$ 1,819</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Belize Electric Company Limited</b>					
Staff Charges	\$ -	\$ 10,906	\$ -	\$ 27,565	\$ 37,456
Staff Charges - Insurance	162	-	324	-	1,134
Total	<u>\$ 162</u>	<u>\$ 10,906</u>	<u>\$ 324</u>	<u>\$ 27,565</u>	<u>\$ 38,590</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended September 30, 2011**

	<b>Third Quarter 2011</b>	<b>Third Quarter 2010</b>	<b>Year To Date 2011</b>	<b>Year To Date 2010</b>	<b>Annual 2010</b>
<b>Belize Electricity Limited</b>					
Staff Charges	\$ -	\$ 995	\$ -	\$ 2,935	\$ 3,739
Staff Charges - Insurance	-	-	1,296	1,890	8,043
Miscellaneous	-	93	1,176	133	5,177
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,088</b>	<b>\$ 2,472</b>	<b>\$ 4,958</b>	<b>\$ 16,959</b>
<b>FortisAlberta Inc.</b>					
Staff Charges	\$ 9,073	\$ -	\$ 18,219	\$ -	\$ -
Staff Charges - Insurance	-	-	2,393	378	540
Miscellaneous	3,120	2,990	3,120	2,990	2,990
<b>Total</b>	<b>\$ 12,193</b>	<b>\$ 2,990</b>	<b>\$ 23,732</b>	<b>\$ 3,368</b>	<b>\$ 3,530</b>
<b>FortisBC Inc.</b>					
Staff Charges - Insurance	\$ 2,297	\$ 123	\$ 5,545	\$ 967	\$ 1,410
IS Charges	-	-	-	-	13,405
Miscellaneous	1,910	1,910	1,931	1,910	1,919
<b>Total</b>	<b>\$ 4,207</b>	<b>\$ 2,033</b>	<b>\$ 7,476</b>	<b>\$ 2,877</b>	<b>\$ 16,734</b>
<b>FortisBC Holdings Inc.</b>					
Staff Charges	\$ -	\$ -	\$ 10,215	\$ -	\$ -
Staff Charges - Insurance	270	162	2,713	540	540
Miscellaneous	6,510	6,204	6,510	6,204	6,212
<b>Total</b>	<b>\$ 6,780</b>	<b>\$ 6,366</b>	<b>\$ 19,438</b>	<b>\$ 6,744</b>	<b>\$ 6,752</b>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges	\$ 1,893	\$ -	\$ 1,893	\$ -	\$ -
Staff Charges - Insurance	162	216	11,089	2,484	7,452
Miscellaneous	-	-	-	-	-
<b>Total</b>	<b>\$ 2,055</b>	<b>\$ 216</b>	<b>\$ 12,982</b>	<b>\$ 2,484</b>	<b>\$ 7,452</b>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 22,978	\$ 10,296	\$ 114,470	\$ 35,643	\$ 37,679
Staff Charges - Insurance	2,004	-	2,976	3,564	8,255
Miscellaneous	-	575	75	575	877
<b>Total</b>	<b>\$ 24,982</b>	<b>\$ 10,871</b>	<b>\$ 117,521</b>	<b>\$ 39,782</b>	<b>\$ 46,811</b>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended September 30, 2011**

<u>Company Name</u>	<u>Amount</u>	<u>Date Borrowed</u>	<u>Date Repaid</u>	<u>Interest Rate</u>	<u>Interest</u>
Fortis Inc.	\$ 25,000,000	July 20, 2011	August 31, 2011	1.68%	\$ 48,401

\* Market borrowing rate on July 20, 2011 was 2.17%.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Period Ended September 30, 2011**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Third Quarter**

The total number of damage claims received during the third quarter of 2011 has decreased in comparison to the number of claims received during the same period in 2010. The decrease is primarily found in the Improper Workmanship and Miscellaneous categories.

Please note that the number of claims outstanding from the last quarter has been reduced by one. A claim originally reported in the Miscellaneous category in the St. John's Region was withdrawn by the customer. The new total of outstanding claims is 22, down from 23 as reported in the summary for the quarter ending June 2011.



**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending September 30, 2011**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	1	1	-	\$ -	\$ -	-	\$ -	1	\$ 400
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	3	8	11	4	3,693	3,393	-	-	7	17,800
Weather Related	1	-	1	-	-	-	-	-	1	3,559
Equipment Failure	16	8	24	11	10,613	9,182	-	-	13	13,921
Third Party	2	-	2	1	100	100	-	-	1	836
Miscellaneous	10	5	15	9	4,752	4,358	-	-	6	7,997
Total	<u>32</u>	<u>22</u>	<u>54</u>	<u>25</u>	<u>\$ 19,158</u>	<u>\$ 17,033</u>	<u>-</u>	<u>\$ -</u>	<u>29</u>	<u>\$ 44,513</u>

**For the Quarter Ending September 30, 2010**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	2	2	-	\$ -	\$ -	-	\$ -	2	\$ 1,700
Power Interruptions	3	-	3	1	300	300	-	-	2	2,700
Improper Workmanship	9	5	14	8	15,931	13,188	-	-	6	19,900
Weather Related	-	1	1	-	-	-	-	-	1	5,000
Equipment Failure	13	14	27	17	22,311	16,027	-	-	10	6,900
Third Party	1	1	2	-	-	-	1	600	1	500
Miscellaneous	18	4	22	18	12,114	7,914	1	700	3	1,650
Total	<u>44</u>	<u>27</u>	<u>71</u>	<u>44</u>	<u>\$ 50,656</u>	<u>\$ 37,429</u>	<u>2</u>	<u>\$ 1,300</u>	<u>25</u>	<u>\$ 38,350</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending September 30, 2011**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	10	13	23	6	\$ 3,372	\$ 3,372	-	\$ -	17	\$ 26,356
Eastern Region <sup>1</sup>	14	3	17	14	11,110	8,985	-	-	3	4,962
Western Region <sup>2</sup>	8	6	14	5	4,676	4,676	-	-	9	13,195
Total	<u>32</u>	<u>22</u>	<u>54</u>	<u>25</u>	<u>\$ 19,158</u>	<u>\$ 17,033</u>	<u>-</u>	<u>\$ -</u>	<u>29</u>	<u>\$ 44,513</u>

**For the Quarter Ending September 30, 2010**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	11	13	24	9	\$ 8,900	\$ 6,175	2	\$ 1,300	13	\$ 26,800
Eastern Region <sup>1</sup>	17	6	23	16	22,144	15,012	-	-	7	9,150
Western Region <sup>2</sup>	16	8	24	19	19,612	16,242	-	-	5	2,400
Total	<u>44</u>	<u>27</u>	<u>71</u>	<u>44</u>	<u>\$ 50,656</u>	<u>\$ 37,429</u>	<u>2</u>	<u>\$ 1,300</u>	<u>25</u>	<u>\$ 38,350</u>

<sup>1</sup> Eastern Region includes Avalon, Burin and Clarenville operating areas.

<sup>2</sup> Western Region includes Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

## **Definitions of Causes of Damage Claims**

1.    **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
  
2.    **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
  
3.    **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
  
4.    **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
  
5.    **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
  
6.    **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
  
7.    **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended September 30, 2011**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the third quarter of 2011. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	25	18	43	22	1	20
- Outside Planning Area	41	58	99	44	10	45
	66	76	142	66	11	65
General Service	14	14	28	16	2	10
Total	80	90	170	82	13	75

The table on pages 2 and 3 of the report provides specific information for the 80 CIACs quoted to customers during the period July 1, 2011 to September 30, 2011. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
2011/07/19	2011-20-175	690.00	3,240.00	Yes
2011/07/20	2011-20-177	1,650.00	4,200.00	Yes
2011/07/22	2011-30-116	2,000.00	5,150.00	Yes
2011/07/25	2011-20-180	2,780.00	5,630.00	
2011/08/04	2011-31-105	630.00	4,380.00	Yes
2011/08/04	2011-50-129	24,900.00	27,450.00	Yes
2011/08/12	2011-10-143	1,050.00	3,900.00	
2011/08/16	2011-10-144	2,590.00	5,140.00	
2011/08/16	2011-10-149	1,000.00	3,550.00	Yes
2011/08/23	2011-40-119	930.00	3,480.00	Yes
2011/08/26	2011-51-121	1,080.00	3,630.00	
2011/08/30	2011-10-151	6,384.00	8,934.00	Yes
2011/08/31	2011-10-154	647.26	3,197.26	Yes
2011/09/02	2011-20-188	8,990.00	11,900.00	Yes
2011/09/14	2011-30-117	2,240.00	4,790.00	Yes
2011/09/15	2011-30-120	420.00	3,570.00	
2011/09/21	2011-10-153	15,684.00	18,234.00	
2011/09/21	2011-41-117	3,500.00	6,050.00	
2011/09/22	2011-41-118	377.60	2,927.00	Yes
2011/09/26	2011-20-194	5,600.00	8,510.00	
2011/09/26	2011-30-121	650.00	3,200.00	
2011/09/27	2011-10-159	26,880.00	28,080.00	
2011/09/29	2011-30-119	1,320.00	4,470.00	Yes
2011/09/30	2011-10-162	1,130.00	3,680.00	
2011/09/30	2011-20-201	1,710.00	4,260.00	
<b>DOMESTIC (outside Residential Planning Area)</b>				
2011/07/12	2011-10-140	3,072.79	3,822.79	Yes
2011/07/12	2011-50-123	2,961.54	3,711.54	
2011/07/12	2011-50-122	2,961.54	3,711.54	Yes
2011/07/12	2011-10-136	2,108.83	2,858.83	
2011/07/12	2011-50-121	2,961.54	3,711.54	Yes
2011/07/19	2011-20-176	1,440.00	2,190.00	
2011/07/20	2011-50-125	2,961.54	3,711.54	Yes
2011/07/20	2011-50-127	2,961.54	3,711.54	
2011/07/22	2011-50-130	780.00	1,530.00	Yes
2011/07/22	2011-30-115	1,680.00	2,430.00	Yes
2011/07/23	2011-20-178	3,061.48	6,811.50	
2011/07/25	2011-20-179	3,573.59	4,323.59	
2011/07/28	2011-30-114	4,331.29	5,081.29	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Third Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
2011/08/04	2011-31-106	870.00	1,620.00	Yes
2011/08/10	2011-10-139	14,250.00	15,000.00	
2011/08/11	2011-10-141	780.00	1,530.00	Yes
2011/08/11	2011-20-183	150.00	1,200.00	Yes
2011/08/11	2011-20-184	5,514.20	6,264.20	
2011/08/11	2011-20-185	3,475.74	4,225.74	
2011/08/23	2011-40-122	4,310.00	5,060.00	Yes
2011/08/26	2011-51-122	1,725.00	2,475.00	Yes
2011/08/29	2011-20-187	2,595.10	3,345.10	Yes
2011/08/31	2011-20-181	2,360.00	3,110.00	Yes
2011/08/31	2011-20-186	2,595.10	3,345.10	Yes
2011/09/06	2011-41-115	2,239.13	2,989.13	Yes
2011/09/08	2011-41-116	5,435.86	6,185.86	Yes
2011/09/09	2011-10-137	1,455.01	2,205.01	
2011/09/14	2011-20-190	3,773.21	4,523.21	
2011/09/14	2011-20-191	2,400.00	3,150.00	Yes
2011/09/19	2011-20-192	96,050.00	107,450.00	
2011/09/20	2011-50-134	450.00	1,200.00	
2011/09/21	2011-40-121	3,511.68	4,261.80	
2011/09/21	2011-50-137	1,850.00	2,600.00	
2011/09/22	2011-20-193	2,595.10	3,345.10	Yes
2011/09/23	2011-20-195	1,200.00	1,950.00	
2011/09/26	2011-20-196	45,840.00	59,190.00	
2011/09/28	2011-50-135	2,961.54	3,711.54	
2011/09/28	2011-50-136	2,961.54	3,711.54	
2011/09/29	2011-20-198	3,014.30	3,764.30	Yes
2011/09/30	2011-20-199	2,207.42	2,957.42	
2011/09/30	2011-20-200	2,207.42	2,957.42	
<b>General Service</b>				
2011/07/04	2011-40-116	3,382.40	7,040.00	Yes
2011/07/05	2011-41-113	7,280.00	7,680.00	
2011/07/08	2011-40-118	2,165.00	5,360.00	Yes
2011/07/14	2011-50-120	19,425.00	28,740.00	
2011/07/15	2011-50-124	13,280.00	13,280.00	Yes
2011/07/19	2011-20-174	5,030.00	11,280.00	Yes
2011/07/20	2011-10-138	3,500.00	9,975.00	Yes
2011/07/20	2011-50-126	360.00	2,910.00	Yes
2011/08/11	2011-20-182	11,350.00	13,900.00	
2011/09/08	2011-51-100	454,001.80	454,001.80	
2011/09/09	2011-50-133	27,200.00	33,000.00	Yes
2011/09/21	2011-50-131	10,552.80	13,400.00	
2011/09/23	2011-10-155	284.00	11,010.00	
2011/09/23	2011-10-156	3,194.00	13,800.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
December 31, 2011***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**December 31, 2011**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5



## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	11
8. Community .....	12
<b>Financial Statements</b>	
Balance Sheets .....	13
Statements of Earnings .....	14
Statements of Retained Earnings .....	15
Statements of Cashflows .....	16
<b>Appendices</b>	
A Electricity Statistics .....	17
B Statements of Electricity Sold (GWh) .....	18
C Statements of Revenue .....	19
D Summary of Weather Adjustments .....	20
E Statements of Earnings – Detail .....	21
F Customer and Employee Statistics .....	22
G Service Continuity Performance .....	23

### 1. Highlights

	Highlights				
	4 <sup>th</sup> Quarter			Annual	
	Actual 2011	Plan 2011	Actual 2010	Actual 2011	Plan 2011
Injury Frequency Rate <sup>1</sup>	1.4	1.7	1.9	1.8	1.7
Customer Satisfaction (%)	89	89	89	89	89
Customer Minutes of Outage <sup>2</sup>	27.3	11.6	12.1	57.5	36.9
Electricity Delivery <sup>3</sup>					
Electricity Sales (GWh)	1,526.6	1,519.5	1,488.2	5,552.8	5,480.0
Peak Demand (MW) <sup>4</sup>	1,252.5	1,283.9	1,237.6	1,252.5	1,283.9
Revenue (\$millions)	156.1	155.1	151.7	573.1	560.1
Earnings (\$millions) <sup>5</sup>	8.0	8.7	9.2	33.7	32.0

- ≈ Safety performance consistent with plan.
- ≈ Customer satisfaction remains strong and is consistent with plan.
- ≈ 4<sup>th</sup> quarter and annual customer minutes of outage were significantly higher than plan, primarily reflecting the impact of a major windstorm on December 8<sup>th</sup>.
- ≈ 4<sup>th</sup> quarter and annual electricity sales were higher than plan.
- ≈ 4<sup>th</sup> quarter earnings were lower than plan, while annual earnings were higher than plan.
- ≈ PUB approved 2012 capital budget of \$77.3 million.
- ≈ PUB approved suspension of the Automatic Adjustment Formula for 2012.

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>3</sup> Weather adjusted.

<sup>4</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance			
	Annual (%)		
	Actual 2011	Plan 2011	Actual 2010
Customer Satisfaction	89	89	89
First Call Resolution <sup>1</sup>	89	89	88
Service Level <sup>2</sup>	80	80	78
Trouble Call Response <sup>3</sup>	80	85	83

<sup>1</sup> % of customer calls resolved on first contact.

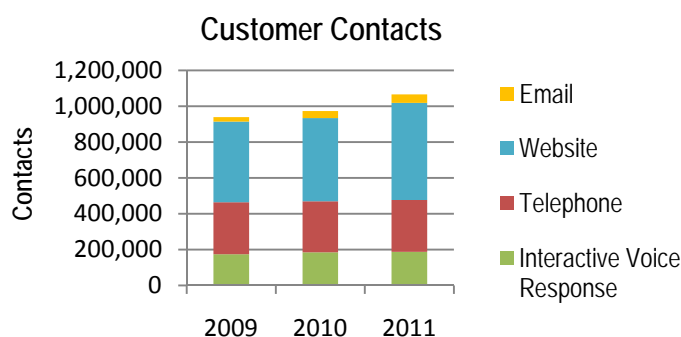
<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of call response within two hours, excluding major storms.

### Customer Service Performance

Overall customer service performance to the end of the year was consistent with plan. Service Level improved compared to 2010 primarily as a result of using the existing telephone technology to reprioritize the assignment of agents on an as-needed basis to answer incoming customer calls. When not required for incoming calls, agents continue to work on other off-phone customer related work, such as email responses.

In 2011, there were increases in the number of customer contacts via each of the Company's available contact methods, resulting in an overall 9.5% increase over the previous year. The most significant increases were in email and website contacts. The Company continues to enhance these customer electronic self-service options to improve overall customer service delivery.

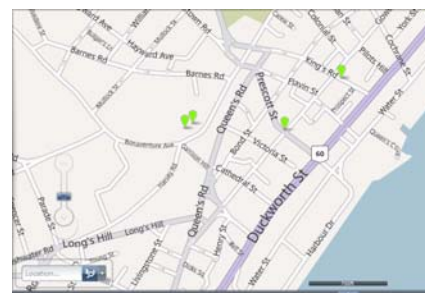


### Customer Service Improvements

At the end of 2011, over 45,000 Newfoundland Power customers were participating in the Company's e-bill program. This represents over 19% of total customers, and a 30% increase since year-end 2010. The postal strike of 2011 was a key driver of the significant increase.

In March, Newfoundland Power implemented “Click” scheduling software to organize and schedule work for service and line crews in St. John’s Regional Operations. This software matches work to crews based on location and skill set, optimizing field work and reducing administrative effort. Over 3,300 work orders were completed using this system in 2011.

Since October, six St. John’s service crews have also been using wireless technology connected to vehicle laptops to receive work orders, such as new service connections, electronically, further reducing manual effort and reliance on paper forms. Work orders include GPS location data to assist crews in efficient navigation to the work site. When work orders are completed, they are closed in the field and systems are updated automatically, eliminating paper forms and providing better information for customers.



*GIS map of downtown St. John's  
showing 4 scheduled work locations*

Using Blackberry technology, Engineering Technologists also update customer work orders in the field with work planning details, such as customer contact information, GPS coordinates and job notes, rather than update the system from field notes after returning to the office. This work order planning information is then made available to crews through the “Click” system.

### Energy Conservation

In 2011, over 5,000 Newfoundland Power customers participated in one or more of the *takeCHARGE!* Energy Savers Rebate programs. This resulted in 11.3 GWh of energy savings, which was 6.2 GWh above the target for 2011. The third annual Energy Efficiency Week was held from October 22<sup>nd</sup> – 28<sup>th</sup>. Activities included a one-day only insulation rebate offer, and a *takeCHARGE!* energy efficiency education initiative with children from more than 25 schools participating. Company employee lunch ‘n’ learns were also held, including an interactive energy Jeopardy game as a creative way to learn more about saving energy.

*takeCHARGE!* continued to expand partnerships with key retailers across the province, such as Kent. These relationships created opportunities to have not only an in-store presence, but to also be featured in Kent flyers promoting efficient products (eg. thermostats). Specific outreach activities included presentations and lunch ‘n’ learns aimed at educating retailer staff on the benefits of energy efficient products and awareness of the *takeCHARGE!* rebate programs.

At *takeCHARGE!* outreach events during the quarter, including a Retail Day on October 1<sup>st</sup>, the Clarenville trade show, Christmas on the Exploits and the annual Municipalities Newfoundland and Labrador Convention in Corner Brook, attendees were invited to visit the *takeCHARGE!* booth to discuss energy efficiency solutions and rebate programs.

Approximately 73,000 visitors used the *takeCHARGE!* website throughout the year, a 40% increase over 2010. New elements on the site include social networking links and an energy efficiency tip of the week. Customer engagement through the *takeCHARGE!* Facebook page has also increased significantly to over 6,000 fans from about 650 at the end of 2010. The “Battle of the Energy Savers” interactive contest was a primary driver of the increased activity.

### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>			
	Annual		
	Actual <sup>2</sup> 2011	Plan 2011	Actual <sup>3</sup> 2010
Customer Minutes of Outage <sup>4</sup>	57.5	36.9	194.1
SAIDI (Outage hours per customer)	4.03	2.60	13.82
SAIFI (Outages per customer)	1.95	1.95	2.69

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> 2011 system reliability statistics excluding the December wind storm and outages for PCB legislative requirements are:

- Customer Minutes of Outage 36.7
- SAIDI 2.57
- SAIFI 1.70

<sup>3</sup> 2010 system reliability statistics excluding Hurricane Igor and the March ice storm are:

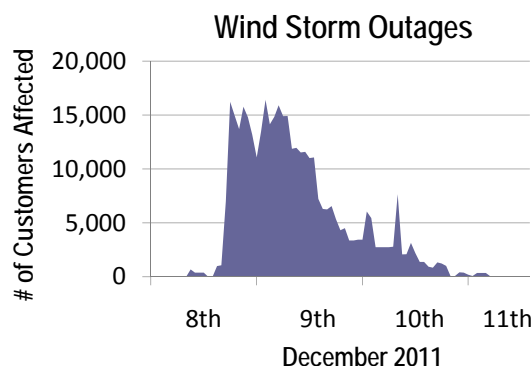
- Customer Minutes of Outage 36.4
- SAIDI 2.59
- SAIFI 1.52

<sup>4</sup> In millions of minutes.

Excluding the impact of major storms, system reliability performance for 2011 was broadly consistent with plan and 2010 performance.

On December 8<sup>th</sup>, the island experienced a major wind storm with wind speeds in excess of 120 km/h. In total, 41,000 customers were impacted by the storm and the number of customers without power at any one time peaked at 16,400. Most of the electrical system trouble was related to trees blowing into lines,

broken conductors and broken poles. The most serious damage occurred in the Corner Brook, Grand Falls-Windsor and Bonavista Peninsula areas, though the storm did cause damage across the island.



Power restoration began with the higher priority assets such as transmission lines and full feeders and then progressed to smaller sections of feeders and ultimately to isolated trouble calls. Crews from across the island were mobilized to the affected areas. Restoration work continued until December 11<sup>th</sup>, with additional repairs continuing until December 24<sup>th</sup>. The total cost of the electrical system restoration was over \$670,000.

Other significant unplanned power interruptions during the 4<sup>th</sup> quarter included:

Oct 6<sup>th</sup>: High winds and broken trees caused an outage to 3,179 customers in the Dunville area and resulted in 378,301 customer minutes of outage.

October 27<sup>th</sup>: Sleet and high winds caused an outage to 260 customers in the Seal Cove and Wild Cove areas on the Baie Verte Peninsula, resulting in 363,420 customer minutes of outage.

Nov 12<sup>th</sup>: A bus lockout caused by a broken riser at Hardwoods substation resulted in an outage to 4,666 customers in the Topsail Road, Paradise area and resulted in 566,959 customer minutes of outage.

Dec 25<sup>th</sup>: Equipment failure resulted in a bus lockout at Springfield substation. The lockout caused an outage to 3,033 customers in the Briggs to Bay Roberts area, resulting in 550,787 customer minutes of outage.

### B. Electricity Supply

	Electricity Supply			Annual	
	4 <sup>th</sup> Quarter			Actual	Plan
	Actual 2011	Plan 2011	Actual 2010	2011	2011
Energy Purchased (GWh) <sup>1</sup>	1,502.1	1,497.1	1,456.8	5,455.4	5,375.6
Peak Demand (MW) <sup>1, 2</sup>	1,252.5	1,283.9	1,237.6	1,252.5	1,283.9
Hydro Plant Production (GWh)	108.3	113.0	121.9	469.0	429.7
Plant Availability (%)	90.3	96.5	99.2	93.5	96.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2010/2011 winter period occurred on February 2<sup>nd</sup>, 2011 at 5:45 p.m.

4<sup>th</sup> quarter and annual energy purchases were higher than plan, reflecting higher energy sales.

Annual hydro plant energy production was higher than plan. During the 4<sup>th</sup> quarter, hydro plant energy production was 4.7 GWh lower than plan and 13.6 GWh lower than the same period of 2010. This reflects lower than planned hydro plant availability, primarily related to unplanned outages and capital upgrades. The number of forced outages in the 4<sup>th</sup> quarter was only slightly higher than that experienced in the same period of 2010 (54 vs. 52 incidents). However, more time was required to repair equipment and return to safe operating conditions. Sandy Brook and Horsechops plants were unavailable for most of the 4<sup>th</sup> quarter due to planned capital projects.

#### 4. Financial Matters

	4 <sup>th</sup> Quarter			Annual	
	Actual 2011	Plan 2011	Actual 2010	Actual 2011	Plan 2011
Electricity Sales (GWh)	1,526.6	1,519.5	1,488.2	5,552.8	5,480.0
Revenue (\$millions)	156.1	155.1	151.7	573.1	560.1
Purchased Power Costs (\$millions)	103.1	104.5	102.3	369.5	364.2
Operating Costs (\$millions) <sup>1</sup>	16.2	13.8	13.3	56.6	53.3
Operating Cost per Customer (\$)	68	58	57	241	225
Earnings (\$millions) <sup>2</sup>	8.0	8.7	9.2	33.7	32.0

<sup>1</sup> Excluding pension, OPEBs, and early retirement program costs.

<sup>2</sup> Earnings applicable to common shares.

#### Financial Results

Electricity sales in the 4<sup>th</sup> quarter of 2011 were consistent with plan, while annual sales were slightly higher than plan. This reflects growth in residential sales due to a solid housing market and an increase in the number of electrically heated homes. Growth in commercial sales was largely due to construction of the hydromet nickel processing plant in Long Harbour and a strong retail sector, partly offset by a decline in the fishing sector.

Revenue for the 4<sup>th</sup> quarter of 2011 was also broadly consistent with plan, while annual revenue was higher than plan. Purchased power costs were slightly below plan for the 4<sup>th</sup> quarter and slightly above plan for the year. This reflects higher energy production from the Company's hydroelectric generating facilities.

Operating costs for the 4<sup>th</sup> quarter were higher than plan. The increase in operating expenses was primarily related to (i) increased conservation costs related to rebate promotions offered to customers; (ii) costs associated with the wind storm in early December 2011; and (iii) higher costs associated with hiring, training and personal illness. These increases were also reflected in higher annual operating costs.

Earnings for the 4<sup>th</sup> quarter were lower than plan primarily due to higher operating costs. Earnings for the year were higher than plan, reflecting higher electricity sales and revenue.

### The Formula and Customer Rates

On December 13<sup>th</sup>, 2011, the PUB approved the Company's application to suspend operation of the Automatic Adjustment Formula for 2012. As a result, the Company's regulated return on common equity will remain at 8.38% and current customer electricity rates will continue in effect for 2012, both on an interim basis. The schedule for a full cost of capital review has yet to be determined.

### Joint Use Support Structure Agreement

The transaction with Bell Aliant regarding the sale of 40% of the Company's joint use support structures closed on January 16<sup>th</sup>, 2012. A purchase price adjustment of \$0.9 million was paid to Bell Aliant from the Company, based on the results of the pole count survey completed in the 4<sup>th</sup> quarter of 2011.

### Cost Recovery Deferral

On September 16<sup>th</sup>, 2011, the Company filed an application with the PUB requesting the deferred recovery of expected increased costs in 2012 of \$2.4 million due to expired regulatory amortizations. The application was approved by the PUB on October 27<sup>th</sup>, 2011.

### U.S. GAAP

On November 10<sup>th</sup>, 2011, the Company filed an application with the PUB regarding the adoption of U.S. GAAP for regulatory purposes effective January 1<sup>st</sup>, 2012. The application was approved by the PUB on December 15<sup>th</sup>, 2011.

### Labour Relations

Collective bargaining between the Company and the International Brotherhood of Electrical Workers has reached a tentative agreement. This agreement was presented to the IBEW local executive in late January, and was subsequently distributed to union members. Voting on the tentative agreement is to be completed in early March.

### Workforce Management

There were three resignations in the 4<sup>th</sup> quarter, for a total of 19 during the year. In addition, a total of 19 employees retired during 2011 and a further five employees began pre-retirement leave. While anticipated, this reflects a significant increase over recent experience. The Company's turnover rate in 2011 was 3.3%, compared to a rate of less than 1% in 2009 and 2010. Sixty-five new regular and temporary employees were hired in 2011, excluding students. The Company's approach to workforce management and recruiting in 2012 will address issues of employee development and compensation to reflect the generally increased competitiveness of the local labour market.



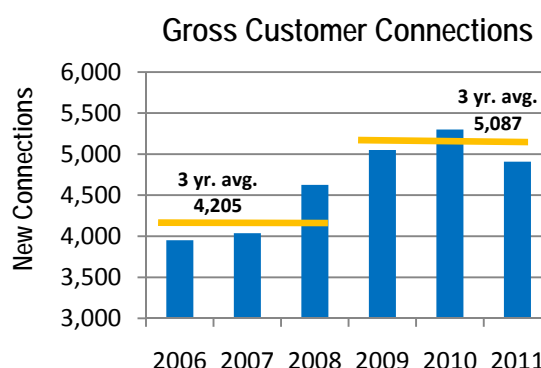
## 5. Capital Program

2011 Capital Expenditures		
	Annual	
	Actual 2011 <sup>1</sup>	Plan 2011 <sup>2</sup>
Total (\$millions)	76.2	76.5

<sup>1</sup> Actual 2011 expenditures include \$305,000 in unforeseen items to replace an underground switch damaged by fire at the intersection of Water Street and McBride's Hill in St. John's.

<sup>2</sup> Plan includes \$1,430,000 carryover for 2010 Transmission projects and \$900,000 for 2010 Substations projects. Plan also includes the supplemental capital expenditure approval of \$1,800,000 in Order No. P.U.11 (2011) associated with hydro plants damaged by Hurricane Igor. Annual plan excludes \$750,000 allowance for unforeseen items.

Capital expenditures in 2011 were \$76.2 million which was approximately \$300,000 below plan. The lower than expected expenditures were primarily related to work not completed on some Transmission, Distribution and General Properties projects, partially offset by higher than expected customer growth impacts in the Distribution class. During 2011, there were 4,909 new customer connections. This was 6.1% higher than the 2011 budget estimate of 4,625.



In 2011, the Company completed two capital projects to increase the transformer capacity on the Northeast Avalon Peninsula. New 25 MVA substation transformers were installed at Pulpit Rock Substation in Torbay, and at Kelligrews Substation in Conception Bay South. These projects were required due to continuing customer and load growth in these areas.

The project to rebuild transmission line 16L from Pepperell to Kings Bridge substations was partially completed, with a section from Kings Bridge Substation to a location near the CNIB building on the Boulevard remaining to be completed. The necessary approvals from the City of St. John's were delayed, but are now in place. This will allow the work to proceed in 2012.

Major capital projects that were completed in the 4<sup>th</sup> quarter include:

- Refurbishment of the Sandy Brook plant switchgear, governor, protection and controls systems,
- Increasing the elevation of the Sandy Lake spillway to increase production, and
- Rebuilding of transmission line 25L from Goulds to St. John's.

The Company's \$77.3 million 2012 capital budget was approved by the PUB on December 13<sup>th</sup>, 2011.

## 6. Safety

Safety Performance			
	Annual		
	Actual 2011	Plan 2011	Actual 2010
Injury Frequency Rate <sup>1</sup>	1.8	1.7 <sup>2</sup>	1.9

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> Based on a 10% improvement over the three-year average from 2008 to 2010.

### Safety Performance

One lost time injury and one medical aid injury occurred in the 4<sup>th</sup> quarter. The Company recorded a total of five lost time and five medical aid injuries in 2011, resulting in 274 calendar days of lost time due to injuries and an injury frequency rate of 1.8.

There was one recordable vehicle accident during the 4<sup>th</sup> quarter and a total of 3 during the year. Each of the recordable vehicle accidents in 2011 was caused by a third party.

### OHSD Regulatory Activity

On October 28<sup>th</sup>, 2011, the Occupational Health and Safety Division (OHSD) issued an order to the Company regarding the disconnection and reconnection of residential electrical services by independent electricians. The Company revised its disconnection/reconnection policy to reinforce the requirement for electricians to have an electrical safety program. The Company also updated the training provided to independent electricians and communicated these changes to all electrical contractors and/or electricians who are authorized to perform this work. No further action is required.

Since September 2011, Newfoundland Power has, with the permission of OHSD, used the City of St. John's traffic control standard while working within municipalities and the Department of Transportation and Works traffic control standard for work outside municipalities. In November, the Company requested permission from OHSD to harmonize these two standards for the Company's traffic control requirements. This request is currently under review.

The Company is partnering with OHSD on a communications and awareness program for residential construction near energized lines, particularly in downtown St. John's. The program is scheduled for completion in May of 2012.

### Line Operations Safety Initiative

The Company completed the assessment phase of an initiative to ensure consistency of safety procedures across its line operations. The project team identified both strengths and opportunities for improvement, and provided immediate coaching and feedback. As well, recommendations were compiled in an action plan for implementation in 2012, ranging from equipment inspection record keeping to powerline technician training improvements.

### Health and Safety OHSAS Audit

An audit of the Company's Health & Safety Management System (HSMS) was conducted in October. The audit confirmed that the Company remains compliant with the OHSAS 18001 international standard and that the HSMS is mature and is operating as intended.

### Hazard Registry

In December, the Company updated its safety hazard registry with the support of an external safety consultant. The registry was streamlined to just over 100 hazards which will lead to a more effective and focused basis for safety assessment.

### Contractor Safety

In December, production was completed on a contractor Safety, Health and Environment (SH&E) awareness video. This video will be used to provide a consistent and concise message to contractors doing work for the Company.

An electrical safety program for vegetation management contractors was developed and will be implemented as part of the vegetation contractors' safety program starting in Q1 of 2012.

## 7. Environment

Environment Performance <sup>1</sup>			
	Annual		
	Actual 2011	Plan 2011	Actual 2010
Number of Spills	80	65	81
Reportable PCB spills <sup>2</sup>	2	2	1
Volume of Oil Spills (Litres)	779	725	1,507

<sup>1</sup> Excludes all third party spills which the Company has no control over. The total number of third party spills excluded in 2011 is 8 and the associated volume is 377 litres. The actual 2010 amount excludes 5 spills and 99 litres as a result of third party spills.

<sup>2</sup> PCB spills must be reported if any of the following conditions exist:

- All PCB spills that have a concentration of 50 ppm PCBs or more.
- All PCB spills that exceed the one gram rule.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

### Environment Performance

The number and volume of spills for 2011 has decreased slightly compared to 2010. In 2010, the March ice storm and Hurricane Igor resulted in spills totaling 817 litres.

The Company has been nominated for the Environmental Achievement Award within the Newfoundland and Labrador Construction Association (NLCA). Award winners will be announced at a NLCA annual conference on March 3<sup>rd</sup>, 2012.

### PCB Regulations

On December 5<sup>th</sup>, 2011 the Company provided Environment Canada with an updated report of substation equipment where PCB concentrations are unknown. This is an annual requirement under the Company's end-of-use extension to December 31<sup>st</sup>, 2014 for all oil filled electrical equipment where PCB concentration levels are known to be 500mg/kg or where concentration levels are unknown.

### Training Programs

During the 4<sup>th</sup> quarter, 10 Newfoundland Power employees and 82 contractor employees were provided with environmental training. A total of 150 Newfoundland Power employees and 348 contractor employees were trained during the year.

### 8. Community

#### The Power of Life Project

Employees and customers continue to support cancer care in the province by donating to *The Power of Life Project*. The corporate donation of \$25,000 was presented to the Dr. H. Bliss Murphy Cancer Centre during the 4<sup>th</sup> quarter. Clarenville area employees presented a donation of more than \$12,000 to the Cancer Centre, bringing the 5-year donation total for this group to over \$75,000. During the quarter, the *Project* presented 12 automated blood pressure monitors, valued at \$60,000.



*In the 4<sup>th</sup> Quarter a new Power of Life Project logo was launched.*

#### Partners for Life

In December, the Company's employees exceeded the annual corporate pledge of 300 blood donations by 20. Since joining the Partners for Life Program in 2004 over 2,300 donations have been made, helping to save up to 6,900 lives.



*Team Newfoundland Power at the 2011 CIBC Run for the Cure*

#### CIBC Run for the Cure

On Sunday, October 2<sup>nd</sup>, 30 employees and family members participated in the annual CIBC Run for the Cure in support of breast cancer. Team Newfoundland Power proudly walked or ran in the rain in support of family, friends and co-workers who have been affected by this disease and raised over \$2,000.

#### Janeway Jeans Day

For the seventh year in a row the Company has been a corporate sponsor of the annual Janeway Jeans Day which was held on Monday, November 7<sup>th</sup>. Employees across the island proudly wore their "Monday Blues" and raised \$505 to help the Janeway purchase state-of-the-art medical equipment, fund paediatric research and invest in continued staff education.

#### Christmas Parades

Employees, retirees and family members got into the holiday spirit at Christmas parades across the island in November and early December. In St. John's, employees and family members walked the parade route, collecting food and money along the way. Over 26,000 pounds of food valued at more than \$52,000 and approximately \$13,000 was collected for the Community Food Sharing Association. Over the past thirteen years this event has collected approximately 242,000 pounds of food and over \$105,000 to assist others during the holiday season. In Gander, employees also collected food for the Gander Food Bank.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At December 31**  
**(\$000s)**

	<u>2011</u>	<u>2010 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,268,271	1,212,810
Less: accumulated amortization	455,505	436,428
	<u>812,766</u>	<u>776,382</u>
<b>Current Assets</b>		
Cash	330	4,182
Accounts receivable	77,091	61,654
Materials and supplies	1,140	992
Prepaid expenses	1,084	1,327
Regulatory assets	18,041	11,536
Assets held for sale	-	44,698
	<u>97,686</u>	<u>124,389</u>
<b>Accrued Pension</b>	93,963	97,755
<b>Regulatory Assets</b>	181,859	181,454
<b>Intangible Assets, net of amortization</b>	14,582	15,310
<b>Other Assets</b>	<u>1,527</u>	<u>1,647</u>
<b>Total Assets</b>	<u><u>1,202,383</u></u>	<u><u>1,196,937</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	313,709	330,181
Common shareholder's equity	<u>384,030</u>	<u>400,502</u>
Preference shares	9,081	9,111
	<u>393,111</u>	<u>409,613</u>
<b>Current Liabilities</b>		
Accounts payable and accrued charges	72,514	56,712
Interest payable	7,470	7,557
Income tax payable	4,043	4,302
Current instalments of long-term debt	5,200	5,200
Future income taxes	2,992	3,211
	<u>92,219</u>	<u>76,982</u>
<b>Future Income Taxes</b>	125,402	125,877
<b>Long-term Debt</b>	470,260	470,282
<b>Other Post Employment Benefits</b>	56,255	52,559
<b>Other Liabilities</b>	4,473	4,253
<b>Regulatory Liabilities</b>	<u>60,663</u>	<u>57,371</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,202,383</u></u>	<u><u>1,196,937</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended December 31**  
**(\$000s)**

	<b>FOURTH QUARTER</b>			<b>ANNUAL</b>		
	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual <sup>1</sup> 2010</b>	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual <sup>1</sup> 2010</b>
<b>Revenue</b>	156,122	155,314	151,644	573,072	560,567	555,355
<b>Purchased Power</b>	103,093	104,536	102,283	369,484	364,181	358,443
<b>Contribution</b>	53,029	50,778	49,361	203,588	196,386	196,912
<b>Operating Expenses</b>	16,177	13,805	13,263	56,615	53,291	53,830
<b>Employee Future Benefits</b>	5,143	4,620	2,124	20,569	18,407	8,381
<b>Amortization</b>	11,116	11,188	11,145	42,695	42,963	43,358
<b>Cost Recovery Deferral</b>	(591)	(600)	-	(2,363)	(2,400)	-
<b>Amortization True-Up Deferral</b>	-	-	966	-	-	3,862
<b>Finance Charges</b>	8,761	8,756	8,915	35,944	36,168	36,038
<b>Earnings Before Income Taxes</b>	12,423	13,009	12,948	50,128	47,957	51,443
<b>Income Taxes</b>	4,259	4,182	3,586	15,876	15,413	15,870
<b>Net Earnings</b>	8,164	8,827	9,362	34,252	32,544	35,573
<b>Dividends on Preference Shares</b>	142	142	142	567	568	568
<b>Earnings Applicable to Common Shares</b>	<b>8,022</b>	<b>8,685</b>	<b>9,220</b>	<b>33,685</b>	<b>31,976</b>	<b>35,005</b>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended December 31**  
**(\$000s)**

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Balance, Beginning of the Year</b>	330,181	310,864
Net Earnings	34,252	35,573
<b>Dividends</b>		
Preference Shares	(567)	(568)
Common Shares	(50,157)	(15,688)
<b>Balance, End of the Year</b>	<u><u><b>313,709</b></u></u>	<u><u><b>330,181</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended December 31**  
**(\$000s)**

	<b>2011</b>	<b>2010 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	34,252	35,573
Items not affecting cash:		
Amortization of property, plant and equipment	39,896	40,521
Amortization of intangibles and other	3,107	3,107
Change in long-term regulatory assets and liabilities	5,898	11,364
Future income taxes	(3,755)	(1,903)
Employee future benefits	7,717	216
Equity portion of AFUDC	(460)	(405)
Change in non-cash working capital	(6,610)	5,688
	<u>80,045</u>	<u>94,161</u>
<b>Investing Activities</b>		
Net proceeds from sale to Bell Aliant	44,735	-
Capital expenditures	(78,436)	(75,942)
Intangible asset expenditures	(2,071)	(2,034)
Contributions from customers	2,848	2,789
Other	111	156
	<u>(32,813)</u>	<u>(75,031)</u>
<b>Financing Activities</b>		
Net credit facilities borrowings (repayments)	5,000	1,500
Repayment of long-term debt	(5,200)	(5,200)
Proceeds from related party loan	25,000	-
Repayment of related party loan	(25,000)	-
Payment of debt financing costs	(130)	(300)
Redemption of preference shares	(30)	-
Dividends		
Preference shares	(567)	(568)
Common shares	(50,157)	(15,688)
	<u>(51,084)</u>	<u>(20,256)</u>
<b>Decrease in Cash</b>	(3,852)	(1,126)
<b>Cash, Beginning of the Year</b>	<u>4,182</u>	<u>5,308</u>
<b>Cash, End of the Year</b>	<u><b>330</b></u>	<u><b>4,182</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended December 31</b>				
	<b><u>FOURTH QUARTER</u></b>		<b><u>ANNUAL</u></b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Sales (GWh)</b>				
Actual	1,504.1	1,384.3	5,466.7	5,176.6
Weather adjusted	1,526.6	1,488.2	5,552.8	5,419.0
Plan <sup>1</sup>	1,519.5		5,480.0	
<b>Produced &amp; Purchased (GWh)</b>				
Actual	1,589.5	1,459.5	5,786.9	5,476.6
Weather adjusted	1,613.2	1,569.5	5,877.8	5,732.9
Plan <sup>1</sup>	1,610.1		5,805.3	
<b>Hydro Production (GWh)</b>				
Actual	108.3	121.9	469.0	462.2

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended December 31**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FOURTH QUARTER			ANNUAL		
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>						
Residential	963.7	961.2	937.3	3,398.7	3,343.7	3,311.2
Residential - Seasonal	4.3	-	-	8.3	-	-
<b>Total Residential</b>	968.0	961.2	937.3	3,407.0	3,343.7	3,311.2
<b>Commercial</b>						
0-10 kW	24.5	24.1	24.1	93.7	90.7	92.5
10-100 kW	175.3	172.5	170.0	665.5	654.7	649.3
110-1000 kVA	242.2	244.1	243.7	927.7	923.7	910.6
1000 kVA and Over	105.3	106.5	101.7	422.4	431.5	419.2
<b>Total Commercial</b>	547.3	547.2	539.5	2,109.3	2,100.6	2,071.6
<b>Street Lighting</b>	11.3	11.1	11.4	36.5	35.7	36.2
<b>Total Sales</b>	<b>1,526.6</b>	<b>1,519.5</b>	<b>1,488.2</b>	<b>5,552.8</b>	<b>5,480.0</b>	<b>5,419.0</b>
<b>BY REGION</b>						
St. John's	756.2	751.4	731.9	2,736.9	2,698.2	2,670.3
Eastern <sup>2</sup>	320.0	317.9	314.5	1,175.6	1,161.4	1,146.8
Western <sup>3</sup>	450.4	450.2	441.8	1,640.3	1,620.4	1,601.9
<b>Total Sales</b>	<b>1,526.6</b>	<b>1,519.5</b>	<b>1,488.2</b>	<b>5,552.8</b>	<b>5,480.0</b>	<b>5,419.0</b>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated March 5, 2010.

<sup>2</sup> Eastern Region includes the Avalon, Burin and Clarendville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended December 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FOURTH QUARTER			ANNUAL		
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010
<b>Residential</b>						
Residential	96,249	96,345	92,984	343,775	338,853	332,664
Residential - Seasonal	454	-	-	834	-	-
<b>Total Residential</b>	<u>96,703</u>	<u>96,345</u>	<u>92,984</u>	<u>344,609</u>	<u>338,853</u>	<u>332,664</u>
<b>Commercial</b>						
0-10 kW	3,261	3,211	3,189	12,568	12,229	12,331
10-100 kW	17,838	17,721	17,184	67,341	66,611	65,291
110-1000 kVA	21,032	21,112	20,958	79,954	79,462	77,976
1000 kVA and Over	8,013	8,000	7,638	31,500	32,233	31,037
<b>Total Commercial</b>	<u>50,144</u>	<u>50,044</u>	<u>48,969</u>	<u>191,363</u>	<u>190,535</u>	<u>186,635</u>
Street Lighting	3,472	3,435	3,459	13,867	13,702	13,540
Forfeited Discounts	626	613	610	2,719	2,744	2,494
<b>Revenue From Rates</b>	<u>150,945</u>	<u>150,437</u>	<u>146,022</u>	<u>552,558</u>	<u>545,834</u>	<u>535,333</u>
Energy Supply Cost Variance <sup>2</sup>	2,458	2,297	1,013	6,896	4,354	2,213
Seasonal Rate Revenue Deferral <sup>3</sup>	20	-	-	70	-	-
<b>Amortizations <sup>4</sup></b>						
Pension Expense Variance Deferral	720	288	(160)	2,888	1,161	(640)
OPEBs Expense Variance Deferral	51	-	-	195	-	-
2005 Unbilled Remaining Balance	-	-	1,153	-	-	4,618
<b>Total Reported Revenue</b>	<u>154,194</u>	<u>153,022</u>	<u>148,028</u>	<u>562,607</u>	<u>551,349</u>	<u>541,524</u>
Other Revenue	1,928	2,292	3,616	10,465	9,218	13,831
<b>Total Operating Revenue</b>	<u>156,122</u>	<u>155,314</u>	<u>151,644</u>	<u>573,072</u>	<u>560,567</u>	<u>555,355</u>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended December 31**  
**(\$000s)**

	FOURTH QUARTER			ANNUAL		
	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010	Actual 2011	Plan <sup>1</sup> 2011	Actual 2010
<b>REVENUE FROM ELECTRICITY SALES</b>						
Actual	149,045	150,437	137,280	545,315	545,834	514,888
Degree Day & Wind Adjustment	1,900	-	8,742	7,243	-	20,445
<b>Weather Adjusted</b>	<b>150,945</b>	<b>150,437</b>	<b>146,022</b>	<b>552,558</b>	<b>545,834</b>	<b>535,333</b>
Energy Supply Cost Variance <sup>2</sup>	2,458	2,297	1,013	6,896	4,354	2,213
Seasonal Rate Revenue Deferral <sup>3</sup>	20	-	-	70	-	-
<b>Amortizations <sup>4</sup></b>						
Pension Expense Variance Deferral	720	288	(160)	2,888	1,161	(640)
OPEBs Expense Variance Deferral	51	-	-	195	-	-
2005 Unbilled Remaining Balance	-	-	1,153	-	-	4,618
<b>Total Reported Revenue</b>	<b>154,194</b>	<b>153,022</b>	<b>148,028</b>	<b>562,607</b>	<b>551,349</b>	<b>541,524</b>
<b>PURCHASED POWER EXPENSE</b>						
Actual	102,339	104,010	89,511	355,893	362,080	328,363
Degree Day & Wind Adjustment	2,089	-	9,677	8,006	-	22,568
Hydro Equalization Adjustment	(2,667)	-	2,010	1,681	-	4,506
<b>Purchased Power Weather Adjusted</b>	<b>101,761</b>	<b>104,010</b>	<b>101,198</b>	<b>365,580</b>	<b>362,080</b>	<b>355,437</b>
Demand Management Incentive Account <sup>5</sup>	805	-	576	1,802	-	994
<b>Amortizations <sup>6</sup></b>						
Rattling Brook Deferral	-	-	148	-	-	598
PPUCVR Balance at Dec 31, 2006	-	-	(166)	-	-	(688)
Weather Normalization Reserve	527	526	527	2,102	2,101	2,102
<b>Total Purchased Power Expense</b>	<b>103,093</b>	<b>104,536</b>	<b>102,283</b>	<b>369,484</b>	<b>364,181</b>	<b>358,443</b>

(1) Based on March 2010 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

(5) Demand Management Incentive Account as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(6) Amortizations as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended December 31**  
**(\$000s)**

	<b>FOURTH QUARTER</b>			<b>ANNUAL</b>		
	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual 2010</b>	<b>Actual 2011</b>	<b>Plan 2011</b>	<b>Actual 2010</b>
<b>Other Revenue</b>						
<b>Joint Use Revenue</b>						
Aliant	-	-	1,834	-	-	7,336
CATV	231	228	506	927	912	2,024
Total Joint Use Revenue	231	228	2,340	927	912	9,360
<b>Miscellaneous</b>						
Aliant Pole Sale	728	1,091	-	5,749	4,362	-
Customer Jobbing	184	188	194	738	720	492
Rental Income	10	7	-	29	25	10
Municipal Tax Liability	-	-	340	-	-	1,363
Interest - Customer Accounts	191	201	171	942	1,061	801
Interest - RSA	118	33	14	414	212	66
Interest - CIAC	23	30	25	92	125	100
Interest - Other	20	32	24	89	125	100
Reconnections	23	21	39	90	87	124
NSF Cheque Charges	6	9	7	30	40	32
Wheeling Charges	142	133	154	596	541	591
Miscellaneous	4	72	73	51	290	132
Service Connection Fees	67	65	68	258	255	255
Equity Portion of AFUDC	181	182	167	460	463	405
Total Miscellaneous	1,697	2,064	1,276	9,538	8,306	4,471
<b>Total Other Revenue</b>	<b>1,928</b>	<b>2,292</b>	<b>3,616</b>	<b>10,465</b>	<b>9,218</b>	<b>13,831</b>
<b>Finance Charges</b>						
Interest on Long-term Debt	8,785	8,786	8,887	35,444	35,444	35,850
Interest on Long-term Committed Credit Facility	90	(2)	110	672	593	316
Interest on Short-term Uncommitted Demand Facility	3	-	4	13	-	13
Amortization of Deferred Debt Issue Costs	47	74	47	190	290	190
Interest on Tax Return	1	-	-	7	-	-
Amortization of Capital Stock Issue Expenses	-	-	9	-	-	37
Interest on Security Deposits	2	-	1	10	-	5
Credit Facility Costs	33	-	16	118	-	42
Interest Charged to Construction	(200)	(102)	(159)	(510)	(159)	(415)
<b>Total Finance Charges</b>	<b>8,761</b>	<b>8,756</b>	<b>8,915</b>	<b>35,944</b>	<b>36,168</b>	<b>36,038</b>



<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At December 31</b>			
	ANNUAL		
	Actual 2011	Plan 2011	Actual 2010
<b>Customers</b>	247,163	245,759	243,426
<b>Employees <sup>1</sup></b>			
Regular	572	589	572
Temporary	68	58	69
<b>Total</b>	640	647	641

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended December 31</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 #	2010 #	2011 #	2010 #		2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
St. John's	0.38	0.51	1.52	2.89	2.27	0.55	0.45	2.18	12.23	4.84
Avalon	0.62	0.42	1.56	1.94	1.70	1.11	0.77	2.37	7.78	2.53
Burin	0.56	0.93	3.20	4.33	2.27	1.18	0.62	3.99	5.77	3.32
Bonavista	1.07	0.25	2.17	4.74	0.47	3.78	0.75	6.32	31.66	17.62
Gander	0.38	0.69	3.87	2.65	3.43	0.89	1.88	6.77	12.42	8.85
Grand Falls	0.86	1.00	2.93	4.52	2.34	3.60	1.97	6.86	4.73	7.02
Corner Brook	1.35	1.11	2.46	2.06	2.34	8.36	1.30	9.45	3.66	10.68
Stephenville	1.08	0.49	2.24	4.66	1.72	1.81	0.98	3.49	9.82	4.49
<b>Company Totals</b>	<b>0.65</b>	<b>0.61</b>	<b>2.09</b>	<b>2.69</b>	<b>2.05</b>	<b>1.95</b>	<b>0.89</b>	<b>4.09</b>	<b>13.82</b>	<b>6.86</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended December 31</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2011 #	2010 #	2011 #	2010 #	
Loss of Supply (NF Hydro)	0.03	0.12	0.14	0.28	0.37
Transmission	0.14	0.11	0.48	0.87	0.33
Distribution	0.48	0.38	1.47	1.54	1.35
<b>Company Totals</b>	<b>0.65</b>	<b>0.61</b>	<b>2.09</b>	<b>2.69</b>	<b>2.05</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended December 31</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2011 HOURS	2010 HOURS	2011 HOURS	2010 HOURS	
Loss of Supply (NF Hydro)	0.00	0.04	0.06	0.40	0.21
Transmission	0.30	0.17	0.74	4.70	1.78
Distribution	1.65	0.68	3.29	8.72	4.87
<b>Company Totals</b>	<b>1.95</b>	<b>0.89</b>	<b>4.09</b>	<b>13.82</b>	<b>6.86</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Fourth Quarter 2011</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.04	0.05	0.34	0.50	0.38	0.55
Avalon	0.09	0.10	0.53	1.01	0.62	1.11
Burin	0.41	0.86	0.15	0.32	0.56	1.18
Bonavista	0.24	0.38	0.83	3.40	1.07	3.78
Gander	0.10	0.04	0.28	0.85	0.38	0.89
Grand Falls	0.08	0.23	0.78	3.37	0.86	3.60
Corner Brook	0.10	0.22	1.25	8.14	1.35	8.36
Stephenville	0.06	0.16	1.02	1.65	1.08	1.81
<b>Company Totals</b>	<b>0.09</b>	<b>0.14</b>	<b>0.55</b>	<b>1.81</b>	<b>0.64</b>	<b>1.95</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended December 31, 2011**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report contains three sections:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and the total actual capital expenditures for the year, and indicates any variance between the annual budget and actual expenditures.
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended December 31, 2011**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE<sup>1</sup></b>		
	Approved by Order No. P.U. 28(2010), P.U. 8(2011) and P.U. 11(2011)	Fourth Quarter	Annual 2011	Variance
Generation Hydro	9,496	4,036	8,576	(920)
Generation Thermal	268	150	252	(16)
Substations	11,647	3,478	10,527	(1,120)
Transmission	4,745	1,790	3,389	(1,356)
Distribution	36,842	10,966	38,210	1,368
General Property	1,792	690	1,757	(35)
Transportation	2,254	285	2,272	18
Telecommunications	572	54	109	(463)
Information Systems	3,728	995	3,699	(29)
Unforeseen Items	750	305	305	(445)
General Expenses Capital	2,800	825	3,750	950
<b>TOTAL</b>	<b>74,894</b>	<b>23,574</b>	<b>72,846</b>	<b>(2,048)</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations in excess of \$5,000 annually entered into during the fourth quarter of 2011.		

<sup>1</sup> Excludes capital expenditures of approximately \$3,325,000 related to prior years capital projects carried forward into 2011.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**

**For the Period Ended December 31, 2011**

**Introduction**

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and the same period last year, as well as comparable annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For the Period Ended December 31, 2011**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Fourth Quarter 2011</u>	<u>Fourth Quarter 2010</u>	<u>Annual 2011</u>	<u>Annual 2010</u>
Trustee & Share Plan Costs	\$ 18,000	\$ 9,000	\$ 51,000	\$ 45,000
Hotel/Banquet Facilities	20,348	51,463	37,387	67,196
Staff Charges	-	104,933	4,805	151,132
Joint-use Pole Purchases	47	9,582	11,566	13,512
Miscellaneous	1,410	6,495	25,961	41,504
Sub-total	<u>\$ 39,805</u>	<u>\$ 181,473</u>	<u>\$ 130,719</u>	<u>\$ 318,344</u>
<u>Non-Regulated Charges</u>	<u>Fourth Quarter 2011</u>	<u>Fourth Quarter 2010</u>	<u>Annual 2011</u>	<u>Annual 2010</u>
Directors' Fees & Travel	\$ 44,000	\$ 92,000	\$ 200,000	\$ 263,000
Annual & Quarterly Reports	45,000	(1,000)	117,000	89,000
Hotel/Banquet Facilities	-	-	-	2,416
Staff Charges	163,000	157,000	574,000	352,000
Miscellaneous	128,000	39,000	711,265	697,877
Sub-total	<u>\$ 380,000</u>	<u>\$ 287,000</u>	<u>\$ 1,602,265</u>	<u>\$ 1,404,293</u>
<b>TOTAL</b>	<u><u>\$ 419,805</u></u>	<u><u>\$ 468,473</u></u>	<u><u>\$ 1,732,984</u></u>	<u><u>\$ 1,722,637</u></u>

**Charges to Associated Companies**

	<u>Fourth Quarter 2011</u>	<u>Fourth Quarter 2010</u>	<u>Annual 2011</u>	<u>Annual 2010</u>
Printing & Stationery	\$ 82	\$ 177	\$ 678	\$ 401
Postage	4,971	4,275	22,263	20,851
Staff Charges	65,075	70,469	476,023	583,381
Staff Charges - Insurance	86,082	90,209	264,002	269,604
IS Charges	21,543	21,544	21,543	21,544
Pole Installations	4,488	3,107	20,191	23,976
Miscellaneous	83,758	10,752	108,893	36,607
<b>TOTAL</b>	<u><u>\$ 265,999</u></u>	<u><u>\$ 200,533</u></u>	<u><u>\$ 913,593</u></u>	<u><u>\$ 956,364</u></u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended December 31, 2011**

	<b><u>Fourth Quarter 2011</u></b>			<b><u>Fourth Quarter 2010</u></b>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 44,000	\$ 44,000	\$ -	\$ 92,000	\$ 92,000
Annual & Quarterly Reports	-	45,000	45,000	-	(1,000)	(1,000)
Trustee & Share Plan Costs	18,000	-	18,000	9,000	-	9,000
Staff Charges	-	163,000	163,000	-	157,000	157,000
Joint-use Pole Purchases	47	-	47	9,582	-	9,582
Miscellaneous	-	128,000	128,000	3,529	39,000	42,529
Total	<u>\$ 18,047</u>	<u>\$ 380,000</u>	<u>\$ 398,047</u>	<u>\$ 22,111</u>	<u>\$ 287,000</u>	<u>\$ 309,111</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 20,348	\$ -	\$ 20,348	\$ 51,463	\$ -	\$ 51,463
Total	<u>\$ 20,348</u>	<u>\$ -</u>	<u>\$ 20,348</u>	<u>\$ 51,463</u>	<u>\$ -</u>	<u>\$ 51,463</u>
<b>Maritime Electric Co. Ltd.</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ 40,019	\$ -	\$ 40,019
Miscellaneous	1,410	-	1,410	2,966	-	2,966
Total	<u>\$ 1,410</u>	<u>\$ -</u>	<u>\$ 1,410</u>	<u>\$ 42,985</u>	<u>\$ -</u>	<u>\$ 42,985</u>
<b>FortisAlberta Inc.</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ 64,914	\$ -	\$ 64,914
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended December 31, 2011**

	<u>Annual 2011</u>			<u>Annual 2010</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees and Travel	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 263,000	\$ 263,000
Annual & Quarterly Reports	-	117,000	117,000	-	89,000	89,000
Trustee & Share Plan Costs	51,000	-	51,000	45,000	-	45,000
Staff Charges	-	574,000	574,000	-	352,000	352,000
Joint-use Pole Purchases	11,566	-	11,566	13,512	-	13,512
Miscellaneous	7,629	711,265	718,894	12,493	697,877	710,370
Total	<u>\$ 70,195</u>	<u>\$ 1,602,265</u>	<u>\$ 1,672,460</u>	<u>\$ 71,005</u>	<u>\$ 1,401,877</u>	<u>\$ 1,472,882</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 37,387	\$ -	\$ 37,387	\$ 67,196	\$ 2,416	\$ 69,612
Miscellaneous	8,029	-	8,029	11,814	-	11,814
Total	<u>\$ 45,416</u>	<u>\$ -</u>	<u>\$ 45,416</u>	<u>\$ 79,010</u>	<u>\$ 2,416</u>	<u>\$ 81,426</u>
<b>Maritime Electric Co. Ltd.</b>						
Staff Charges	\$ -	\$ -	\$ -	\$ 86,218	\$ -	\$ 86,218
Miscellaneous	9,211	-	9,211	7,338	-	7,338
Total	<u>\$ 9,211</u>	<u>\$ -</u>	<u>\$ 9,211</u>	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 93,556</u>
<b>FortisAlberta Inc.</b>						
Staff Charges	\$ 4,805	\$ -	\$ 4,805	\$ 64,914	\$ -	\$ 64,914
Total	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 4,805</u>	<u>\$ 64,914</u>	<u>\$ -</u>	<u>\$ 64,914</u>
<b>FortisBC Inc.</b>						
Miscellaneous	\$ 1,092	\$ -	\$ 1,092	\$ 9,859	\$ -	\$ 9,859
Total	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ 9,859</u>	<u>\$ -</u>	<u>\$ 9,859</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended December 31, 2011**

	<b>Fourth Quarter 2011</b>	<b>Fourth Quarter 2010</b>	<b>Annual 2011</b>	<b>Annual 2010</b>
<b>Fortis Inc.</b>				
Postage	\$ 4,971	\$ 4,275	\$ 22,263	\$ 20,851
Staff Charges	51,229	57,169	299,786	500,948
Staff Charges - Insurance	60,515	65,963	179,005	213,164
Pole Installations	4,488	3,107	20,191	23,976
Miscellaneous	83,308	5,389	92,974	8,747
Total	<u>\$ 204,511</u>	<u>\$ 135,903</u>	<u>\$ 614,219</u>	<u>\$ 767,686</u>
<b>Fortis Properties Corporation</b>				
Printing & Stationery	\$ 82	\$ 177	\$ 678	\$ 401
Staff Charges	-	-	-	1,247
Staff Charges - Insurance	9,487	5,610	37,042	23,303
Miscellaneous	400	-	2,147	9,745
Total	<u>\$ 9,969</u>	<u>\$ 5,787</u>	<u>\$ 39,867</u>	<u>\$ 34,696</u>
<b>Maritime Electric Co. Ltd.</b>				
Staff Charges	\$ 1,336	\$ 569	\$ 16,296	\$ 2,312
Staff Charges - Insurance	285	369	2,693	1,346
IS Charges	4,787	3,351	4,787	3,351
Miscellaneous	-	-	550	580
Total	<u>\$ 6,408</u>	<u>\$ 4,289</u>	<u>\$ 24,326</u>	<u>\$ 7,589</u>
<b>FortisOntario Inc.</b>				
Staff Charges	\$ 4,431	\$ -	\$ 7,065	\$ -
Staff Charges - Insurance	310	716	1,622	4,417
IS Charges	3,351	4,788	3,351	4,788
Miscellaneous	-	-	360	360
Total	<u>\$ 8,092</u>	<u>\$ 5,504</u>	<u>\$ 12,398</u>	<u>\$ 9,565</u>
<b>Fortis US Energy Corporation</b>				
Staff Charges - Insurance	\$ 762	\$ -	\$ 2,581	\$ -
Total	<u>\$ 762</u>	<u>\$ -</u>	<u>\$ 2,581</u>	<u>\$ -</u>
<b>Belize Electric Company Limited</b>				
Staff Charges	\$ -	\$ 9,891	\$ -	\$ 37,456
Staff Charges - Insurance	108	1,134	432	1,134
Total	<u>\$ 108</u>	<u>\$ 11,025</u>	<u>\$ 432</u>	<u>\$ 38,590</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended December 31, 2011**

	<b>Fourth Quarter 2011</b>	<b>Fourth Quarter 2010</b>	<b>Annual 2011</b>	<b>Annual 2010</b>
<b>Belize Electricity Limited</b>				
Staff Charges	\$ -	\$ 804	\$ -	\$ 3,739
Staff Charges - Insurance	-	6,153	1,296	8,043
Miscellaneous	-	5,044	1,176	5,177
Total	<u>\$ -</u>	<u>\$ 12,001</u>	<u>\$ 2,472</u>	<u>\$ 16,959</u>
<b>FortisAlberta Inc.</b>				
Staff Charges	\$ -	\$ -	\$ 18,219	\$ -
Staff Charges - Insurance	972	162	3,365	540
Miscellaneous	-	-	3,120	2,990
Total	<u>\$ 972</u>	<u>\$ 162</u>	<u>\$ 24,704</u>	<u>\$ 3,530</u>
<b>FortisBC Inc.</b>				
Staff Charges - Insurance	\$ 324	\$ 443	\$ 5,869	\$ 1,410
IS Charges	13,405	13,405	13,405	13,405
Miscellaneous	13	9	1,944	1,919
Total	<u>\$ 13,742</u>	<u>\$ 13,857</u>	<u>\$ 21,218</u>	<u>\$ 16,734</u>
<b>FortisBC Holdings Inc.</b>				
Staff Charges	\$ -	\$ -	\$ 10,215	\$ -
Staff Charges - Insurance	270	-	2,983	540
Miscellaneous	37	8	6,547	6,212
Total	<u>\$ 307</u>	<u>\$ 8</u>	<u>\$ 19,745</u>	<u>\$ 6,752</u>
<b>Caribbean Utilities Co. Limited</b>				
Staff Charges	\$ 5,045	\$ -	\$ 6,938	\$ -
Staff Charges - Insurance	10,079	4,968	21,168	7,452
Total	<u>\$ 15,124</u>	<u>\$ 4,968</u>	<u>\$ 28,106</u>	<u>\$ 7,452</u>
<b>Fortis Turks and Caicos</b>				
Staff Charges	\$ 3,034	\$ 2,036	\$ 117,504	\$ 37,679
Staff Charges - Insurance	2,970	4,691	5,946	8,255
Miscellaneous	-	302	75	877
Total	<u>\$ 6,004</u>	<u>\$ 7,029</u>	<u>\$ 123,525</u>	<u>\$ 46,811</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended December 31, 2011**

No loans or agreements with related companies were entered into during the quarter ending December 31, 2011.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Quarter Ending December 31, 2011**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Fourth Quarter**

The total number of damage claims received during the fourth quarter of 2011 was similar to the number of claims received during the same period in 2010. In the quarter an increase in the number of claims reported under Equipment Failure was partially offset by a decrease in the Miscellaneous category.

Please note that the number of claims outstanding from the last quarter has been reduced by two as a result of claims being withdrawn by customers. One claim was originally reported in the Improper Workmanship category in the Eastern Region while a second claim was reported in the Miscellaneous category in the Western Region. The new total of outstanding damage claims is 27, down from 29 as reported in the summary for the quarter ending September 2011.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
By Cause

For the Quarter Ending December 31, 2011										
Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted		Claims Rejected		Claims Outstanding		
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	-	\$ -	-	1	\$ 339	1	\$ 400
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	6	6	12	3	7,425	5,137	-	-	9	18,418
Weather Related	-	1	1	1	3,559	1,780	-	-	-	-
Equipment Failure	31	13	44	24	37,986	27,880	1	4,000	19	18,100
Third Party	-	1	1	1	836	836	-	-	-	-
Miscellaneous	12	5	17	9	14,105	13,324	-	-	8	6,218
<b>Total</b>	<b>50</b>	<b>27</b>	<b>77</b>	<b>38</b>	<b>\$ 63,911</b>	<b>\$ 48,957</b>	<b>2</b>	<b>\$ 4,339</b>	<b>37</b>	<b>\$ 43,136</b>

For the Quarter Ending December 31, 2010										
Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted		Claims Rejected		Claims Outstanding		
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	3	1	4	3	\$ 1,497	\$ 797	1	\$ 700	-	\$ -
Power Interruptions	-	2	2	2	2,185	1,865	-	-	-	-
Improper Workmanship	7	5	12	7	11,368	6,722	-	-	5	15,250
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	21	9	30	21	23,692	15,738	-	-	9	6,500
Third Party	-	1	1	-	-	-	-	-	1	500
Miscellaneous	18	3	21	15	11,258	10,688	1	300	5	5,650
<b>Total</b>	<b>49</b>	<b>21</b>	<b>70</b>	<b>48</b>	<b>\$ 50,000</b>	<b>\$ 35,810</b>	<b>2</b>	<b>\$ 1,000</b>	<b>20</b>	<b>\$ 27,900</b>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

<b>For the Quarter Ending December 31, 2011</b>									
<b>Region</b>	<b>Number Received</b>	<b>Outstanding Last Quarter</b>	<b>Total</b>	<b>Claims Accepted</b>		<b>Claims Rejected</b>		<b>Claims Outstanding</b>	
				<b>Number</b>	<b>Amt. Claimed</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
St. John's Region	12	17	29	14	\$ 31,730	-	\$ -	15	\$ 17,125
Eastern Region <sup>1</sup>	12	2	14	7	13,200	1	4,000	6	7,062
Western Region <sup>2</sup>	26	8	34	17	18,981	1	339	16	18,949
<b>Total</b>	<b>50</b>	<b>27</b>	<b>77</b>	<b>38</b>	<b>\$ 63,911</b>	<b>2</b>	<b>\$ 4,339</b>	<b>37</b>	<b>\$ 43,136</b>

<b>For the Quarter Ending December 31, 2010</b>									
<b>Region</b>	<b>Number Received</b>	<b>Outstanding Last Quarter</b>	<b>Total</b>	<b>Claims Accepted</b>		<b>Claims Rejected</b>		<b>Claims Outstanding</b>	
				<b>Number</b>	<b>Amt. Claimed</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
St. John's Region	12	10	22	11	\$ 7,415	2	\$ 1,000	9	\$ 19,950
Eastern Region <sup>1</sup>	15	7	22	16	19,264	-	-	6	4,250
Western Region <sup>2</sup>	22	4	26	21	23,321	-	-	5	3,700
<b>Total</b>	<b>49</b>	<b>21</b>	<b>70</b>	<b>48</b>	<b>\$ 50,000</b>	<b>2</b>	<b>\$ 1,000</b>	<b>20</b>	<b>\$ 27,900</b>

<sup>1</sup> Eastern Region includes Avalon, Burin and Clarenville operating areas

<sup>2</sup> Western Region includes Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas



## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Quarter Ending December 31, 2011**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the fourth quarter of 2011. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Outdated after six months has elapsed and the customer has not indicated their intention to proceed with the extension. A quoted CIAC is Outstanding if it is neither Accepted nor Outdated.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Outdated	Total CIACs Outstanding
Domestic						
- Within Planning Area	25	20	45	21	6	18
- Outside Planning Area	31	45	76	20	19	37
	56	65	121	41	25	55
General Service	28	10	38	18	4	16
Total	84	75	159	59	29	71

The table on pages 2 to 4 of the report provides specific information for the 84 CIACs quoted to customers during the period October 1, 2011 to December 31, 2011. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
10/7/2011	2011-20-205	1,320.00	4,230.00	Yes
10/7/2011	2011-51-123	4,230.00	7,230.00	
10/17/2011	2011-10-176	1,710.00	4,260.00	Yes
10/21/2011	2011-20-206	1,050.00	3,600.00	Yes
10/21/2011	2011-20-209	690.00	3,240.00	
10/21/2011	2011-20-210	4,630.00	7,180.00	
10/28/2011	2011-20-211	2,450.00	5,600.00	
11/1/2011	2011-40-127	870.00	3,420.00	
11/3/2011	2011-20-212	630.00	3,180.00	
11/9/2011	2011-20-216	1,220.00	4,220.00	Yes
11/15/2011	2011-40-126	1,740.00	4,890.00	Yes
11/21/2011	2011-20-217	1,200.00	3,750.00	Yes
11/21/2011	2011-20-221	900.00	3,450.00	Yes
11/22/2011	2011-20-218	1,425.00	3,975.00	
11/22/2011	2011-20-222	285.00	2,835.00	
11/22/2011	2011-50-145	351.50	2,901.50	Yes
12/5/2011	2011-10-196	620.00	3,620.00	
12/8/2011	2011-31-109	2,190.00	4,740.00	Yes
12/13/2011	2011-20-219	1,650.00	4,200.00	
12/13/2011	2011-20-235	1,260.00	3,810.00	
12/16/2011	2011-30-132	8,794.00	11,344.00	Yes
12/20/2011	2011-20-227	2,640.00	6,090.00	Yes
12/20/2011	2011-20-236	1,850.00	4,400.00	
12/21/2011	2011-10-173	1,454.00	4,484.00	
12/21/2011	2011-40-129	6,500.00	9,050.00	
<b>DOMESTIC (outside Residential Planning Area)</b>				
10/3/2011	2011-41-119	5,435.86	6,185.86	Yes
10/4/2011	2011-20-202	2,207.42	2,957.42	Yes
10/5/2011	2011-51-118	1,622.08	2,372.08	Yes
10/19/2011	2011-31-107	129,234.00	169,134.00	
10/20/2011	2011-30-124	4,331.29	5,081.29	Yes
10/21/2011	2011-20-208	1,200.00	2,550.00	
10/24/2011	2011-10-170	720.00	1,920.00	Yes
10/24/2011	2011-10-178	2,196.88	2,948.88	
10/27/2011	2011-50-143	2,961.54	3,711.54	Yes
10/31/2011	2011-10-158	8,880.00	9,630.00	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning Area)</b>				
10/31/2011	2011-10-177	2,108.83	2,858.83	Yes
10/31/2011	2011-10-184	1,290.00	2,490.00	Yes
11/1/2011	2011-20-213	2,595.10	3,345.10	
11/10/2011	2011-30-126	2,607.42	3,357.42	Yes
11/21/2011	2011-10-142	3,628.89	4,378.89	
11/21/2011	2011-20-220	5,670.00	6,720.00	
11/21/2011	2011-20-223	2,595.10	3,345.10	
11/21/2011	2011-20-224	1,500.00	2,850.00	Yes
11/21/2011	2011-20-225	1,650.00	2,400.00	Yes
11/22/2011	2011-10-169	6,063.25	6,813.25	
11/22/2011	2011-10-188	3,372.00	4,122.00	Yes
11/24/2011	2011-20-226	5,101.43	5,851.43	Yes
11/30/2011	2011-20-229	3,014.30	3,764.30	
11/30/2011	2011-20-230	3,014.30	3,764.30	
11/30/2011	2011-20-231	2,807.82	3,557.82	
11/30/2011	2011-20-232	2,807.82	3,557.82	
11/30/2011	2011-50-147	2,680.00	3,880.00	
12/10/2011	2011-30-130	4,331.29	5,081.29	
12/13/2011	2011-20-234	720.00	1,470.00	
12/21/2011	2011-40-102	49,160.00	63,260.00	
12/21/2011	2011-40-133	4,875.00	5,625.00	
<b>General Service</b>				
10/6/2011	2011-41-120	4,800.00	5,970.00	
10/13/2011	2011-20-197	1,260.00	4,110.00	
10/13/2011	2011-50-138	6,705.00	12,505.00	Yes
10/13/2011	2011-50-139	2,415.00	10,148.65	Yes
10/19/2011	2011-20-207	2,790.00	5,340.00	
10/24/2011	2011-10-164	12,018.96	19,093.96	
10/24/2011	2011-10-179	3,215.00	9,975.00	Yes
10/27/2011	2011-50-140	7,550.00	10,100.00	Yes
10/31/2011	2011-10-183	9,277.00	16,445.00	Yes
11/10/2011	2011-30-127	1,970.00	4,520.00	
11/15/2011	2011-41-121	1,999.80	10,965.00	Yes
11/15/2011	2011-41-122	193.40	10,200.00	Yes
11/17/2011	2011-20-214	6,870.00	13,120.00	
11/17/2011	2011-20-215	12,875.50	25,999.50	
11/22/2011	2011-10-191	1,370.25	9,930.00	
11/23/2011	2011-10-186	5,390.00	7,940.00	Yes
11/25/2011	2011-40-123	14,371.00	22,070.00	Yes
11/25/2011	2011-40-124	3,320.00	5,870.00	Yes

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Fourth Quarter 2011**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>GENERAL SERVICE</b>				
11/30/2011	2011-50-148	3,899.60	10,335.00	Yes
12/1/2011	2011-20-228	2,580.00	7,680.00	Yes
12/2/2011	2011-10-174	1,034.00	3,584.00	Yes
12/5/2011	2011-10-181	12,297.20	19,135.00	
12/5/2011	2011-10-197	1,079.00	8,985.00	Yes
12/13/2011	2011-10-187	707.25	9,118.05	
12/19/2011	2011-40-128	1,363.00	12,140.00	
12/20/2011	2011-10-189	2,600.00	9,210.00	
12/20/2011	2011-10-190	4,625.00	10,695.00	
12/20/2011	2011-10-195	680.00	3,230.00	

# **Quarterly Regulatory Report**

***For The Period Ended  
March 31, 2012***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**March 31, 2012**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

## Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	11
8. Community .....	12
<b>Financial Statements</b>	
Balance Sheets .....	13
Statements of Earnings .....	14
Statements of Retained Earnings .....	15
Statements of Cashflows .....	16
<b>Appendices</b>	
A Electricity Statistics .....	17
B Statements of Electricity Sold (GWh) .....	18
C Statements of Revenue .....	19
D Summary of Weather Adjustments .....	20
E Statements of Earnings – Detail .....	21
F Customer and Employee Statistics .....	22
G Service Continuity Performance .....	23



## 1. Highlights

	Highlights			
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Injury Frequency Rate <sup>1</sup>	2.7	1.6	4.9	1.6
Customer Satisfaction (%)	86	89	89	89
Customer Minutes of Outage <sup>2</sup>	8.2	10.2	13.3	36.2
Electricity Delivery <sup>3</sup>				
Electricity Sales (GWh)	1,913.6	1,890.2	1,833.8	5,658.1
Peak Demand (MW) <sup>4</sup>	1,293.1	1,306.8	1,252.5	1,306.8
Revenue (\$millions)	192.3	189.5	183.0	584.3
Earnings (\$millions) <sup>5</sup>	6.9	6.5	6.1	31.5

- Two lost time and two medical aid incidents occurred in the 1<sup>st</sup> quarter.
- Customer satisfaction was lower than plan in the 1<sup>st</sup> quarter.
- Customer minutes of outage in the 1<sup>st</sup> quarter reflect the Company's best reliability performance on record.
- 1<sup>st</sup> quarter sales and revenue were higher than plan.
- Peak demand for the 2011/2012 winter season occurred on January 16, 2012 and was lower than expected.
- 1<sup>st</sup> quarter earnings were above plan.
- The Company filed an application with the PUB regarding its 2012 cost of capital.

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>3</sup> Weather adjusted.

<sup>4</sup> Peak demand for the 2011/2012 winter period occurred on January 16<sup>th</sup>, 2012 at 5:45 p.m.

<sup>5</sup> Earnings applicable to common shares.

## 2. Customer Service

Customer Service Performance (%)				
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Customer Satisfaction	86	89	89	89
First Call Resolution <sup>1</sup>	89	89	89	89
Service Level <sup>2</sup>	83	80	81	80
Trouble Call Response <sup>3</sup>	87	85	82	85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

### Customer Service Performance

In the 1<sup>st</sup> quarter of 2012, first-call resolution was consistent with plan while service level and trouble call response were above plan. Increasing use of electronic contact methods continues, reflecting customers' preference to engage the Company through self service/electronic means, at their convenience. Expansion of customer self-service options through the use of technology will be a priority for 2012.

### Customer Service Improvements

The Interactive Voice Response telephone system was redesigned to provide improved call routing so that customers are directed to those contact center staff best equipped to respond to the customer's request. In the 1<sup>st</sup> quarter, the Company created a technical group within the customer contact center to respond to all calls concerning construction activity. This has improved the quality of the information provided to customers.



*Employees Judy Chaytor and Karen Stringer testing the new mail extractor and remittance processor.*

In the 1<sup>st</sup> quarter, the business continuity plan for the Customer Service System was tested successfully. The Company upgraded the software used to create and monitor staff schedules. This software is important in ensuring customer service levels are maintained. As well, replacement of the equipment used to sort and process mail (mail extractor and remittance processor) was completed in 1<sup>st</sup> quarter. This equipment was at the end of its useful life.

The Company continues its advertising campaign to increase the number of customers participating in eBills. At the end of the 1<sup>st</sup> quarter, approximately 47,900, or 19% of customers, were using eBills compared to over 36,000 at the same time last year.

### Energy Conservation

During the 1<sup>st</sup> quarter of 2012, approximately 800 Newfoundland Power customers participated in the takeCHARGE Energy Savers Rebate Programs. The takeCHARGE team completed follow-up visits with 100 rebate program participants. These visits confirm program compliance and gather valuable feedback with respect to customers' experiences with these programs.

Evaluation of the Company's customer energy conservation programs was a focus in the first quarter of 2012. This included information gathering and analysis of energy savings impacts, market transformation indicators, delivery process effectiveness and customer surveys. This evaluation supports improvements to the delivery of existing customer energy conservation programs and planning for program changes or expansion. Work also continued on the review and revision of the *Five-Year Energy Conservation Plan*. This plan builds on the evaluation of existing programs and assesses the technical and economic feasibility of technologies for potential program expansion.

takeCHARGE outreach events during the quarter included trade shows and community events such as the Board of Trade Business Development Summit, Canadian Home Builders Association's Housing Forum and the Deer Lake Winterfest. Internally, the takeCHARGE team across the province established a coordinated plan for 2012 initiatives.

The Company promoted participation in the March 31<sup>st</sup> *Earth Hour* initiative through its takeCHARGE newsletter, website and Facebook page, as well as through partners such as Municipalities Newfoundland and Labrador. The Company turned off lights in its facilities, except where required for safety and security purposes. Participation in this annual event continues to increase. Provincially, demand during *Earth Hour* 2012 decreased by approximately 25 MW from the previous hour. During *Earth Hour* 2011, provincial demand decreased by approximately 15 MW.



### 3. System Performance

#### A. Reliability

System Reliability <sup>1</sup>				
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Customer Minutes of Outage <sup>2</sup>	8.2	10.2	13.3	36.2
SAIDI (Outage hours per customer)	0.57	0.75	0.94	2.58
SAIFI (Outages per customer)	0.45	0.49	0.58	1.74

<sup>1</sup> Excludes Hydro-related interruptions.

<sup>2</sup> In millions of minutes.

Both the number of customer minutes of outage and the index of outage hours per customer during the 1<sup>st</sup> quarter of 2012 were lower than plan. In the 1<sup>st</sup> quarter of 2012, the Company recorded its best SAIDI result on record.

The significant unplanned outages during the quarter were:

- Jan. 9<sup>th</sup>: A fault in a submarine cable caused an outage to 1,547 customers on Bell Island resulting in 225,102 customer minutes of outage. A second cable fault occurred on April 6<sup>th</sup> resulting in an additional 795,206 minutes of outage to Bell Island customers.
- Jan. 22<sup>nd</sup>: A broken insulator caused an outage to 1,103 customers in the Robinsons area resulting in 290,527 customer minutes of outage.
- Jan. 27<sup>th</sup>: A broken pole due to a vehicle accident caused an outage to 1,220 customers in the Kelligrews area resulting in 213,480 customer minutes of outage.
- Mar. 7<sup>th</sup>: A broken conductor caused an outage to 1,213 customers in the Cowan Heights area of St. John's resulting in 242,600 customer minutes of outage.
- Mar. 21<sup>st</sup>: A broken conductor resulted in an outage to 598 customers in the Summerford area resulting in 299,192 customer minutes of outage.

### B. Electricity Supply

	Electricity Supply			
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Energy Purchased (GWh) <sup>1</sup>	1,919.3	1,894.6	1,835.3	5,561.6
Peak Demand (MW) <sup>1, 2</sup>	1,293.1	1,306.8	1,252.5	1,306.8
Hydro Plant Production (GWh)	118.1	118.3	148.3	431.4
Plant Availability (%)	97.4	96.5	97.2	96.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2011/2012 winter period occurred on January 16<sup>th</sup>, 2012 at 5:45 p.m.

Energy purchased during the 1<sup>st</sup> quarter of 2012 was 24.7 GWh higher than plan due to higher than expected electricity sales. Peak load management was implemented several times during the 1<sup>st</sup> quarter. Peak demand occurred on the evening of January 16<sup>th</sup>, 2012, and was lower than plan.

During the 1<sup>st</sup> quarter, hydro plant production was consistent with plan. Hydro plant availability was 97.4% in the 1<sup>st</sup> quarter compared to a plan of 96.5%. There were 57 forced outages in the 1<sup>st</sup> quarter compared to 77 experienced in the same quarter last year. Approximately 47% of the forced outages in 2012 were attributable to ice buildup.

#### 4. Financial Matters

Financial Highlights				
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011 <sup>1</sup>	Plan 2012
Electricity Sales (GWh)	1,913.6	1,890.2	1,833.8	5,658.1
Revenue (\$millions)	192.3	189.5	183.0	584.3
Purchased Power Costs (\$millions)	142.0	139.9	134.0	382.0
Operating Costs (\$millions) <sup>2</sup>	14.9	15.4	14.8	55.7
Operating Cost per Customer (\$)	64	65	64	233
Earnings (\$millions) <sup>3</sup>	6.9	6.5	6.1	31.5

<sup>1</sup> Restated to reflect U.S. GAAP

<sup>2</sup> Excluding pension, OPEBs, and early retirement program costs.

<sup>3</sup> Earnings applicable to common shares.

#### Financial Results

In the 1<sup>st</sup> quarter of 2012, electricity sales increased by 79.8 GWh, or 4.4% over the same quarter last year. The increase reflects growth in residential sales primarily related to new home construction and increased average consumption reflecting a higher concentration of electrically heated homes. Commercial sales also increased, largely due to construction of the hydromet nickel processing plant in Long Harbour. However, closure of the OCI seafood processing plant in Marystown negatively impacted quarterly results. Approximately 1% of the sales increase relative to 2011 is attributable to the additional day of electricity sales due to 2012 being a leap year.

Operating costs for the 1<sup>st</sup> quarter were lower than plan. The decrease in operating costs primarily reflects (i) lower advertising and conservation costs as 2012 programs were slightly delayed pending completion of audits and processing of 2011 rebate claims; (ii) lower costs associated with timing of vegetation management; and, (iii) higher amounts for GEC transfer. These decreases were partially offset by higher labour costs and higher legal and other fees related to regulatory matters.

Earnings for the 1<sup>st</sup> quarter were higher than plan due to the increase in electricity sales, as well as a lower effective tax rate, partially offset by increased depreciation costs.

### Return on Equity and The Formula

The Company filed an application with the PUB on March 30, 2011 to establish a just and reasonable rate of return on rate base for 2012 and to discontinue the use of the Automatic Adjustment Formula used to determine the rate of return between rate cases. The Company's cost of capital experts, Ms. Kathy McShane and Dr. James Vander Weide are recommending a rate of return on equity for 2012 of 10.5% and 10.4% respectively. If approved, these recommendations would result in a customer rate increase of approximately 2%. A public hearing on the matter is currently scheduled for mid-June.

### Customer Rates

In April 2012, Hydro released an updated fuel price projection for the Holyrood generating station. The forecast oil price has increased from \$103 to \$119 per barrel in the past year. Electricity rates are estimated to increase by approximately 7% effective July 1, 2012 through operation of the Rate Stabilization Account ("RSA"), principally as a result of increasing oil prices. The operation of the RSA also captures other variances in Newfoundland Power's costs such as energy supply costs and employee future benefit costs. The increase in customer rates will have no impact on the Company's earnings.

### Defined Benefit Pension Plan

In April 2012, Newfoundland Power received the actuarial valuation report for its Defined Benefit Pension Plan as of December 31, 2011. The valuation indicates a solvency deficit of \$49.5 million. This solvency deficit is expected to be funded over a five-year period, commencing in 2012, in accordance with provincial pension regulations. The Company is continuing with its defined benefit pension plan investment strategy to gradually reduce the Canadian equity concentration from 40% to 30% and increase the proportion of fixed income securities from 40% to 50% from 2011 through 2015, subject to market conditions. In 2012, a further 2% of pension plan assets will move from Canadian equities to fixed income securities. The actuarial assumption regarding the expected long term return on the Company's pension plan assets has been revised from 7% to 6.5%.

### Labour Relations

The collective agreement between the Company and the International Brotherhood of Electrical Workers clerical bargaining unit was signed on March 23<sup>rd</sup>, 2012. The tentative agreement with the Craft Bargaining Unit was rejected and the Company and the Union completed conciliation on March 22<sup>nd</sup>, 2012. The union members' second vote on the tentative agreement has resulted in acceptance of the agreement.

### Respectful Workplace Policy

Information sessions on the new Respectful Workplace Policy were provided in all Company locations during the first quarter. These sessions were completed in conjunction with annual Business Plan meetings and were intended to increase employees' awareness of the Company's commitment to a respectful workplace and to provide strategies for how to deal with situations of disrespect or workplace conflict.

### 5. Capital Program

Capital Expenditures				
	1 <sup>st</sup> Quarter		Actual 2011	Annual <sup>1</sup>
	Actual 2012	Plan 2012		Plan 2012
<b>Total (\$000s)</b>	13,938	13,028	13,005	78,080

<sup>1</sup> Annual Plan excludes the \$750,000 allowance for unforeseen items. Annual Plan includes supplemental capital expenditures approved by the PUB.

Year to date capital expenditures for 2012 are higher than both the plan and the same period in 2011. The increase is primarily due to mild winter conditions, which resulted in increased customer driven work; in particular, a higher number of customer connections.



Other capital project activity during the quarter included:

- The supply contracts for the Lockston hydro plant refurbishment are in place. Demolition work has commenced on site with the dismantling of generating unit 1.
- The supply contract for the substation power transformer at Cobbs Pond is in place. The transformer is scheduled to be delivered in July.

The 2012 project budget for the Rattling Brook Fisheries Compensation project has been reduced, as the project implementation will now be extended over several years. The engineering consultant has completed design drawings for the project. In addition, consultants recommended the revised project schedule, which was agreed to by the Department of Fisheries and Oceans.

Supplemental capital budget expenditures approved by the PUB in 2012 include \$1.0 million for a 3-phase extension of MIL-02 feeder related to a Contribution In Aid of Construction for a customer, and \$0.5 million to replace a failed section of a submarine cable serving Bell Island.

In two separate incidents, two of the four submarine cables which supply power to Bell Island customers experienced faults. In the first incident, on January 9<sup>th</sup>, an underwater section of cable was damaged near Broad Cove. In the second incident, on April 6<sup>th</sup>, a fault occurred in another cable close to shore on the Bell Island side. The Company dispatched its portable gas turbine generating unit to Bell Island for backup purposes while repairs were ongoing. Repairs are now complete and both cables are back in service.



## 6. Safety

Safety Performance				
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Injury Frequency Rate <sup>1</sup>	2.7	1.6	4.9	1.6

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There were two lost time and two medical aid injuries in the 1<sup>st</sup> quarter of 2012. Two injuries resulted from slips and falls, one was a muscle strain injury and the other involved a snowmobile accident. A total of 32 calendar days were lost due to work related injuries. This is an improvement over the same quarter last year when there were four lost time injuries, three medical aid injuries and 112 calendar days lost. There was one recordable vehicle accident during the quarter.

### OHSD

On January 27<sup>th</sup>, Occupational Health and Safety Division (OHSD) issued the Company a stop work order related to traffic control. An additional flag person was dispatched immediately and the order was lifted. No further actions are required.

In March, OHSD approved the Company's application for a variance from the Occupational Health and Safety Regulations with respect to traffic control. Newfoundland Power requested the variance in 2011 based on the mobile nature of the Company's operations.

### Safety Management

The annual internal review of the Health & Safety Management System was completed in the 1<sup>st</sup> quarter of 2012. The review included discussion of the Company's 2011 performance and the health and safety priorities for 2012. The conclusion of this review confirmed the suitability, adequacy and effectiveness of the Health & Safety Management System.

### Line Operations Safety Initiative

In 2011, the Company established an initiative to ensure consistency of safety practices in line operations across all local operating areas. An assessment and action plan were completed in late 2011. In the 1<sup>st</sup> quarter, the project team moved ahead with the high priority recommendations such as revisions to the Job Safety Planning Code and the Grounding and Bonding Code, as well as associated training.

### Training

During the 1<sup>st</sup> quarter of 2012, the Company completed over half of its annual required safety training, which is on par with training progress in 2011.

A safety training video specifically aimed at preventing injuries with Meter Readers and Collectors was produced and presented.

### Public Safety

During the 1<sup>st</sup> quarter of 2012, there were no public safety incidents recorded. This is in comparison to six public incidents recorded for the same period in 2011.

Public safety education efforts were active during the 1<sup>st</sup> quarter. Approximately 750 students representing 14 elementary schools throughout the province participated in presentations on electrical safety. 136 volunteer fire fighters attended the Company's Fire Fighting and Electricity seminars. Public safety advertising continued throughout the 1<sup>st</sup> quarter.

The Company has implemented a new Automated External Defibrillator (AED) program whereby AEDs are now located in all area offices and other select facilities. AEDs greatly improve a patient's chance of survival in a cardiac emergency.



*School Electrical Safety Presentation  
Virginia Park Elementary*

## 7. Environment

Environment Performance <sup>1</sup>				
	1 <sup>st</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Number of Spills	12	18	6	70
Reportable PCB Spills <sup>2</sup>	0	0	1	2
Volume of Oil Spills (Litres)	312	177	157	708

<sup>1</sup> Excludes all third party spills over which the Company has no control. The total number of third party spills excluded in 2012 is 0. The actual 2011 figure excludes 1 spill of 210 litres as a result of a third party spill.

<sup>2</sup> PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All spills that exceed one gram of PCBs.
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

### Environmental Performance

For the first quarter 2012, the number of spills was lower than plan, however the volume of spills was higher than plan. Both the number and volume of spills have increased compared to the same quarter last year. Of the 12 spills in 2012, 2 spills from padmount transformers contributed a release of 295 litres.

### Environmental Award

Newfoundland Power was recognized with the 2011 Environmental Achievement Award by the Newfoundland and Labrador Construction Association. The award is presented annually in recognition of those who exhibit exceptional involvement in environmental enhancement or stewardship activities through sound environmental and conservation management practices.

### ISO 14001

As part of the maintenance of an ISO 14001 compliant environment management system, environmental training was provided in the 1<sup>st</sup> quarter to 342 employees and 38 contractor employees. This training reinforced the importance for employees and contractors of performing their duties in an environmentally responsible manner.

The annual internal review of the Environment Management system was completed in late January. The review included discussion of the Company's objectives and programs, 2011 performance, revised environmental aspect ranking process and procedure reviews and approvals. The suitability, adequacy and effectiveness of the Environment Management System were re-affirmed by this review.

## 8. Community

### The Power of Life Project



*Corner Brook Employees Snowmobile Run*

This year marked the 8<sup>th</sup> year for Newfoundland Power's Annual Clarenville Snowmobile Run. It was also the second year for snowmobile events at two other locations, Grand Falls-Windsor and Corner Brook, in support of community initiatives.

Unfortunately, the Grand Falls-Windsor run had to be cancelled due to a lack of snow; but the Corner Brook run held on February 18<sup>th</sup> raised more than \$7,000. The lack of snow also forced Clarenville to cancel the snowmobile portion of their run this year; but that didn't stop people from getting together for a good time in support of a good cause, raising almost \$7,000 for local charities.

To date, the Company's snowmobile runs have collectively raised approximately \$35,000 for *The Power of Life Project*. The Clarenville run also provides much needed support to the Triple Bay Eagles Ground Search and Rescue Team, while proceeds from the Corner Brook event are divided between *The Power of Life Project* and The Stephan Hopkins Foundation.

### Bust a Move

On Saturday, March 31<sup>st</sup>, **Team POWERful** joined the Bust a Move Extravaganza at the Sports Complex on Crosbie Road to help raise money to support breast health in the province. The group arrived at 8:30 a.m. to begin a full day of fitness activities and the event concluded with a 45 minute session led by celebrity fitness guru Richard Simmons. The event raised in excess of \$350,000, of which **Team POWERful** raised \$15,000.



*Team POWERful at the Bust a Move Extravaganza*

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At March 31**  
**(\$000s)**

	<u>2012</u>	<u>2011 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,281,526	1,225,517
Less: accumulated amortization	<u>464,704</u>	<u>444,828</u>
	<u>816,822</u>	<u>780,689</u>
<b>Current Assets</b>		
Cash	738	2,598
Accounts receivable	95,470	87,199
Materials and supplies	1,107	1,098
Prepaid expenses	762	1,358
Regulatory assets	<u>27,228</u>	<u>26,716</u>
	<u>125,305</u>	<u>118,969</u>
<b>Defined Benefit Pension Plans</b>	-	7,597
<b>Regulatory Assets</b>	305,352	276,856
<b>Assets Held for Sale</b>	-	44,698
<b>Intangible Assets, net of amortization</b>	14,394	15,121
<b>Other Assets</b>	<u>4,561</u>	<u>4,701</u>
<b>Total Assets</b>	<u><b>1,266,434</b></u>	<u><b>1,248,631</b></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>299,970</u>	<u>317,748</u>
Common shareholder's equity	370,291	388,069
Preference shares	<u>9,081</u>	<u>9,111</u>
	<u>379,372</u>	<u>397,180</u>
<b>Current Liabilities</b>		
Short-term borrowings	3,712	525
Accounts payable and accrued charges	73,856	62,487
Interest payable	11,206	11,335
Income tax payable	2,943	6,025
Defined benefit pension plans	12,084	215
Other post-employment benefits	2,625	2,163
Current instalments of long-term debt	5,200	5,200
Deferred income taxes	622	6,167
Regulatory liabilities	<u>3,293</u>	<u>2,312</u>
	<u>115,541</u>	<u>96,429</u>
<b>Deferred Income Taxes</b>	127,181	121,993
<b>Long-term Debt</b>	487,788	486,488
<b>Defined Benefit Pension Plans</b>	7,057	4,283
<b>Other Post Employment Benefits</b>	75,491	67,833
<b>Other Liabilities</b>	14,066	14,050
<b>Regulatory Liabilities</b>	<u>59,938</u>	<u>60,375</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><b>1,266,434</b></u>	<u><b>1,248,631</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2012</b>	<b>Plan 2012</b>	<b>Actual 2011 <sup>1</sup></b>	<b>Plan 2012</b>	<b>Actual 2011</b>
<b>Revenue</b>	192,254	189,540	183,015	584,307	573,072
<b>Purchased Power</b>	141,952	139,920	134,027	381,939	369,484
<b>Contribution</b>	50,302	49,620	48,988	202,368	203,588
<b>Operating Expenses</b>	14,948	15,387	14,782	55,734	56,615
<b>Employee Future Benefits</b>	5,510	5,652	5,124	22,609	20,569
<b>Amortization</b>	10,689	10,705	10,227	44,650	42,695
<b>Cost Recovery Deferral</b>	(591)	(591)	(591)	(2,363)	(2,363)
<b>Finance Charges</b>	9,095	9,091	9,073	36,181	35,944
<b>Earnings Before Income Taxes</b>	10,651	9,376	10,373	45,557	50,128
<b>Income Taxes</b>	3,605	2,769	4,115	13,457	17,661
<b>Net Earnings</b>	7,046	6,607	6,258	32,100	32,467
<b>Dividends on Preference Shares</b>	141	142	142	566	567
<b>Earnings Applicable to Common Shares</b>	<b>6,905</b>	<b>6,465</b>	<b>6,116</b>	<b>31,534</b>	<b>31,900</b>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Balance, Beginning of the Period</b>	298,432	316,689
Net Earnings	7,046	6,258
<b>Dividends</b>		
Preference Shares	(141)	(142)
Common Shares	(5,367)	(5,057)
<b>Balance, End of the Period</b>	<u><u><b>299,970</b></u></u>	<u><u><b>317,748</b></u></u>



**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>2012</b>	<b>2011 <sup>1</sup></b>
<b>Operating Activities</b>		
Net earnings	7,046	6,258
Items not affecting cash:		
Depreciation of property, plant and equipment	10,056	9,621
Amortization of intangible assets and other	714	679
Change in long-term regulatory assets and liabilities	(2,162)	5,542
Change in long-term income tax liability	494	864
Deferred income taxes	1,224	(1,409)
Employee future benefits	(62)	(1,619)
Equity portion of AFUDC	(31)	(49)
Change in non-cash working capital	(14,698)	(15,457)
	<u>2,581</u>	<u>4,430</u>
<b>Investing Activities</b>		
Purchase price adjustment on sale to Bell Aliant	(829)	-
Capital expenditures (net of salvage)	(14,822)	(14,064)
Intangible asset expenditures	(445)	(417)
Contributions from customers	1,243	185
Other	(24)	(44)
	<u>(14,877)</u>	<u>(14,340)</u>
<b>Financing Activities</b>		
Change in short-term borrowings	3,712	525
Net proceeds of committed credit facility	14,500	13,000
Dividends		
Preference shares	(141)	(142)
Common shares	(5,367)	(5,057)
	<u>12,704</u>	<u>8,326</u>
<b>Decrease in Cash</b>	408	(1,584)
<b>Cash, Beginning of the Period</b>	<u>330</u>	<u>4,182</u>
<b>Cash, End of the Period</b>	<u><b>738</b></u>	<u><b>2,598</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES

<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended March 31</b>			
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2011</u></b>
<b>Sales (GWh)</b>			
Actual	1,860.3	1,769.2	5,466.7
Weather adjusted	1,913.6	1,833.8	5,552.8
Plan <sup>1</sup>	1,890.2		
<b>Produced &amp; Purchased (GWh)</b>			
Actual	1,981.5	1,884.6	5,786.9
Weather adjusted	2,037.9	1,952.8	5,877.8
Plan <sup>1</sup>	2,012.9		
<b>Hydro Production (GWh)</b>			
Actual	118.1	148.3	469.0

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated June 8, 2011.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended March 31**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Plan <sup>1</sup> 2012	Actual 2011
<b>Residential</b>					
Residential	1,243.4	1,237.6	1,202.7	3,463.2	3,398.7
Residential - Seasonal	3.9	4.5	-	21.3	8.3
<b>Total Residential</b>	1,247.3	1,242.1	1,202.7	3,484.5	3,407.0
<b>Commercial</b>					
0-10 kW	30.5	29.4	29.1	92.5	93.7
10-100 kW	217.9	214.7	210.2	661.8	665.5
110-1000 kVA	290.9	284.1	276.6	939.2	927.7
1000 kVA and Over	116.9	109.9	105.2	444.3	422.4
<b>Total Commercial</b>	656.2	638.1	621.1	2,137.8	2,109.3
<b>Street Lighting</b>	10.1	10.0	10.0	35.8	36.5
<b>Total Sales</b>	<b>1,913.6</b>	<b>1,890.2</b>	<b>1,833.8</b>	<b>5,658.1</b>	<b>5,552.8</b>
<b>BY REGION</b>					
St. John's	941.0	939.2	908.9	2,794.8	2,736.9
Eastern <sup>2</sup>	411.0	396.8	385.9	1,200.5	1,175.6
Western <sup>3</sup>	561.6	554.2	539.0	1,662.8	1,640.3
<b>Total Sales</b>	<b>1,913.6</b>	<b>1,890.2</b>	<b>1,833.8</b>	<b>5,658.1</b>	<b>5,552.8</b>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated June 8, 2011.

<sup>2</sup> Eastern Region includes the Avalon, Burin and Clarendville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended March 31**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	FIRST QUARTER			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Plan <sup>1</sup> 2012	Actual 2011
<b>Residential</b>	121,371	121,379	117,834	351,991	343,774
<b>Residential - Seasonal</b>	463	-	-	-	832
<b>Total Residential</b>	<u>121,834</u>	<u>121,379</u>	<u>117,834</u>	<u>351,991</u>	<u>344,606</u>
<b>Commercial</b>					
0-10 kW	3,895	3,782	3,753	12,433	12,568
10-100 kW	21,329	21,046	20,518	67,204	67,341
110-1000 kVA	24,773	24,062	23,539	80,802	79,956
1000 kVA and Over	8,859	8,297	7,952	32,918	31,500
<b>Total Commercial</b>	<u>58,856</u>	<u>57,187</u>	<u>55,762</u>	<u>193,357</u>	<u>191,365</u>
Street Lighting	3,482	3,501	3,403	14,034	13,867
Forfeited Discounts	1,011	1,033	888	2,956	2,719
<b>Revenue From Rates</b>	<u><b>185,183</b></u>	<u><b>183,100</b></u>	<u><b>177,887</b></u>	<u><b>562,338</b></u>	<u><b>552,557</b></u>
Energy Supply Cost Variance <sup>2</sup>	4,427	3,643	1,755	10,275	6,897
Seasonal Rate Revenue Deferral <sup>3</sup>	(36)	-	-	-	70
<b>Amortizations <sup>4</sup></b>					
Pension Expense Variance Deferral	966	1,248	723	4,990	2,888
OPEBs Deferral	122	-	48	-	195
<b>Total Reported Revenue</b>	<u><b>190,662</b></u>	<u><b>187,991</b></u>	<u><b>180,413</b></u>	<u><b>577,603</b></u>	<u><b>562,607</b></u>
Other Revenue	1,592	1,549	2,602	6,704	10,465
<b>Total Operating Revenue</b>	<u><b>192,254</b></u>	<u><b>189,540</b></u>	<u><b>183,015</b></u>	<u><b>584,307</b></u>	<u><b>573,072</b></u>

(1) Based on June 2011 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

**NEWFOUNDLAND POWER INC.**  
**SUMMARY OF WEATHER ADJUSTMENTS**  
**For The Periods Ended March 31**  
**(\$000s)**

	FIRST QUARTER			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Plan <sup>1</sup> 2012	Actual 2011
<b>REVENUE FROM ELECTRICITY SALES</b>					
Actual	180,691	183,100	172,436	562,338	545,315
Degree Day & Wind Adjustment	4,492	-	5,451	-	7,243
<b>Weather Adjusted</b>	<b>185,183</b>	<b>183,100</b>	<b>177,887</b>	<b>562,338</b>	<b>552,558</b>
Energy Supply Cost Variance <sup>2</sup>	4,427	3,643	1,755	10,275	6,896
Seasonal Rate Revenue Deferral <sup>3</sup>	(36)	-	-	-	70
<b>Amortizations <sup>4</sup></b>					
Pension Expense Variance Deferral	966	1,248	723	4,990	2,888
OPEBs Deferral	122	-	48	-	195
<b>Total Reported Revenue</b>	<b>190,662</b>	<b>187,991</b>	<b>180,413</b>	<b>577,603</b>	<b>562,607</b>
<b>PURCHASED POWER EXPENSE</b>					
Actual	136,457	139,395	124,781	379,989	355,893
Degree Day & Wind Adjustment	4,961	-	6,010	-	8,006
Hydro Equalization Adjustment	(41)	-	2,714	-	1,681
<b>Purchased Power Weather Adjusted</b>	<b>141,377</b>	<b>139,395</b>	<b>133,505</b>	<b>379,989</b>	<b>365,580</b>
Demand Management Incentive Account <sup>5</sup>	50	-	-	289	1,802
Adjustment for Storage	-	-	-	(440)	-
<b>Amortizations <sup>6</sup></b>					
Weather Normalization Reserve	525	525	522	2,101	2,102
<b>Total Purchased Power Expense</b>	<b>141,952</b>	<b>139,920</b>	<b>134,027</b>	<b>381,939</b>	<b>369,484</b>

(1) Based on June 2011 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 32(2007), Order No. P.U. 43(2009) and Order No. P.U. 36(2010).

(5) Demand Management Incentive Account as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(6) Amortizations as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended March 31**  
**(\$000s)**

	<b>FIRST QUARTER</b>			<b>ANNUAL</b>	
	<b>Actual 2012</b>	<b>Plan 2012</b>	<b>Actual <sup>1</sup> 2011</b>	<b>Plan 2012</b>	<b>Actual <sup>1</sup> 2011</b>
<b>Other Revenue</b>					
<b>Joint Use Revenue</b>					
CATV	347	523	233	2,092	927
Total Joint Use Revenue	347	523	233	2,092	927
<b>Miscellaneous</b>					
Aliant Poles, Guys, Anchors	97	156	1,550	1,116	5,749
Customer Jobbing	216	98	127	320	738
Rental Income	1	4	7	15	29
Municipal Tax Liability	-	7	-	25	-
Interest - Customer Accounts	271	243	268	926	942
Interest - RSA	236	144	73	550	414
Interest - CIAC	23	26	24	100	92
Interest - Other	21	26	24	100	89
Reconnections	22	34	12	128	90
NSF Cheque Charges	8	7	8	25	30
Wheeling Charges	176	165	157	629	596
Miscellaneous	87	13	18	50	51
Service Connection Fees	56	67	52	257	258
Equity Portion of AFUDC	31	36	49	371	460
Total Miscellaneous	1,245	1,026	2,369	4,612	9,538
<b>Total Other Revenue</b>	<b>1,592</b>	<b>1,549</b>	<b>2,602</b>	<b>6,704</b>	<b>10,465</b>
<b>Finance Charges</b>					
Interest on Long-term Debt	8,785	8,785	8,886	35,039	35,444
Interest on Long-term Committed Credit Facility	206	272	166	1,236	672
Interest on Short-term Uncommitted Demand Facility	1	-	-	-	13
Amortization of Deferred Debt Issue Costs	48	73	48	308	190
Interest on Tax Return	43	-	-	-	7
Interest on Security Deposits	11	-	2	-	10
Credit Facility Costs	33	-	25	-	118
AFUDC	(32)	(39)	(54)	(402)	(510)
<b>Total Finance Charges</b>	<b>9,095</b>	<b>9,091</b>	<b>9,073</b>	<b>36,181</b>	<b>35,944</b>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At March 31</b>				
	<b>FIRST QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2012</b>	<b>Actual 2011</b>	<b>Plan 2012</b>	<b>Actual 2011</b>
<b>Customers</b>	248,438	244,452	250,285	247,163
<b>Employees <sup>1</sup></b>				
Regular	578	559	591	572
Temporary	71	56	64	68
<b>Total</b>	649	615	655	640

<sup>1</sup> Refers to full time equivalents.



<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended March 31</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2012 #	2011 #	2012 #	2011 #		2012 HOURS	2011 HOURS	2012 HOURS	2011 HOURS	
St. John's	0.69	0.66	1.55	2.86	2.28	0.67	0.97	1.90	12.53	4.80
Avalon	0.52	0.51	1.57	1.65	1.31	0.67	0.76	2.28	6.41	2.23
Burin	0.89	1.04	3.04	3.39	2.34	1.42	0.81	4.60	4.92	4.02
Bonavista	0.19	0.28	2.07	3.88	0.44	0.36	0.62	6.03	31.06	16.49
Gander	0.54	1.59	2.84	3.31	3.00	0.98	3.02	4.76	14.33	8.62
Grand Falls	0.46	0.36	3.01	4.40	2.39	0.52	0.67	6.71	4.35	6.82
Corner Brook	0.52	0.45	2.52	2.01	2.42	0.45	0.32	9.55	3.58	10.84
Stephenville	0.37	0.24	2.37	3.69	0.90	0.71	0.41	3.79	8.80	3.91
<b>Company Totals</b>	<b>0.57</b>	<b>0.64</b>	<b>2.03</b>	<b>2.51</b>	<b>1.90</b>	<b>0.68</b>	<b>0.95</b>	<b>3.81</b>	<b>13.70</b>	<b>6.69</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.

SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2012 #	2011 #	2012 #	2011 #	
Loss of Supply (NF Hydro)	0.12	0.05	0.22	0.24	0.30
Transmission	0.00	0.15	0.32	0.85	0.30
Distribution	0.45	0.44	1.49	1.42	1.30
<b>Company Totals</b>	<b>0.57</b>	<b>0.64</b>	<b>2.03</b>	<b>2.51</b>	<b>1.90</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended March 31</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2012 HOURS	2011 HOURS	2012 HOURS	2011 HOURS	
Loss of Supply (NF Hydro)	0.11	0.01	0.15	0.35	0.29
Transmission	0.00	0.23	0.50	4.66	1.76
Distribution	0.57	0.71	3.16	8.69	4.64
<b>Company Totals</b>	<b>0.68</b>	<b>0.95</b>	<b>3.81</b>	<b>13.70</b>	<b>6.69</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>First Quarter 2012</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.04	0.03	0.65	0.64	0.69	0.67
Avalon	0.21	0.04	0.31	0.63	0.52	0.67
Burin	0.21	0.13	0.68	1.29	0.89	1.42
Bonavista	0.07	0.13	0.12	0.23	0.19	0.36
Gander	0.16	0.27	0.38	0.71	0.54	0.98
Grand Falls	0.14	0.23	0.32	0.29	0.46	0.52
Corner Brook	0.05	0.11	0.47	0.34	0.52	0.45
Stephenville	0.09	0.10	0.28	0.61	0.37	0.71
<b>Company Totals</b>	<b>0.10</b>	<b>0.10</b>	<b>0.47</b>	<b>0.58</b>	<b>0.57</b>	<b>0.68</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.

SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended March 31, 2012**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and indicates the portion of the annual capital budget remaining to be expended (difference between annual budget and current quarter actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended March 31, 2012**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>	
	Approved by Order No. P.U. 26(2011), P.U. 7(2012) and P.U. 8(2012)	First Quarter	Unexpended Balance
Generation Hydro	9,933	613	9,320
Generation Thermal	156	76	80
Substations	12,776	1,519	11,257
Transmission	5,577	274	5,303
Distribution	38,047	8,474	29,573
General Property	1,651	260	1,391
Transportation	2,306	579	1,727
Telecommunications	454	30	424
Information Systems	3,680	757	2,923
Unforeseen Items	750	-	750
General Expenses Capital	3,500	1,119	2,381
<b>TOTAL</b>	<b>78,830</b>	<b>13,701</b>	<b>65,129</b>

<b>Leasing Arrangements Entered Into</b>			
Brief description	Period	Annual Cost	Quarterly payments
Printer/Copier <sup>2</sup>	Jan 2012 - Jan 2017	\$40,239.31	\$10,059.83

<sup>1</sup> Excludes capital expenditures of approximately \$237,000 related to prior years capital projects carried forward into 2012.

<sup>2</sup> Lease is for the supply of printers/copiers as approved by Order No. P.U. 26(2011).

## NEWFOUNDLAND POWER INC.

### INTER-COMPANY TRANSACTIONS REPORT

**For the Period Ended March 31, 2012**

#### Introduction

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and the same period last year, as well as comparable annual charges for the previous year.
2. The second section breaks down the charges *from* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
3. The third section breaks down the charges *to* each individual related corporation and presents an itemized quarterly summary for the current year and the same period last year, as well as comparable annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended March 31, 2012**

**Charges from Associated Companies**

	First Quarter 2012	First Quarter 2011	Annual 2011
<u>Regulated Charges</u>			
Trustee & Share Plan Costs	\$ 11,000	\$ 11,000	\$ 51,000
Hotel/Banquet Facilities	10,837	5,078	37,387
Staff Charges	-	-	4,805
Joint-use Pole Purchases	-	936	11,566
Miscellaneous	21,933	12,027	25,961
Sub-total	\$ 43,770	\$ 29,041	\$ 130,719
 <u>Non-Regulated Charges</u>	 First Quarter 2012	 First Quarter 2011	 Annual 2011
Directors' Fees & Travel	\$ 48,000	\$ 52,000	\$ 200,000
Annual & Quarterly Reports	23,000	24,000	117,000
Hotel/Banquet Facilities	3,518	-	-
Staff Charges	151,000	137,000	574,000
Miscellaneous	77,000	445,265	711,265
Sub-total	\$ 302,518	\$ 658,265	\$ 1,602,265
 TOTAL	 \$ 346,288	 \$ 687,306	 \$ 1,732,984

**Charges to Associated Companies**

	First Quarter 2012	First Quarter 2011	Annual 2011
Printing & Stationery	\$ 210	\$ 387	\$ 678
Postage	8,814	6,704	22,263
Staff Charges	91,962	154,486	476,023
Staff Charges - Insurance	52,324	65,737	264,002
IS Charges	-	-	21,543
Pole Installations	695	3,148	20,191
Miscellaneous	742	2,027	108,893
 TOTAL	 \$ 154,747	 \$ 232,489	 \$ 913,593

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended March 31, 2012**

	<u>First Quarter 2012</u>			<u>First Quarter 2011</u>			<u>Annual 2011</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>									
Directors' Fees & Travel	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ 52,000	\$ 52,000	\$ -	\$ 200,000	\$ 200,000
Annual & Quarterly Reports	-	23,000	23,000	-	24,000	24,000	-	117,000	117,000
Trustee & Share Plan Costs	11,000	-	11,000	11,000	-	11,000	51,000	-	51,000
Staff Charges	-	151,000	151,000	-	137,000	137,000	-	574,000	574,000
Joint-use Pole Purchases	-	-	-	936	-	936	11,566	-	11,566
Miscellaneous	9,032	77,000	86,032	4,059	445,265	449,324	7,629	711,265	718,894
Total	<u>\$ 20,032</u>	<u>\$ 299,000</u>	<u>\$ 319,032</u>	<u>\$ 15,995</u>	<u>\$ 658,265</u>	<u>\$ 674,260</u>	<u>\$ 70,195</u>	<u>\$ 1,602,265</u>	<u>\$ 1,672,460</u>
<b>Fortis Properties Corporation</b>									
Hotel/Banquet Facilities	\$ 10,837	\$ 3,518	\$ 14,355	\$ 5,078	\$ -	\$ 5,078	\$ 37,387	\$ -	\$ 37,387
Miscellaneous	4,673	-	4,673	3,322	-	3,322	8,029	-	8,029
Total	<u>\$ 15,510</u>	<u>\$ 3,518</u>	<u>\$ 19,028</u>	<u>\$ 8,400</u>	<u>\$ -</u>	<u>\$ 8,400</u>	<u>\$ 45,416</u>	<u>\$ -</u>	<u>\$ 45,416</u>
<b>Maritime Electric Co. Ltd.</b>									
Miscellaneous	\$ 3,228	\$ -	\$ 3,228	\$ 3,554	\$ -	\$ 3,554	\$ 9,211	\$ -	\$ 9,211
Total	<u>\$ 3,228</u>	<u>\$ -</u>	<u>\$ 3,228</u>	<u>\$ 3,554</u>	<u>\$ -</u>	<u>\$ 3,554</u>	<u>\$ 9,211</u>	<u>\$ -</u>	<u>\$ 9,211</u>
<b>FortisAlberta Inc.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,805	\$ -	\$ 4,805
Miscellaneous	5,000	-	5,000	-	-	-	-	-	-
Total	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 4,805</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ -	\$ -	\$ -	\$ 1,092	\$ -	\$ 1,092	\$ 1,092	\$ -	\$ 1,092
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2012**

	<b>First Quarter 2012</b>	<b>First Quarter 2011</b>	<b>Annual 2011</b>
<b>Fortis Inc.</b>			
Postage	\$ 8,814	\$ 6,704	\$ 22,263
Staff Charges	74,913	100,689	299,786
Staff Charges - Insurance	33,395	39,956	179,005
Pole Installations	695	3,148	20,191
Miscellaneous	742	142	92,974
<b>Total</b>	<b>\$ 118,559</b>	<b>\$ 150,639</b>	<b>\$ 614,219</b>
<b>Fortis Properties Corporation</b>			
Printing & Stationery	\$ 210	\$ 387	\$ 678
Staff Charges	488	-	-
Staff Charges - Insurance	7,710	7,013	37,042
Miscellaneous	-	1,017	2,147
<b>Total</b>	<b>\$ 8,408</b>	<b>\$ 8,417</b>	<b>\$ 39,867</b>
<b>Maritime Electric Co. Ltd.</b>			
Staff Charges	\$ 2,431	\$ 161	\$ 16,296
Staff Charges - Insurance	1,166	733	2,693
IS Charges	(1,436)	-	4,787
Miscellaneous	-	-	550
<b>Total</b>	<b>\$ 2,161</b>	<b>\$ 894</b>	<b>\$ 24,326</b>
<b>FortisOntario Inc.</b>			
Staff Charges	\$ 3,036	\$ -	\$ 7,065
Staff Charges - Insurance	713	462	1,622
IS Charges	1,436	-	3,351
Miscellaneous	-	-	360
<b>Total</b>	<b>\$ 5,185</b>	<b>\$ 462</b>	<b>\$ 12,398</b>
<b>Fortis US Energy Corporation</b>			
Staff Charges - Insurance	\$ 535	\$ -	\$ 2,581
<b>Total</b>	<b>\$ 535</b>	<b>\$ -</b>	<b>\$ 2,581</b>
<b>Belize Electric Company Limited</b>			
Staff Charges - Insurance	\$ -	\$ 162	\$ 432
<b>Total</b>	<b>\$ -</b>	<b>\$ 162</b>	<b>\$ 432</b>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended March 31, 2012**

	<b>First Quarter 2012</b>	<b>First Quarter 2011</b>	<b>Annual 2011</b>
<b>Belize Electricity Limited</b>			
Staff Charges - Insurance	\$ -	\$ 1,296	\$ 1,296
Miscellaneous	-	847	1,176
Total	<u>\$ -</u>	<u>\$ 2,143</u>	<u>\$ 2,472</u>
<b>FortisAlberta Inc.</b>			
Staff Charges	\$ -	\$ -	\$ 18,219
Staff Charges - Insurance	270	1,488	3,365
Miscellaneous	-	-	3,120
Total	<u>\$ 270</u>	<u>\$ 1,488</u>	<u>\$ 24,704</u>
<b>FortisBC Inc.</b>			
Staff Charges	\$ 5,269	\$ -	\$ -
Staff Charges - Insurance	-	1,296	5,869
IS Charges	-	-	13,405
Miscellaneous	-	21	1,944
Total	<u>\$ 5,269</u>	<u>\$ 1,317</u>	<u>\$ 21,218</u>
<b>FortisBC Holdings Inc.</b>			
Staff Charges	\$ -	\$ 10,215	\$ 10,215
Staff Charges - Insurance	324	1,728	2,983
Miscellaneous	-	-	6,547
Total	<u>\$ 324</u>	<u>\$ 11,943</u>	<u>\$ 19,745</u>
<b>Caribbean Utilities Co. Limited</b>			
Staff Charges	\$ 5,589	\$ -	\$ 6,938
Staff Charges - Insurance	162	11,387	21,168
Total	<u>\$ 5,751</u>	<u>\$ 11,387</u>	<u>\$ 28,106</u>
<b>Fortis Turks and Caicos</b>			
Staff Charges	\$ 236	\$ 43,421	\$ 117,504
Staff Charges - Insurance	8,049	216	5,946
Miscellaneous	-	-	75
Total	<u>\$ 8,285</u>	<u>\$ 43,637</u>	<u>\$ 123,525</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended March 31, 2012**

No loans or agreements with related companies were entered into during the quarter ending March 31, 2012.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Period Ended March 31, 2012**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - First Quarter**

The total number of damage claims received during the first quarter of 2012 was similar to the number of claims received during the same period in 2011. In the quarter an increase in the number of claims reported under the Equipment Failure and Miscellaneous categories was offset by a decrease in the Improper Workmanship category.

Please note that the number of claims outstanding from the last quarter has been reduced by six. Five claims were withdrawn by customers while one claim was inadvertently reported under two separate categories in the previous quarter. Of these claims, five were originally reported in the St. John's Region with one under System Operations, two under Improper Workmanship and two under Equipment Failure. The remaining claim was original reported in the Western Region under Equipment Failure. The new total of outstanding claims is 31, down from 37 as reported in the summary for the quarter ending December 2011.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending March 31, 2012**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	-	-	-	\$ -	\$ -	-	\$ -	-	\$ -
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	2	7	9	5	6,551	6,068	-	-	4	13,100
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	33	16	49	35	39,901	29,970	-	-	14	16,485
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	12	8	20	15	11,489	8,704	-	-	5	4,400
Total	<u>47</u>	<u>31</u>	<u>78</u>	<u>55</u>	<u>\$ 57,941</u>	<u>\$ 44,742</u>	<u>-</u>	<u>\$ -</u>	<u>23</u>	<u>\$ 33,985</u>

**For the Quarter Ending March 31, 2011**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	-	1	-	\$ -	\$ -	-	\$ -	1	\$ 400
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	8	4	12	6	7,265	4,400	-	-	6	15,550
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	29	5	34	27	25,344	15,117	-	-	7	6,100
Third Party	-	1	1	-	-	-	-	-	1	500
Miscellaneous	8	5	13	7	4,316	2,519	-	-	6	11,550
Total	<u>46</u>	<u>15</u>	<u>61</u>	<u>40</u>	<u>\$ 36,925</u>	<u>\$ 22,036</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 34,100</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending March 31, 2012**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	16	10	26	18	\$ 13,673	\$ 8,609	-	\$ -	8	\$ 17,792
Eastern Region <sup>1</sup>	19	6	25	18	22,900	17,741	-	-	7	8,643
Western Region <sup>2</sup>	12	15	27	19	21,368	18,392	-	-	8	7,550
Total	<u>47</u>	<u>31</u>	<u>78</u>	<u>55</u>	<u>\$ 57,941</u>	<u>\$ 44,742</u>	<u>-</u>	<u>\$ -</u>	<u>23</u>	<u>\$ 33,985</u>

**For the Quarter Ending March 31, 2011**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	18	7	25	13	\$ 8,170	\$ 4,720	-	\$ -	12	\$ 20,550
Eastern Region <sup>1</sup>	10	3	13	10	15,954	8,284	-	-	3	2,850
Western Region <sup>2</sup>	18	5	23	17	12,801	9,032	-	-	6	10,700
Total	<u>46</u>	<u>15</u>	<u>61</u>	<u>40</u>	<u>\$ 36,925</u>	<u>\$ 22,036</u>	<u>-</u>	<u>\$ -</u>	<u>21</u>	<u>\$ 34,100</u>

<sup>1</sup> Eastern Region includes Avalon, Burin and Clarenville operating areas.

<sup>2</sup> Western Region includes Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended March 31, 2012**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the first quarter of 2012. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Closed after six months has elapsed and the customer has not indicated their intention to proceed with the extension, or, if changing circumstances necessitate the original CIAC being re-quoted to the same customer. A quoted CIAC is Outstanding if it is neither Accepted nor Closed.

Type of Service	CIACs Quoted	CIACs Outstanding Previous Qtr.	Total CIACs Quoted	CIACs Accepted	CIACs Closed	Total CIACs Outstanding
Domestic						
- Within Planning Area	7	18	25	12	5	8
- Outside Planning Area	15	37	52	15	16	21
	22	55	77	27	21	29
General Service	22	16	38	16	2	20
Total	44	71	115	43	23	49

The table on pages 2 and 3 of the report provide specific information for the 44 CIACs quoted to customers during the period January 1, 2012 to March 31, 2012. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.



**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2012**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
1/12/2012	2011-51-125	5,770.00	8,320.00	Yes
1/13/2012	2011-50-142	24,180.00	26,730.00	
1/27/2012	2012-50-100	5,518.80	7,983.80	Yes
2/16/2012	2012-10-106	4,961.66	7,310.66	Yes
2/29/2012	2012-10-107	1,154.75	6,084.75	
3/7/2012	2012-10-112	1,798.00	4,263.00	
3/7/2012	2012-10-114	2,942.50	7,872.50	Yes
<b>DOMESTIC (outside Residential Planning Area)</b>				
1/6/2012	2011-30-125	20,042.00	20,042.00	
1/12/2012	2012-20-102	1,550.00	2,300.00	Yes
1/17/2012	2012-20-104	1,260.00	2,310.00	Yes
1/17/2012	2012-20-105	2,510.00	3,710.00	
1/20/2012	2011-10-199	435.00	1,185.00	
2/2/2012	2011-10-204	2,657.50	3,407.50	
2/8/2012	2011-40-130	20,520.00	25,170.00	
2/17/2012	2012-40-100	3,511.68	4,236.68	Yes
2/27/2012	2012-51-101	3,045.00	3,770.00	Yes
3/9/2012	2012-20-107	5,836.00	6,561.00	Yes
3/9/2012	2012-20-108	2,207.42	2,932.42	
3/15/2012	2012-40-103	15,059.75	17,959.75	
3/22/2012	2012-20-113	1,334.00	2,494.00	Yes
3/27/2012	2012-20-114	2,207.42	2,932.42	
3/30/2012	2012-31-101	2,189.73	2,914.73	
<b>General Service</b>				
1/3/2012	2011-10-203	2,810.00	5,360.00	Yes
1/6/2012	2011-40-132	5,875.00	12,440.00	Yes
1/10/2012	2011-30-123	25,742.00	40,782.00	Yes
1/10/2012	2011-30-133	2,840.00	6,840.00	Yes
1/20/2012	2011-10-193	12,675.00	13,475.00	Yes
1/20/2012	2011-30-128	1,065.00	14,025.00	Yes
1/27/2012	2011-50-149	3,600.00	6,065.00	Yes
1/30/2012	2011-40-128	1,363.00	12,140.00	
1/31/2012	2012-30-101	3,050.00	9,370.00	Yes
2/8/2012	2011-10-182	50,304.00	67,992.00	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**First Quarter 2012**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>General Service</b>				
2/13/2012	2012-20-106	4,175.00	10,000.00	Yes
2/16/2012	2011-10-201	5,807.00	6,504.00	
2/17/2012	2012-10-104	1,565.00	4,030.00	
2/29/2012	2012-41-100	4,002.00	6,467.00	
3/1/2012	2012-40-101	2,196.00	4,661.00	Yes
3/8/2012	2011-40-134	3,288.75	5,753.75	
3/13/2012	2012-20-109	33,990.00	36,455.00	
3/14/2012	2012-10-105	53,075.00	59,705.00	
3/14/2012	2012-10-108	5,218.00	7,683.00	Yes
3/14/2012	2012-10-110	1,842.50	9,550.00	Yes
3/15/2012	2012-41-101	37,697.00	45,897.00	
3/27/2012	2012-10-115	27,831.25	30,296.25	

# **Quarterly Regulatory Report**

***For The Period Ended  
June 30, 2012***



## **QUARTERLY REGULATORY REPORT**

### **FOR THE PERIOD ENDED**

**June 30, 2012**

<b>INDEX</b>	<b>TAB</b>
Quarterly Summary	1
Capital Expenditure Progress	2
Inter-Company Transactions	3
Customer Property Damage Claims	4
CIAC Activity	5

### Table of Contents

1. Highlights .....	1
2. Customer Service .....	2
3. System Performance .....	4
4. Financial Matters .....	6
5. Capital Program .....	8
6. Safety .....	9
7. Environment .....	11
8. Community .....	13
<b>Financial Statements</b>	
Balance Sheets .....	14
Statements of Earnings .....	15
Statements of Retained Earnings .....	16
Statements of Cashflows .....	17
<b>Appendices</b>	
A Electricity Statistics .....	18
B Statements of Electricity Sold (GWh) .....	19
C Statements of Revenue .....	20
D Summary of Weather Adjustments .....	21
E Statements of Earnings – Detail .....	22
F Customer and Employee Statistics .....	23
G Service Continuity Performance .....	24

### 1. Highlights

	Highlights			
	2 <sup>nd</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Injury Frequency Rate <sup>1</sup>	2.1	1.6	0.7	1.6
Customer Satisfaction (%)	88	89	89	89
Customer Minutes of Outage <sup>2</sup>	6.7	10.8	8.7	44.6
Electricity Delivery <sup>3</sup>				
Electricity Sales (GWh)	1,259.4	1,286.3	1,268.7	5,658.1
Peak Demand (MW) <sup>4</sup>	1,293.1	1,306.8	1,252.5	1,306.8
Revenue (\$millions)	130.9	133.9	132.6	583.7
Earnings (\$millions) <sup>5</sup>	11.5	10.3 <sup>6</sup>	9.8	33.3 <sup>6</sup>

- Three lost time incidents occurred in the 2<sup>nd</sup> quarter.
- Customer satisfaction was lower than plan.
- 2<sup>nd</sup> quarter customer minutes of outage were lower than plan.
- Electricity sales were lower than plan.
- 2<sup>nd</sup> quarter earnings were above plan.
- PUB approved a rate of return on common equity of 8.80% for 2012.

<sup>1</sup> Injuries per 200,000 hours worked.

<sup>2</sup> In millions of minutes, excluding Hydro related interruptions.

<sup>3</sup> Weather adjusted.

<sup>4</sup> Peak demand for the 2011/2012 winter period occurred on January 16<sup>th</sup>, 2012 at 5:45 p.m.

<sup>5</sup> Earnings applicable to common shares.

<sup>6</sup> Plan has been adjusted to reflect the 8.8% approved rate of return on common equity for 2012.

## 2. Customer Service

Customer Service Performance (%)				
	2 <sup>nd</sup> Quarter		Annual	
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Customer Satisfaction	88	89	89	89
First Call Resolution <sup>1</sup>	89	89	89	89
Service Level <sup>2</sup>	80	80	79	80
Trouble Call Response <sup>3</sup>	88	85	82	85

<sup>1</sup> % of customer calls resolved on first contact.

<sup>2</sup> % of customer calls answered within 60 seconds.

<sup>3</sup> % of trouble call response within two hours.

### Customer Service Performance

In the 2<sup>nd</sup> quarter of 2012 first call resolution and service level were consistent with plan. Customer satisfaction of 88% was below plan. Trouble call response in the 2<sup>nd</sup> quarter was above plan.

In comparison to the same quarter last year email correspondence was up 12%; payment arrangements set up using the Interactive Voice Response (IVR) system and the website were down 3%; and phone calls answered by contact center agents were down 6%.

The Company continues to increase the number of customers participating in eBills. 49,703 customers are now on eBills compared to 42,113 for the same quarter last year. Newfoundland Power now has 20% of customers on eBills. As part of the eBills effort all customers requiring a new service are advised that they will automatically receive their bill electronically. If the customer requests a paper bill it will be provided.

### Customer Service Improvements

Continued focus on quality Customer Service has resulted in more frequent monitoring of calls, analysis of coaching/training requirements and system improvements to provide the Customer Account Representative with better access to information, thereby reducing the amount of time a customer is waiting on the line.

Customer education was a key focus in the quarter with the public release of an online Customer Service video entitled "How We Restore Power". A second video, "Connecting a New Service", has been produced and will be released next quarter. Educating customers on how things run at Newfoundland Power is a means of managing customers' expectations and providing better customer service.

In the 2<sup>nd</sup> quarter the technical group in the Contact Center commenced troubleshooting for all Radio Frequency Interference calls. This allows customers to have their Radio Frequency Interference issues addressed with one phone call.

A list of businesses such as Bed and Breakfasts, Inns, Chalets, Care Facilities and Lodges was compiled using information available on the Provincial Government website. This was part of a review to ensure all such businesses are being charged on the correct rate. Following the review, a number of businesses are being contacted and notified that they will be moved from a Domestic to a General Service rate.

The handheld meter reading system was upgraded to replace the current version that would no longer be supported by the vendor (Itron) after 2012. The project was completed within a compressed timeline to ensure it was concluded before peak vacation season started.



*Upgrade of the Itron Meter Reading System*

### Energy Conservation

In the 1<sup>st</sup> half of 2012, approximately 1,500 Newfoundland Power customers participated in one or more of the takeCHARGE Energy Savers rebate programs, resulting in customer rebates totaling \$369,000. Energy savings from these participants represent approximately 32% of the Company's annual energy savings target for 2012. Over 55 follow-up visits were completed with rebate program participants in the 2<sup>nd</sup> quarter to confirm compliance and garner feedback from customers.



*Cabot Home Centre Annual Home Show,  
Shoal Harbour*

In the 2<sup>nd</sup> quarter, the takeCHARGE team participated in over 25 events and presentations to customers and special interest partners. Some of the events in the quarter included: Canadian Home Builders Association-Eastern Newfoundland (CHBA-EN) Home Show; DownHome LifeStyle Expo; Professional Municipal Administrators Annual Convention; Bay Expo in Stephenville; Retailer Contractor Nights at five locations across the island; and Retailer Days held in St. Johns, Carbonear, Clarenville, Gander, Grand Falls-Windsor and Corner Brook on June 16<sup>th</sup>.



### 3. System Performance

#### A. Reliability

	System Reliability <sup>1</sup>			
	Year to Date			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Customer Minutes of Outage <sup>2</sup>	14.9	21.0	22.0	44.6
SAIDI (Outage hours per customer)	1.03	1.50	1.56	3.10
SAIFI (Outages per customer)	0.87	0.86	0.99	1.89

<sup>1</sup> Excludes interruptions related to Hydro.

<sup>2</sup> In millions of minutes.

The number of customer minutes of outage in the 2<sup>nd</sup> quarter was lower than plan while the number of outages was on plan. In the 2<sup>nd</sup> quarter scheduled outages were lower than plan largely due to the completion of several major rebuilds in the 1<sup>st</sup> quarter. These projects were originally scheduled for the 2<sup>nd</sup> quarter. Overall, unscheduled outages in the quarter were in line with historical trends.

The significant unplanned power interruptions in the 2<sup>nd</sup> quarter included:

- April 6<sup>th</sup>: A fault on the submarine cable caused an outage to 1,546 customers on Bell Island resulting in 795,206 customer minutes of outage.
- April 30<sup>th</sup>: A broken pole caused an outage to 1,402 customers on Random Island resulting in 219,580 customer minutes of outage.
- May 16<sup>th</sup>: A downed tree caused an outage to 1,534 customers in the Grenfell Heights area of Grand Falls-Windsor resulting in 213,226 customer minutes of outage.
- May 22<sup>nd</sup>: Lightning caused an outage to 2,285 customers in the Gander Bay area resulting in 283,949 customer minutes of outage.
- June 1<sup>st</sup>: A broken airbrake switch resulted in an outage to 3,326 customers in the Marystown-Linton Lake area resulting in 206,536 customer minutes of outage.

### B. Electricity Supply

Electricity Supply				
	2 <sup>nd</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Energy Purchased (GWh) <sup>1</sup>	1,197.7	1,226.5	1,210.2	5,561.6
Peak Demand (MW) <sup>1, 2</sup>	1,293.1	1,306.8	1,252.5	1,306.8
Hydro Plant Production (GWh)	120.9	131.2	147.8	431.4
Plant Availability (%)	95.3	96.5	97.6	96.5

<sup>1</sup> Weather adjusted.

<sup>2</sup> Peak demand for the 2011/2012 winter period occurred on January 16<sup>th</sup>, 2012 at 5:45 p.m.

Energy purchased in the 2<sup>nd</sup> quarter was 28.8 GWh lower than plan due to lower than expected electricity sales.

In the 2<sup>nd</sup> quarter, hydro plant production was 10.3 GWh lower than plan and 26.9 GWh lower than 2011. The lower production primarily reflects lower than normal water inflows at 97.6 GWh compared to normal inflow of 141.9 GWh.

Hydro plant availability was 95.3% in the 2<sup>nd</sup> quarter compared to a plan of 96.5%. There were 32 forced outages in the 2<sup>nd</sup> quarter compared to the 29 experienced in the 2<sup>nd</sup> quarter of 2011.

#### 4. Financial Matters

Financial Highlights				
	2 <sup>nd</sup> Quarter			Annual
	Actual 2012	Plan 2012	Actual 2011 <sup>1</sup>	Plan 2012
Electricity Sales (GWh)	1,259.4	1,286.3	1,268.7	5,658.1
Revenue (\$millions)	130.9	133.9	132.6	583.7
Purchased Power Costs (\$millions)	78.6	81.1	79.6	381.9
Operating Costs (\$millions) <sup>2</sup>	13.4	14.3	13.3	55.7
Operating Cost per Customer (\$)	57	60	57	233
Earnings (\$millions) <sup>3</sup>	11.5	10.3 <sup>4</sup>	9.8	33.3 <sup>4</sup>

<sup>1</sup> Restated to reflect U.S. GAAP

<sup>2</sup> Excluding pension, OPEBs, and early retirement program costs.

<sup>3</sup> Earnings applicable to common shares.

<sup>4</sup> Plan has been adjusted to reflect the 8.8% approved rate of return on common equity for 2012.

#### Financial Results

In the 2<sup>nd</sup> quarter of 2012, electricity sales decreased by 9.3 GWh or 0.7% compared to the same quarter last year. The decrease primarily reflects lower residential sales related to significantly sunnier weather conditions partially offset by new home construction which is predominantly comprised of electrically heated homes. Commercial sales were on par with last year. As a result of the decreased electricity sales, both revenue and purchased power costs for the 2<sup>nd</sup> quarter of 2012 were lower than plan.

Operating costs in the 2<sup>nd</sup> quarter were lower than plan. The decrease in operating costs is primarily related to (i) lower labour and operating materials as trouble calls were lower and favorable weather conditions impacted timing of capital work; (ii) lower advertising costs as 2012 programs were slightly delayed pending completion of audits and processing of 2011 rebate claims and (iii) higher amounts for GEC transfer.

Earnings in the 2<sup>nd</sup> quarter were higher than plan primarily due to (i) lower operating expenses and (ii) the unregulated allocation of Part VI.1 tax deduction from Fortis to Newfoundland Power which were partially offset by decreased contribution margin from lower sales.

#### Return on Equity & The Formula

On March 30<sup>th</sup>, 2012, the Company filed an application with the PUB to discontinue the use of the Formula and approve a just and reasonable rate of return on average rate base for 2012. On June 5<sup>th</sup>, 2012 a settlement agreement was executed, in which the parties agreed that the regulated rate of return on common equity for 2012 will be increased from the current

8.38% to 8.80%. The revised allowed return on equity results in a calculated rate of return on rate base of 8.14% within a range of 7.96% to 8.32%. This settlement agreement was approved by the PUB on June 15<sup>th</sup>, 2012.

As a result of the PUB approval, the Company will record the deferred recovery of \$2.5 million of costs in 2012. This deferral was recorded as an increase in regulatory assets and a decrease in expense of approximately \$1.4 million for the 2<sup>nd</sup> quarter and year-to-date 2012. Accordingly, the increased cost of capital will not affect customers' 2012 electricity rates.

### Customer Rates

Effective July 1<sup>st</sup>, 2012, there was an overall average increase in customer electricity rates of 6.6%. The increase is primarily a result of increases in Hydro's cost of fuel, which is flowed-through to the Company's customers through the operation of its Rate Stabilization Account ("RSA"). The operation of the RSA also captures other variances in Newfoundland Power's costs such as pension and energy supply costs. The increase in customer rates will have no impact on earnings for Newfoundland Power.

### Capital Plan

On June 28<sup>th</sup>, 2012, the Company filed an application with the PUB requesting approval for its 2013 capital expenditure plan totaling \$80.8 million. The application is currently under review by the PUB.

### General Rate Application

The Company has been directed by the PUB to file a general rate application in the 3<sup>rd</sup> quarter of 2012 for the purpose of setting customer rates for 2013.

### Defined Benefit Pension Plan

In April 2012, Newfoundland Power received the actuarial valuation report for its Defined Benefit Pension Plan as of December 31<sup>st</sup>, 2011. The valuation indicates a solvency deficit of \$49.5 million. This solvency deficit is expected to be funded over a five-year period, commencing in 2012, in accordance with provincial pension regulations. The Company has fulfilled its 2012 annual solvency deficit funding requirement of \$10.7 million in the 2<sup>nd</sup> quarter of 2012.

### Labour Relations

In January 2012, the Company and the International Brotherhood of Electrical Workers ("IBEW") reached a tentative agreement with both its clerical and craft bargaining units. The clerical agreement was ratified on March 23<sup>rd</sup>, 2012 and the craft agreement was ratified on May 18<sup>th</sup>, 2012.

## 5. Capital Program

	Capital Expenditures			
	Year to Date			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan <sup>1</sup> 2012
Total (\$000s)	33,523	31,525	29,376	78,080

<sup>1</sup> Plan excludes the \$750,000 allowance for unforeseen items. Plan includes \$1.0 million related to improvements and additions at the Milton Feeder approved in Order No. P. U. 7 (2012) and \$0.5 million related to repairs to the Bell Island submarine cable system approved in Order No. P. U. 8 (2012).

### 2012 Capital Expenditure

Year to date capital expenditures for 2012 were higher than plan mainly due to increased distribution work completed because of favorable weather conditions and slightly higher customer connections compared to plan, offset by reduced transmission work. Overall, spending is approximately \$4.0 million ahead of the same period in 2011.

Procurement and construction are underway for most large capital projects. Capital project activity in the 2<sup>nd</sup> quarter included:



*Submarine Cable coming ashore on Bell Island*

- Two phases of the Bell Island submarine cable were repaired in May.
- Site work for the Cobbs Pond load growth project is underway. The project is scheduled for completion in the 4<sup>th</sup> quarter.
- The supplier for the 50 MVA portable substation has been identified, and a letter of intent to purchase has been signed.
- The rebuild of transmission line 124L between Clarendville and Gambo substations was completed in June. The rebuild of transmission line 21L to Horse Chops plant is underway, with the line de-energized and construction starting the week of July 2<sup>nd</sup>. The work carried over from 2011 to complete transmission line 16L between Pepperell and King's Bridge substations is underway with poles installed in June.
- The Lockston plant refurbishment project is underway with the building extension substantially completed. The plant is scheduled to be taken off line in mid-July to complete the electrical and mechanical refurbishment.

## 6. Safety

Safety Performance				
	Year to Date			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Injury Frequency Rate <sup>1</sup>	2.7	1.6	2.8	1.6

<sup>1</sup> Injuries per 200,000 hours worked.

### Safety Performance

There were three lost time injuries recorded in the 2<sup>nd</sup> quarter. The first injury occurred when an Electrical Maintenance employee hurt his back while moving a shipping container. The second occurred when a Powerline Technician injured his neck while abruptly turning his head during an arc flash event. The third occurred when a Meter Reader injured his ribs after slipping from his vehicle while attempting to view a meter. There was one recordable vehicle accident in the 2<sup>nd</sup> quarter, as compared to no recordable vehicle accidents in the 2<sup>nd</sup> quarter of 2011.

### OH&S Regulation

There were no OH&S orders received in the 2<sup>nd</sup> quarter.

### Safety Training

At the end of 2<sup>nd</sup> quarter approximately 94% of the Company's annual safety training requirement has been completed. Risk Management and Job Safety Planning was the primary focus of the Company in 2<sup>nd</sup> quarter.

Confined space training regulations require that all persons who work in confined spaces complete a new training course as prescribed by the Workplace Health Safety and Compensation Commission (WHSCC) by January 1<sup>st</sup>, 2013. The Company is in the process of scheduling and training employees to meet this requirement.

### Public Safety

In the 2<sup>nd</sup> quarter, there were twelve public safety incidents. In the 1<sup>st</sup> quarter, there were no incidents. Nine of the incidents were low voltage contacts. Eight involved trucks or excavators contacting service wires or street light feeds and one involved scaffolding contacting a service drop. Three were high voltage contacts: a tree falling incident, a contact by a communications company installing cable, and a contact by a grounds maintenance company cutting hay. There were no injuries associated with these contacts.

All public contact incidents are reported to Occupational Health and Safety Division immediately, and are also recorded by Newfoundland Power. Corrective measures are initiated with the contractors or individuals involved in each incident.

Public safety education efforts were active in the 2<sup>nd</sup> quarter. Approximately 535 students representing 8 elementary schools throughout the province attended presentations on electrical safety. 84 volunteer fire fighters attended the Company's Fire Fighting and Electricity seminars. Public safety advertising also continued during the quarter.

### **North American Occupational Safety and Health (NAOSH) Week**

NAOSH week was celebrated throughout the Company from May 7<sup>th</sup> to May 11<sup>th</sup>. Safety related activities included work site inspections, work observations, safety training and safety meetings. This year the Company re-introduced the family safety night in each of the areas for family, friends and relatives of employees and retirees. Workplace safety and safety at home were emphasized and all events were very well attended and received. NAOSH week also included health and wellness activities such as heart healthy breakfasts and snacks, lifestyle/wellness presentations and fitness walks.

### **Atlantic Canadian Electrical Utilities Safety Professionals (ACEUSP) Conference**

Newfoundland Power attended the ACEUSP conference on June 12<sup>th</sup> and 13<sup>th</sup> in Halifax. Over 12 attendees representing 5 utilities participated in discussions regarding utility safety issues and initiatives.

## 7. Environment

Environment Performance <sup>1</sup>				
	Year to Date			Annual
	Actual 2012	Plan 2012	Actual 2011	Plan 2012
Number of Spills	28	35	35	70
Reportable PCB Spills <sup>2</sup>	0	2	1	2
Volume of Oil Spills (Litres)	1,272	354	394	708

<sup>1</sup> Excludes all third party spills over which the Company has no control. There was 1 third party spill (2 litres) in 2012 to date. There were 3 third party spills (212 litres) in the first 6 months of 2011.

<sup>2</sup> PCB spills must be reported if any of the following conditions exist:

- All oil spills in water regardless of PCB concentration or volume.
- All PCB spills that exceed the one gram rule as per PCB Regulations
- All oil spills of equipment in storage / inventory (not in use) that exceed a concentration of 2 ppm PCBs regardless of quantity.

The number of spills to date has decreased compared to the same period in 2011. However, the volume of spills in 2012 is higher compared to the same period in 2011. The increase is primarily due to 4 separate spills from padmount transformers that resulted in releases of 1,144 litres.

### Regulatory

On May 8<sup>th</sup>, the Company received correspondence from the Canadian Wildlife Services (CWS) division of Environment Canada recommending that vegetation clearing be undertaken outside of the migratory bird breeding season, which occurs between May 1<sup>st</sup> and July 31<sup>st</sup> of each year. The purpose of the recommendation is to help mitigate any adverse impacts that such work would have on migratory birds during the breeding season. Company representatives met with officials of the CWS which resulted in the development of a vegetation management plan by the Company that will reduce potential impacts to migratory birds, minimize operational risks, and ensure that the Company operates in a safe and environmentally responsible manner.

### PCB Regulations

The Canadian Electricity Association (CEA), on behalf of all CEA utility members, continues to seek an amendment to the current PCB Regulations which would allow the use of smaller equipment such as bushings and instrument transformers containing PCBs above regulatory limits until 2025. On June 12<sup>th</sup>, 2012, CEA's President and CEO and others met with Federal Environment Minister Peter Kent to discuss the PCB Regulations with a focus on having an amendment finalized before December 31<sup>st</sup>, 2014.



### Sustainable Electricity

On May 20<sup>th</sup>, the Company submitted its fourth *Sustainable Electricity Annual Report* to the Canadian Electricity Association (CEA). The report outlines the Company's environmental, social and economic performance for 2011. CEA will incorporate the Company's submission with all CEA utility member submissions to produce a report that will outline the overall quantitative performance trends as well as various initiatives underway at member utilities.

### ISO 14001

In the 2<sup>nd</sup> quarter, environmental training was provided to 60 Company employees and 93 contractor employees performing work on behalf of the Company, bringing the total participation year to date to 402 and 131, respectively. This training reinforced the importance for the Company's employees and contractors to perform their duties in an environmentally responsible manner.



## 8. Community

### *EnviroFest 2012*

Communities across the island came out in support of the 15<sup>th</sup> annual *EnviroFest* celebrations which were aimed at increasing environmental awareness across the province. Each of the events was successful in engaging participants and educating them about what it means to be environmentally friendly. The Company once again partnered with the provincial government. Tree planting and beautification projects were held at various locations across the island.



*Anthony Paddon Elementary, Musgravetown*

### **The Power of Life Project**

The 16<sup>th</sup> annual Garden of Hope Radiothon took place on April 25<sup>th</sup> and employees donated their time to answer the phones again this year. Over \$103,000 was raised with all proceeds going towards the development and maintenance of the Dr. H. Bliss Murphy Cancer Care Gardens of Hope in St. John's, Grand Falls-Windsor and Corner Brook.



*Grand Falls-Windsor area employees,  
Hard Hat Drive*

On May 12<sup>th</sup>, Corner Brook area employees held their ninth yard sale to raise funds for *The Power of Life Project* in support of the Corner Brook Cancer Unit. This was the most successful yard sale to date, raising \$1,800. Also on May 12<sup>th</sup>, Grand Falls-Windsor area employees held a Hard Hat Drive raising \$11,000 for the Garden of Hope at the Grand Falls-Windsor Cancer Clinic.

The 5<sup>th</sup> annual Power of Life Softball Tournament was held on June 8<sup>th</sup> and 9<sup>th</sup> in St. John's. The \$2,500 raised in the event was donated to *The Power of Life Project*.

### **Motorcycle Ride for Dad**

The 6<sup>th</sup> annual Motorcycle Ride for Dad began from the Kenmount Road parking lot on June 16<sup>th</sup>. It was a tremendous success with over 600 motorcycles participating. Over \$180,000 was raised from biker pledges and corporate sponsorships.

### **Learn Not to Burn**

At the Annual Convention of the Newfoundland and Labrador Association of Fire Services held on June 29<sup>th</sup> – July 2<sup>nd</sup>, the Company donated \$15,000 in support of the *Learn Not to Burn Program* for school children across the province.

## FINANCIAL STATEMENTS

**NEWFOUNDLAND POWER INC.**  
**BALANCE SHEETS**  
**As At June 30**  
**(\$000s)**

	<u>2012</u>	<u>2011 <sup>1</sup></u>
<b>Capital Assets</b>		
Property plant and equipment	1,293,889	1,240,352
Less: accumulated amortization	<u>468,702</u>	<u>453,510</u>
	<u>825,187</u>	<u>786,842</u>
<b>Current Assets</b>		
Cash	23	-
Accounts receivable	64,714	72,916
Income tax receivable	1,496	-
Materials and supplies	1,185	1,092
Prepaid expenses	506	787
Regulatory assets	<u>26,160</u>	<u>27,435</u>
	<u>94,084</u>	<u>102,230</u>
<b>Regulatory Assets</b>	304,831	275,255
<b>Defined Benefit Pension Plan</b>	7,937	8,459
<b>Assets Held for Sale</b>	-	44,698
<b>Intangible Assets, net of amortization</b>	14,882	15,257
<b>Other Assets</b>	<u>4,442</u>	<u>4,729</u>
<b>Total Assets</b>	<u><u>1,251,363</u></u>	<u><u>1,237,470</u></u>
<b>Shareholders' Equity</b>		
Common shares	70,321	70,321
Retained earnings	<u>311,501</u>	<u>322,478</u>
Common shareholder's equity	<u>381,822</u>	<u>392,799</u>
Preference shares	<u>9,081</u>	<u>9,091</u>
	<u>390,903</u>	<u>401,890</u>
<b>Current Liabilities</b>		
Bank indebtedness	-	255
Short-term borrowings	898	89
Accounts payable and accrued charges	48,389	46,163
Income tax payable	-	3,841
Defined benefit pension plans	12,172	215
Other post-employment benefits	2,775	2,163
Current instalments of long-term debt	5,200	5,200
Deferred income taxes	201	6,112
Regulatory liabilities	<u>2,447</u>	<u>1,541</u>
	<u>72,082</u>	<u>65,579</u>
<b>Deferred Income Taxes</b>	132,868	122,158
<b>Long-term Debt</b>	501,288	496,988
<b>Defined Benefit Pension Plans</b>	4,537	4,318
<b>Other Post Employment Benefits</b>	75,942	68,720
<b>Other Liabilities</b>	13,686	14,972
<b>Regulatory Liabilities</b>	<u>60,057</u>	<u>62,845</u>
<b>Total Shareholders' Equity and Liabilities</b>	<u><u>1,251,363</u></u>	<u><u>1,237,470</u></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS**  
**For The Periods Ended June 30**  
**(\$000s)**

	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual <sup>2</sup> 2011	Actual 2012	Plan <sup>1</sup> 2012	Actual <sup>2</sup> 2011	Plan <sup>1</sup> 2012	Actual <sup>2</sup> 2011
Revenue	130,924	133,922	132,577	323,178	323,317	315,592	583,727	573,072
Purchased power	78,596	81,090	79,575	220,548	221,010	213,602	381,939	369,484
Contribution	52,328	52,832	53,002	102,630	102,307	101,990	201,788	203,588
Operating expenses	13,418	14,281	13,252	28,366	29,668	28,034	55,734	56,615
Employee future benefits	5,574	5,507	5,169	11,084	11,014	10,293	22,029	20,569
Depreciation and amortization	11,035	11,100	10,494	21,724	21,805	20,721	44,650	42,695
Cost recovery deferral	(591)	(590)	(591)	(1,182)	(1,181)	(1,182)	(2,363)	(2,363)
Cost of capital cost recovery deferral	(1,396)	(1,396)	-	(1,396)	(1,396)	-	(2,487)	-
Finance charges	9,048	9,137	9,115	18,143	18,228	18,188	36,181	35,944
Earnings Before Income Taxes	15,240	14,793	15,563	25,891	24,169	25,936	48,044	50,128
Income taxes	3,567	4,369	5,634	7,172	7,138	9,749	14,192	17,661
Net Earnings	11,673	10,424	9,929	18,719	17,031	16,187	33,852	32,467
Dividends on preference shares	142	141	142	283	283	284	566	567
Earnings Applicable to Common Shares	<u>11,531</u>	<u>10,283</u>	<u>9,787</u>	<u>18,436</u>	<u>16,748</u>	<u>15,903</u>	<u>33,286</u>	<u>31,900</u>

<sup>1</sup> Plan has been adjusted to reflect 8.8% approved rate of return on common equity for 2012.

<sup>2</sup> Certain comparative figures have been reclassified to conform with current year presentation.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF RETAINED EARNINGS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Balance, Beginning of the Period</b>	298,432	316,689
Net earnings	18,719	16,187
<b>Dividends</b>		
Preference shares	(283)	(284)
Common shares	(5,367)	(10,114)
<b>Balance, End of the Period</b>	<u><u><b>311,501</b></u></u>	<u><u><b>322,478</b></u></u>

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF CASHFLOWS**  
**For The Periods Ended June 30**  
**(\$000s)**

	<b>2012</b>	<b>2011 <sup>1</sup></b>
<b>Cash From (Used In) Operating Activities</b>		
Net earnings	18,719	16,187
<b>Adjustments to reconcile net earnings to net cash provided by operating activities:</b>		
Depreciation of property, plant and equipment	20,459	19,508
Amortization of intangible assets and other	1,431	1,361
Change in long-term regulatory assets and liabilities	(1,523)	10,818
Change in long-term income tax liability	42	1,727
Deferred income taxes	6,911	(2,449)
Employee future benefits	(9,830)	(1,559)
Equity portion of allowance for funds used during construction	(104)	(128)
Change in non-cash working capital	<u>(25,074)</u>	<u>(31,985)</u>
	<u>11,031</u>	<u>13,480</u>
<b>Cash From (Used In) Investing Activities</b>		
Purchase price adjustment on sale to Bell Aliant	(829)	-
Capital expenditures (net of salvage)	(34,721)	(30,662)
Intangible asset expenditures	(1,565)	(1,160)
Contributions from customers	2,447	822
Other	<u>82</u>	<u>42</u>
	<u>(34,586)</u>	<u>(30,958)</u>
<b>Cash From (Used In) Financing Activities</b>		
Change in short-term borrowings	898	89
Net proceeds of committed credit facility	28,000	23,500
Payment of debt financing costs	-	(130)
Redemption of preference shares	-	(20)
Dividends		
Preference shares	(283)	(284)
Common shares	<u>(5,367)</u>	<u>(10,114)</u>
	<u>23,248</u>	<u>13,041</u>
<b>Decrease in Cash</b>	(307)	(4,437)
<b>Cash, Beginning of the Period</b>	<u>330</u>	<u>4,182</u>
<b>Cash (Bank Indebtedness), End of the Period</b>	<u><b>23</b></u>	<u><b>(255)</b></u>

<sup>1</sup> Certain comparative figures have been reclassified to conform with current year presentation.

## APPENDICES



<b>NEWFOUNDLAND POWER INC.</b> <b>ELECTRICITY STATISTICS</b> <b>For The Periods Ended June 30</b>					
	<b><u>SECOND QUARTER</u></b>		<b><u>YEAR TO DATE</u></b>		<b><u>ANNUAL</u></b>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2011</u></b>
<b>Sales (GWh)</b>					
Actual	1,204.9	1,275.4	3,065.2	3,044.6	5,466.7
Weather adjusted	1,259.4	1,268.7	3,173.0	3,102.5	5,552.8
Plan <sup>1</sup>	1,286.3		3,176.5		
<b>Produced &amp; Purchased (GWh)</b>					
Actual	1,271.9	1,346.4	3,253.4	3,231.0	5,786.9
Weather adjusted	1,329.4	1,339.4	3,367.3	3,292.2	5,877.8
Plan <sup>1</sup>	1,357.7		3,370.6		
<b>Hydro Production (GWh)</b>					
Actual	120.9	147.8	239.0	296.1	469.0

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated June 8, 2011.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF ELECTRICITY SOLD (GWh)**  
**For The Periods Ended June 30**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Plan <sup>1</sup> 2012	Actual 2011
<b>Residential</b>								
Residential	739.6	767.6	752.5	1,983.0	2,005.2	1,955.2	3,463.2	3,398.7
Residential - Seasonal	3.9	5.2	-	7.8	9.7	-	21.3	8.3
<b>Total Residential</b>	743.5	772.8	752.5	1,990.8	2,014.9	1,955.2	3,484.5	3,407.0
<b>Commercial</b>								
0-10 kW	22.0	21.6	22.0	52.5	51.0	51.1	92.5	93.7
10-100 kW	154.2	153.4	155.4	372.1	368.1	365.6	661.8	665.5
110-1000 kVA	216.6	222.4	221.7	507.5	506.5	498.3	939.2	927.7
1000 kVA and Over	116.2	109.2	110.0	233.1	219.1	215.2	444.3	422.4
<b>Total Commercial</b>	509.0	506.6	509.1	1,165.2	1,144.7	1,130.2	2,137.8	2,109.3
<b>Street Lighting</b>	6.9	6.9	7.1	17.0	16.9	17.1	35.8	36.5
<b>Total Sales</b>	<u>1,259.4</u>	<u>1,286.3</u>	<u>1,268.7</u>	<u>3,173.0</u>	<u>3,176.5</u>	<u>3,102.5</u>	<u>5,658.1</u>	<u>5,552.8</u>
<b>BY REGION</b>								
St. John's	618.8	635.9	621.4	1,559.8	1,575.1	1,530.3	2,794.8	2,736.9
Eastern <sup>2</sup>	268.8	272.5	271.6	679.8	669.3	657.5	1,200.5	1,175.6
Western <sup>3</sup>	371.8	377.9	375.7	933.4	932.1	914.7	1,662.8	1,640.3
<b>Total Sales</b>	<u>1,259.4</u>	<u>1,286.3</u>	<u>1,268.7</u>	<u>3,173.0</u>	<u>3,176.5</u>	<u>3,102.5</u>	<u>5,658.1</u>	<u>5,552.8</u>

<sup>1</sup> Based on Customer, Energy and Demand Forecast dated June 8, 2011.

<sup>2</sup> Eastern Region includes the Avalon, Burin and Clarenville operating areas.

<sup>3</sup> Western Region includes the Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF REVENUE**  
**For The Periods Ended June 30**  
**(\$000s)**

**WEATHER ADJUSTED**

BY SALES CATEGORY	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Plan <sup>1</sup> 2012	Actual 2011
<b>Residential</b>	76,061	79,050	77,025	197,432	200,429	194,859	351,991	343,774
<b>Residential - Seasonal</b>	384	-	-	847	-	-	-	832
<b>Total Residential</b>	<u>76,445</u>	<u>79,050</u>	<u>77,025</u>	<u>198,279</u>	<u>200,429</u>	<u>194,859</u>	<u>351,991</u>	<u>344,606</u>
<b>Commercial</b>								
0-10 kW	2,989	2,928	2,975	6,884	6,710	6,728	12,433	12,568
10-100 kW	15,819	15,682	15,836	37,148	36,728	36,354	67,204	67,341
110-1000 kVA	18,653	18,872	18,951	43,426	42,934	42,490	80,802	79,956
1000 kVA and Over	8,435	7,831	7,951	17,294	16,128	15,903	32,918	31,500
<b>Total Commercial</b>	<u>45,896</u>	<u>45,313</u>	<u>45,713</u>	<u>104,752</u>	<u>102,500</u>	<u>101,475</u>	<u>193,357</u>	<u>191,365</u>
Street Lighting	3,501	3,505	3,534	6,983	7,006	6,937	14,034	13,867
Forfeited Discounts	648	768	688	1,659	1,801	1,576	2,956	2,719
<b>Revenue From Rates</b>	<u><b>126,490</b></u>	<u><b>128,636</b></u>	<u><b>126,960</b></u>	<u><b>311,673</b></u>	<u><b>311,736</b></u>	<u><b>304,847</b></u>	<u><b>562,338</b></u>	<u><b>552,557</b></u>
Energy Supply Cost Variance <sup>2</sup>	1,573	2,486	1,967	6,000	6,129	3,722	10,275	6,897
Seasonal Rate Revenue Deferral <sup>3</sup>	20	-	-	(16)	-	-	-	70
<b>Amortizations <sup>4</sup></b>								
Pension Expense Variance Deferral	966	1,105	723	1,932	2,208	1,446	4,410	2,888
OPEBs Deferral	122	-	48	244	-	96	-	195
<b>Total Reported Revenue</b>	<u><b>129,171</b></u>	<u><b>132,227</b></u>	<u><b>129,698</b></u>	<u><b>319,833</b></u>	<u><b>320,073</b></u>	<u><b>310,111</b></u>	<u><b>577,023</b></u>	<u><b>562,607</b></u>
Other Revenue	1,753	1,695	2,879	3,345	3,244	5,481	6,704	10,465
<b>Total Operating Revenue</b>	<u><b>130,924</b></u>	<u><b>133,922</b></u>	<u><b>132,577</b></u>	<u><b>323,178</b></u>	<u><b>323,317</b></u>	<u><b>315,592</b></u>	<u><b>583,727</b></u>	<u><b>573,072</b></u>

(1) Based on June 2011 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 43(2009) and Order No. P.U. 31(2010).

<b>NEWFOUNDLAND POWER INC.</b> <b>SUMMARY OF WEATHER ADJUSTMENTS</b> <b>For The Periods Ended June 30</b> <b>(\$000s)</b>								
	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Actual 2012	Plan <sup>1</sup> 2012	Actual 2011	Plan <sup>1</sup> 2012	Actual 2011
<b>REVENUE FROM ELECTRICITY SALES</b>								
Actual	121,932	128,636	127,553	302,623	311,736	299,989	562,338	545,315
Degree Day & Wind Adjustment	4,558	-	(593)	9,050	-	4,858	-	7,243
<b>Weather Adjusted</b>	<b>126,490</b>	<b>128,636</b>	<b>126,960</b>	<b>311,673</b>	<b>311,736</b>	<b>304,847</b>	<b>562,338</b>	<b>552,558</b>
Energy Supply Cost Variance <sup>2</sup>	1,573	2,486	1,967	6,000	6,129	3,722	10,275	6,896
Seasonal Rate Revenue Deferral <sup>3</sup>	20	-	-	(16)	-	-	-	70
<b>Amortizations <sup>4</sup></b>								
Pension Expense Variance Deferral	966	1,105	723	1,932	2,208	1,446	4,410	2,888
OPEBs Deferral	122	-	48	244	-	96	-	195
<b>Total Reported Revenue</b>	<b>129,171</b>	<b>132,227</b>	<b>129,698</b>	<b>319,833</b>	<b>320,073</b>	<b>310,111</b>	<b>577,023</b>	<b>562,607</b>
<b>PURCHASED POWER EXPENSE</b>								
Actual	73,762	80,565	77,457	210,219	219,960	202,235	379,549	355,893
Degree Day & Wind Adjustment	5,069	-	(623)	10,030	-	5,387	-	8,006
Hydro Equalization Adjustment	(954)	-	1,634	(995)	-	4,348	-	1,681
<b>Purchased Power Weather Adjusted</b>	<b>77,877</b>	<b>80,565</b>	<b>78,468</b>	<b>219,254</b>	<b>219,960</b>	<b>211,970</b>	<b>379,549</b>	<b>365,580</b>
Demand Management Incentive Account <sup>5</sup>	216	-	582	266	-	582	289	1,802
<b>Amortizations <sup>6</sup></b>								
Weather Normalization Reserve	503	525	525	1,028	1,050	1,050	2,101	2,102
<b>Total Purchased Power Expense</b>	<b>78,596</b>	<b>81,090</b>	<b>79,575</b>	<b>220,548</b>	<b>221,010</b>	<b>213,602</b>	<b>381,939</b>	<b>369,484</b>

(1) Based on June 2011 sales forecast and rates effective January 1, 2011 as approved by Order No. P.U. 36(2010).

(2) Energy Supply Cost Variance as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(3) Seasonal Rate Revenue Deferral as approved in Order No. P.U. 8(2011).

(4) Revenue amortizations as approved in Order No. P.U. 43(2009) and Order No. P.U. 31(2010).

(5) Demand Management Incentive Account as approved in Order No. P.U. 32(2007) and as approved for continued use in Order No. P.U. 43(2009).

(6) Amortizations as approved in Order No. P.U. 32(2007).

**NEWFOUNDLAND POWER INC.**  
**STATEMENTS OF EARNINGS - DETAIL**  
**For The Periods Ended June 30**  
**(\$000s)**

	SECOND QUARTER			YEAR TO DATE			ANNUAL	
	Actual 2012	Plan 2012	Actual 2011	Actual 2012	Plan 2012	Actual 2011	Plan 2012	Actual 2011
<b>Other Revenue</b>								
<b>Joint Use Revenue</b>								
CATV	382	523	231	729	1,046	464	2,092	927
Total Joint Use Revenue	382	523	231	729	1,046	464	2,092	927
<b>Miscellaneous</b>								
Aliant Poles, Guys, Anchors	181	295	1,672	278	451	3,222	1,116	5,749
Customer Jobbing	229	70	211	445	168	338	320	738
Rental Income	8	4	-	9	8	7	15	29
Municipal Tax Liability	-	6	-	-	13	-	25	-
Interest - Customer Accounts	283	244	273	554	487	541	926	942
Interest - RSA	260	145	110	496	289	183	550	414
Interest - CIAC	21	27	23	44	53	47	100	92
Interest - Other	20	27	23	41	53	47	100	89
Reconnections	54	33	29	76	67	41	128	90
NSF Cheque Charges	9	6	8	17	13	16	25	30
Wheeling Charges	164	166	154	340	331	311	629	596
Miscellaneous	6	12	3	93	25	21	50	51
Service Connection Fees	63	68	63	119	135	115	257	258
Equity Portion of Allowance for Funds Used During Construction	73	69	79	104	105	128	371	460
Total Miscellaneous	1,371	1,172	2,648	2,616	2,198	5,017	4,612	9,538
<b>Total Other Revenue</b>	<b>1,753</b>	<b>1,695</b>	<b>2,879</b>	<b>3,345</b>	<b>3,244</b>	<b>5,481</b>	<b>6,704</b>	<b>10,465</b>
<b>Finance Charges</b>								
Interest on Long-term Debt	8,785	8,785	8,887	17,570	17,570	17,773	35,039	35,444
Interest on Long-term Committed Credit Facility	248	352	229	455	624	395	1,236	672
Interest on Short-term Uncommitted Demand Facility	9	-	10	10	-	10	-	13
Amortization of Deferred Debt Issue Costs	48	75	47	95	148	95	308	190
Interest on Tax Return	-	-	-	43	-	-	-	7
Interest on Security Deposits	2	-	3	13	-	5	-	10
Credit Facility Costs	38	-	28	71	-	53	-	118
Interest Portion of Allowance for Funds Used During Construction	(82)	(75)	(89)	(114)	(114)	(143)	(402)	(510)
<b>Total Finance Charges</b>	<b>9,048</b>	<b>9,137</b>	<b>9,115</b>	<b>18,143</b>	<b>18,228</b>	<b>18,188</b>	<b>36,181</b>	<b>35,944</b>

<b>NEWFOUNDLAND POWER INC.</b> <b>CUSTOMER AND EMPLOYEE STATISTICS</b> <b>As At June 30</b>				
	<b>SECOND QUARTER</b>		<b>ANNUAL</b>	
	<b>Actual 2012</b>	<b>Actual 2011</b>	<b>Plan 2012</b>	<b>Actual 2011</b>
<b>Customers</b>	248,922	244,907	250,285	247,163
<b>Employees <sup>1</sup></b>				
Regular	594	563	591	572
Temporary	53	70	64	68
<b>Total</b>	647	633	655	640

<sup>1</sup> Refers to full time equivalents.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY AREA</b> <b>For The Periods Ended June 30</b>										
AREA	SAIFI					SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2012 #	2011 #	2012 #	2011 #		2012 HOURS	2011 HOURS	2012 HOURS	2011 HOURS	
St. John's	0.18	0.29	1.44	2.86	2.12	0.31	0.41	1.80	12.61	4.66
Avalon	0.23	0.23	1.57	1.43	0.97	0.08	0.16	2.20	6.18	1.65
Burin	0.77	1.00	2.81	4.23	3.01	0.67	1.04	4.23	5.62	4.55
Bonavista	1.48	0.52	3.03	3.54	0.81	0.97	1.07	5.93	30.57	16.46
Gander	1.32	1.42	2.74	4.19	3.65	1.47	2.44	3.79	16.69	9.18
Grand Falls	0.50	0.60	2.91	4.93	2.59	0.48	0.75	6.44	4.90	6.85
Corner Brook	0.70	0.21	3.01	1.95	2.65	0.76	0.25	10.06	3.48	10.75
Stephenville	0.18	0.34	2.21	3.48	0.47	0.18	0.29	3.68	8.39	3.32
<b>Company Totals</b>	<b>0.47</b>	<b>0.45</b>	<b>2.05</b>	<b>2.60</b>	<b>1.90</b>	<b>0.48</b>	<b>0.62</b>	<b>3.67</b>	<b>13.84</b>	<b>6.57</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIFI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE # / YEAR
	2012 #	2011 #	2012 #	2011 #	
Loss of Supply (NF Hydro)	0.05	0.04	0.23	0.26	0.31
Transmission	0.17	0.12	0.37	0.84	0.33
Distribution	0.25	0.29	1.45	1.50	1.26
<b>Company Totals</b>	<b>0.47</b>	<b>0.45</b>	<b>2.05</b>	<b>2.60</b>	<b>1.90</b>

System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.

<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BY ORIGIN</b> <b>For The Periods Ended June 30</b>					
ORIGIN	SAIDI				
	QUARTER		12 MONTH TO DATE		5 YEAR TO DATE HRS. / YEAR
	2012 HOURS	2011 HOURS	2012 HOURS	2011 HOURS	
Loss of Supply (NF Hydro)	0.02	0.01	0.16	0.32	0.29
Transmission	0.11	0.46	0.15	5.02	1.68
Distribution	0.35	0.15	3.36	8.50	4.60
<b>Company Totals</b>	<b>0.48</b>	<b>0.62</b>	<b>3.67</b>	<b>13.84</b>	<b>6.57</b>

System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.



<b>NEWFOUNDLAND POWER INC.</b> <b>SERVICE CONTINUITY PERFORMANCE</b> <b>BREAKDOWN REPORT</b> <b>Second Quarter 2012</b>						
AREA	SCHEDULED		UNSCHEDULED		TOTAL	
	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS	SAIFI #	SAIDI HOURS
St. John's	0.03	0.06	0.14	0.25	0.17	0.31
Avalon	0.19	0.03	0.04	0.05	0.23	0.08
Burin	0.31	0.18	0.47	0.49	0.78	0.67
Bonavista	0.49	0.31	0.99	0.66	1.48	0.97
Gander	0.20	0.61	1.13	0.86	1.33	1.47
Grand Falls	0.02	0.07	0.47	0.41	0.49	0.48
Corner Brook	0.14	0.18	0.56	0.58	0.70	0.76
Stephenville	0.01	0.01	0.17	0.17	0.18	0.18
<b>Company Totals</b>	<b>0.12</b>	<b>0.13</b>	<b>0.35</b>	<b>0.35</b>	<b>0.47</b>	<b>0.48</b>

**NOTES:**

1. System Average Interruption Frequency Index (SAIFI) is the average number of interruptions per customer. It is calculated by dividing the number of customers that have experienced an outage by the total number of customers in an area.
2. System Average Interruption Duration Index (SAIDI) is the average interruption duration per customer. It is calculated by dividing the number of customer-outage-hours (e.g., a two hour outage affecting 50 customers equals 100 customer-outage-hours) by the total number of customers in an area.
3. SAIFI and SAIDI numbers include loss of supply from Newfoundland and Labrador Hydro.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**

**For the Period Ended June 30, 2012**

**Introduction**

The Capital Expenditure Progress Report summarizes the capital expenditures of the various capital accounts of the Company and lists any new lease obligations in excess of \$5,000 per year.

The report is divided into three sections as follows:

1. The Budget section outlines the annual capital expenditure budget approved by the Public Utilities Board for the current year.
2. The Expenditure section outlines actual capital expenditures for the current quarter and year to date, and indicates the balance of the annual capital budget remaining to be expended (difference between annual budget and year to date actual).
3. The Leasing Arrangement section includes a brief description of the item being leased, the leasing period, and the annual and quarterly leasing costs.

**NEWFOUNDLAND POWER INC.**  
**CAPITAL EXPENDITURE PROGRESS REPORT**  
**For the Period Ended June 30, 2012**  
**(\$000s)**

	<b>BUDGET</b>	<b>EXPENDITURE <sup>1</sup></b>		
	Approved by Order No. P.U. 26(2011), P.U. 7(2012) and P.U. 8(2012)	Second Quarter	Year To Date	Unexpended Balance
Generation Hydro	9,933	447	1,060	8,873
Generation Thermal	156	24	100	56
Substations	12,776	3,098	4,617	8,159
Transmission	5,577	792	1,066	4,511
Distribution	38,047	11,811	20,285	17,762
General Property	1,651	486	746	905
Transportation	2,306	507	1,086	1,220
Telecommunications	454	54	84	370
Information Systems	3,680	1,384	2,141	1,539
Unforeseen Items	750	-	-	750
General Expenses Capital	3,500	997	2,116	1,384
<b>TOTAL</b>	<b>78,830</b>	<b>19,600</b>	<b>33,301</b>	<b>45,529</b>

<b>Leasing Arrangements Entered Into</b>			
<b>Brief Description</b>	<b>Period</b>	<b>Annual Cost</b>	<b>Quarterly Payments</b>
	There were no lease obligations entered into during the second quarter of 2012 that exceed \$5,000 annually.		

<sup>1</sup> Excludes capital expenditures of approximately \$222,000 related to prior years capital projects carried forward into 2012.

## NEWFOUNDLAND POWER INC.

### INTER-COMPANY TRANSACTIONS REPORT

For the Period Ended June 30, 2012

#### Introduction

The Inter-Company Transactions Report summarizes transactions between the Company and related corporations on a quarterly and year-to-date basis. The report itemizes the charges by type and distinguishes between regulated and non-regulated charges. The report also documents any contracts, agreements or loans between Newfoundland Power and any related corporation that were signed in the current quarter.

The report is divided into four sections as follows:

1. The first section aggregates charges from all related corporations and presents a summary, by charge type, for the current quarter and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
2. The second section breaks down the charges *from* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
3. The third section breaks down the charges *to* each individual associated corporation and presents an itemized quarterly summary for the current year and year-to-date with comparable data for the same period last year, as well as annual charges for the previous year.
4. The fourth section lists any contracts or agreements that were signed between the Company and any related corporation as well as any loans with related corporations. Loan information provided includes the amount of the loan, the date of borrowing and date of repayment, the interest rate, and total interest paid.

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Summary of Charges**  
**For The Period Ended June 30, 2012**

**Charges from Associated Companies**

<u>Regulated Charges</u>	<u>Second Quarter 2012</u>	<u>Second Quarter 2011</u>	<u>Year To Date 2012</u>	<u>Year To Date 2011</u>	<u>Annual 2011</u>
Trustee & Share Plan Costs	\$ 11,000	\$ 11,000	\$ 22,000	\$ 22,000	\$ 51,000
Hotel/Banquet Facilities	589	3,742	11,426	8,820	37,387
Staff Charges	-	-	-	-	4,805
Joint-use Pole Purchases	-	10,583	-	11,519	11,566
Miscellaneous	14,211	6,699	36,144	18,726	25,961
Sub-total	\$ 25,800	\$ 32,024	\$ 69,570	\$ 61,065	\$ 130,719
<u>Non-Regulated Charges</u>	<u>Second Quarter 2012</u>	<u>Second Quarter 2011</u>	<u>Year To Date 2012</u>	<u>Year To Date 2011</u>	<u>Annual 2011</u>
Directors' Fees & Travel	\$ 48,000	\$ 52,000	\$ 96,000	\$ 104,000	\$ 200,000
Annual & Quarterly Reports	23,000	24,000	46,000	48,000	117,000
Hotel/Banquet Facilities	-	-	3,518	-	-
Staff Charges	151,000	137,000	302,000	274,000	574,000
Miscellaneous	439,130	69,000	516,130	514,265	711,265
Sub-total	\$ 661,130	\$ 282,000	\$ 963,648	\$ 940,265	\$ 1,602,265
TOTAL	<u>\$ 686,930</u>	<u>\$ 314,024</u>	<u>\$ 1,033,218</u>	<u>\$ 1,001,330</u>	<u>\$ 1,732,984</u>

**Charges to Associated Companies**

	<u>Second Quarter 2012</u>	<u>Second Quarter 2011</u>	<u>Year To Date 2012</u>	<u>Year To Date 2011</u>	<u>Annual 2011</u>
Printing & Stationery	\$ 90	\$ 72	\$ 300	\$ 459	\$ 678
Postage	5,542	4,678	14,356	11,382	22,263
Staff Charges	95,259	138,140	187,221	292,626	476,023
Staff Charges - Insurance	71,502	85,352	123,826	151,089	264,002
IS Charges	-	-	-	-	21,543
Pole Installations	2,905	9,555	3,600	12,703	20,191
Miscellaneous	1,081	3,147	1,823	5,174	108,893
TOTAL	<u>\$ 176,379</u>	<u>\$ 240,944</u>	<u>\$ 331,126</u>	<u>\$ 473,433</u>	<u>\$ 913,593</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2012**

	<u>Second Quarter 2012</u>			<u>Second Quarter 2011</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>						
Directors' Fees & Travel	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ 52,000	\$ 52,000
Annual & Quarterly Reports	-	23,000	23,000	-	24,000	24,000
Trustee & Share Plan Costs	11,000	-	11,000	11,000	-	11,000
Staff Charges	-	151,000	151,000	-	137,000	137,000
Joint-use Pole Purchases	-	-	-	10,583	-	10,583
Miscellaneous	1,536	439,130	440,666	444	69,000	69,444
Total	<u>\$ 12,536</u>	<u>\$ 661,130</u>	<u>\$ 673,666</u>	<u>\$ 22,027</u>	<u>\$ 282,000</u>	<u>\$ 304,027</u>
<b>Fortis Properties Corporation</b>						
Hotel/Banquet Facilities	\$ 589	\$ -	\$ 589	\$ 3,742	\$ -	\$ 3,742
Miscellaneous	3,322	-	3,322	4,119	-	4,119
Total	<u>\$ 3,911</u>	<u>\$ -</u>	<u>\$ 3,911</u>	<u>\$ 7,861</u>	<u>\$ -</u>	<u>\$ 7,861</u>
<b>Maritime Electric Co. Ltd.</b>						
Miscellaneous	\$ 2,522	\$ -	\$ 2,522	\$ 2,136	\$ -	\$ 2,136
Total	<u>\$ 2,522</u>	<u>\$ -</u>	<u>\$ 2,522</u>	<u>\$ 2,136</u>	<u>\$ -</u>	<u>\$ 2,136</u>
<b>FortisAlberta Inc.</b>						
Miscellaneous	\$ 6,831	\$ -	\$ 6,831	\$ -	\$ -	\$ -
Total	<u>\$ 6,831</u>	<u>\$ -</u>	<u>\$ 6,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges From Associated Companies**  
**For the Period Ended June 30, 2012**

	<u>Year To Date 2012</u>			<u>Year To Date 2011</u>			<u>Annual 2011</u>		
	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>	<u>Regulated</u>	<u>Non Regulated</u>	<u>Total</u>
<b>Fortis Inc.</b>									
Directors' Fees and Travel	\$ -	\$ 96,000	\$ 96,000	\$ -	\$ 104,000	\$ 104,000	\$ -	\$ 200,000	\$ 200,000
Annual & Quarterly Reports	-	46,000	46,000	-	48,000	48,000	-	117,000	117,000
Trustee & Share Plan Costs	22,000	-	22,000	22,000	-	22,000	51,000	-	51,000
Staff Charges	-	302,000	302,000	-	274,000	274,000	-	574,000	574,000
Joint-use Pole Purchases	-	-	-	11,519	-	11,519	11,566	-	11,566
Miscellaneous	10,568	516,130	526,698	4,503	514,265	518,768	7,629	711,265	718,894
<b>Total</b>	<u>\$ 32,568</u>	<u>\$ 960,130</u>	<u>\$ 992,698</u>	<u>\$ 38,022</u>	<u>\$ 940,265</u>	<u>\$ 978,287</u>	<u>\$ 70,195</u>	<u>\$ 1,602,265</u>	<u>\$ 1,672,460</u>
<b>Fortis Properties Corporation</b>									
Hotel/Banquet Facilities	\$ 11,426	\$ 3,518	\$ 14,944	\$ 8,820	\$ -	\$ 8,820	\$ 37,387	\$ -	\$ 37,387
Miscellaneous	7,995	-	7,995	7,441	-	7,441	8,029	-	8,029
<b>Total</b>	<u>\$ 19,421</u>	<u>\$ 3,518</u>	<u>\$ 22,939</u>	<u>\$ 16,261</u>	<u>\$ -</u>	<u>\$ 16,261</u>	<u>\$ 45,416</u>	<u>\$ -</u>	<u>\$ 45,416</u>
<b>Maritime Electric Co. Ltd.</b>									
Miscellaneous	\$ 5,750	\$ -	\$ 5,750	\$ 5,690	\$ -	\$ 5,690	\$ 9,211	\$ -	\$ 9,211
<b>Total</b>	<u>\$ 5,750</u>	<u>\$ -</u>	<u>\$ 5,750</u>	<u>\$ 5,690</u>	<u>\$ -</u>	<u>\$ 5,690</u>	<u>\$ 9,211</u>	<u>\$ -</u>	<u>\$ 9,211</u>
<b>FortisAlberta Inc.</b>									
Staff Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,805	\$ -	\$ 4,805
Miscellaneous	11,831	-	11,831	-	-	-	-	-	\$ -
<b>Total</b>	<u>\$ 11,831</u>	<u>\$ -</u>	<u>\$ 11,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 4,805</u>
<b>FortisBC Inc.</b>									
Miscellaneous	\$ -	\$ -	\$ -	\$ 1,092	\$ -	\$ 1,092	\$ 1,092	\$ -	\$ 1,092
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>	<u>\$ 1,092</u>	<u>\$ -</u>	<u>\$ 1,092</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2012**

	<b>Second Quarter 2012</b>	<b>Second Quarter 2011</b>	<b>Year To Date 2012</b>	<b>Year To Date 2011</b>	<b>Annual 2011</b>
<b>Fortis Inc.</b>					
Postage	\$ 5,542	\$ 4,678	\$ 14,356	\$ 11,382	\$ 22,263
Staff Charges	59,821	78,686	134,734	179,375	299,786
Staff Charges - Insurance	57,746	70,285	91,141	110,241	179,005
Pole Installations	2,905	9,555	3,600	12,703	20,191
Miscellaneous	999	2,743	1,741	2,885	92,974
Total	<u>\$ 127,013</u>	<u>\$ 165,947</u>	<u>\$ 245,572</u>	<u>\$ 316,586</u>	<u>\$ 614,219</u>
<b>Fortis Properties Corporation</b>					
Printing & Stationery	\$ 90	\$ 72	\$ 300	\$ 459	\$ 678
Staff Charges	6	-	494	-	-
Staff Charges - Insurance	6,592	9,690	14,302	16,703	37,042
Miscellaneous	-	-	-	1,017	2,147
Total	<u>\$ 6,688</u>	<u>\$ 9,762</u>	<u>\$ 15,096</u>	<u>\$ 18,179</u>	<u>\$ 39,867</u>
<b>Maritime Electric Co. Ltd.</b>					
Staff Charges	\$ 1,522	\$ 149	\$ 3,953	\$ 310	\$ 16,296
Staff Charges - Insurance	5,896	207	7,062	940	2,693
IS Charges	-	-	(1,436)	-	4,787
Miscellaneous	-	-	-	-	550
Total	<u>\$ 7,418</u>	<u>\$ 356</u>	<u>\$ 9,579</u>	<u>\$ 1,250</u>	<u>\$ 24,326</u>
<b>FortisOntario Inc.</b>					
Staff Charges	\$ 3,010	\$ 2,088	\$ 6,046	\$ 2,088	\$ 7,065
Staff Charges - Insurance	143	103	856	565	1,622
IS Charges	-	-	1,436	-	3,351
Miscellaneous	-	-	-	-	360
Total	<u>\$ 3,153</u>	<u>\$ 2,191</u>	<u>\$ 8,338</u>	<u>\$ 2,653</u>	<u>\$ 12,398</u>
<b>Fortis US Energy Corporation</b>					
Staff Charges - Insurance	\$ 285	\$ 1,199	\$ 820	\$ 1,199	\$ 2,581
Total	<u>\$ 285</u>	<u>\$ 1,199</u>	<u>\$ 820</u>	<u>\$ 1,199</u>	<u>\$ 2,581</u>
<b>Belize Electric Company Limited</b>					
Staff Charges - Insurance	\$ -	\$ -	\$ -	\$ 162	\$ 432
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 432</u>



**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Charges To Associated Companies**  
**For the Period Ended June 30, 2012**

	<b>Second Quarter 2012</b>	<b>Second Quarter 2011</b>	<b>Year To Date 2012</b>	<b>Year To Date 2011</b>	<b>Annual 2011</b>
<b>Belize Electricity Limited</b>					
Staff Charges - Insurance	\$ -	\$ -	\$ -	\$ 1,296	\$ 1,296
Miscellaneous	-	329	-	1,176	1,176
Total	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ -</u>	<u>\$ 2,472</u>	<u>\$ 2,472</u>
<b>FortisAlberta Inc.</b>					
Staff Charges	\$ -	\$ 9,146	\$ -	\$ 9,146	\$ 18,219
Staff Charges - Insurance	71	905	341	2,393	3,365
Miscellaneous	-	-	-	-	3,120
Total	<u>\$ 71</u>	<u>\$ 10,051</u>	<u>\$ 341</u>	<u>\$ 11,539</u>	<u>\$ 24,704</u>
<b>FortisBC Inc.</b>					
Staff Charges	\$ 10,754	\$ -	\$ 16,023	\$ -	\$ -
Staff Charges - Insurance	499	1,952	499	3,248	5,869
IS Charges	-	-	-	-	13,405
Miscellaneous	82	-	82	21	1,944
Total	<u>\$ 11,335</u>	<u>\$ 1,952</u>	<u>\$ 16,604</u>	<u>\$ 3,269</u>	<u>\$ 21,218</u>
<b>FortisBC Holdings Inc.</b>					
Staff Charges	\$ -	\$ -	\$ -	\$ 10,215	\$ 10,215
Staff Charges - Insurance	-	715	324	2,443	2,983
Miscellaneous	-	-	-	-	6,547
Total	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ 324</u>	<u>\$ 12,658</u>	<u>\$ 19,745</u>
<b>Caribbean Utilities Co. Limited</b>					
Staff Charges	\$ 13,742	\$ -	\$ 19,331	\$ -	\$ 6,938
Staff Charges - Insurance	-	(460)	162	10,927	21,168
Total	<u>\$ 13,742</u>	<u>\$ (460)</u>	<u>\$ 19,493</u>	<u>\$ 10,927</u>	<u>\$ 28,106</u>
<b>Fortis Turks and Caicos</b>					
Staff Charges	\$ 6,404	\$ 48,071	\$ 6,640	\$ 91,492	\$ 117,504
Staff Charges - Insurance	270	756	8,319	972	5,946
Miscellaneous	-	75	-	75	75
Total	<u>\$ 6,674</u>	<u>\$ 48,902</u>	<u>\$ 14,959</u>	<u>\$ 92,539</u>	<u>\$ 123,525</u>

**NEWFOUNDLAND POWER INC.**  
**INTER-COMPANY TRANSACTIONS REPORT**  
**Agreements With Associated Companies**  
**For the Period Ended June 30, 2012**

No loans or agreements with related companies were entered into during the quarter ending June 30, 2012.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**

**For the Period Ended June 30, 2012**

**Introduction**

The Customer Property Damage Claims Report contains an overview of all damage claims activity summarized on a quarterly basis. The information contained in the report is broken down by cause as well as by the operating region where the claims originated.

The report is divided into four sections as follows:

1. The first section indicates the number of claims received during the quarter coupled with claims outstanding from the previous quarter.
2. The second section shows the number of claims for which the Company has accepted responsibility and the amount paid to claimants versus the amount originally claimed.
3. The third section shows the number of claims rejected and the dollar value associated with those claims.
4. The fourth section indicates those claims that remain outstanding at the end of the current quarter and the dollar value associated with such claims.

**Overview - Second Quarter**

The total number of damage claims received during the second quarter of 2012 has decreased in comparison to the number of claims received during the same period in 2011. The decrease is primarily found in the Improper Workmanship and Miscellaneous categories.

Please note that the number of claims outstanding from the last quarter has been reduced by one as a result of a claim being withdrawn by a customer. The claim was originally reported in the Improper Workmanship category in St. John's Region. The new total of outstanding claims is 22, down from 23 as reported in the summary for the quarter ending March 2012.

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Cause**

**For the Quarter Ending June 30, 2012**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	-	-	-	-	\$ -	\$ -	-	\$ -	-	\$ -
Power Interruptions	-	-	-	-	-	-	-	-	-	-
Improper Workmanship	2	3	5	4	6,370	4,219	-	-	1	9,000
Weather Related	-	-	-	-	-	-	-	-	-	-
Equipment Failure	27	14	41	28	31,003	21,915	-	-	13	17,292
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	13	5	18	14	14,506	9,141	-	-	4	4,530
Total	<u>42</u>	<u>22</u>	<u>64</u>	<u>46</u>	<u>\$ 51,879</u>	<u>\$ 35,275</u>	<u>-</u>	<u>\$ -</u>	<u>18</u>	<u>\$ 30,822</u>

**For the Quarter Ending June 30, 2011**

Cause	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
System Operations	1	1	2	1	\$ 221	\$ 150	-	\$ -	1	\$ 400
Power Interruptions	1	-	1	1	300	300	-	-	-	-
Improper Workmanship	5	6	11	3	5,745	5,745	-	-	8	20,500
Weather Related	1	-	1	-	3,837	-	1	3,837	-	-
Equipment Failure	24	6	30	22	16,395	13,023	-	-	8	8,049
Third Party	-	-	-	-	-	-	-	-	-	-
Miscellaneous	16	6	22	16	13,343	8,175	-	-	6	7,185
Total	<u>48</u>	<u>19</u>	<u>67</u>	<u>43</u>	<u>\$ 39,841</u>	<u>\$ 27,393</u>	<u>1</u>	<u>\$ 3,837</u>	<u>23</u>	<u>\$ 36,134</u>

**NEWFOUNDLAND POWER INC.**  
**CUSTOMER PROPERTY DAMAGE CLAIMS REPORT**  
**By Region**

**For the Quarter Ending June 30, 2012**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	13	7	20	9	\$ 10,461	\$ 8,702	-	\$ -	11	\$ 23,222
Eastern Region <sup>1</sup>	16	7	23	23	21,792	14,429	-	-	-	-
Western Region <sup>2</sup>	13	8	21	14	19,626	12,144	-	-	7	7,600
Total	<b>42</b>	<b>22</b>	<b>64</b>	<b>46</b>	<b>\$ 51,879</b>	<b>\$ 35,275</b>	<b>-</b>	<b>\$ -</b>	<b>18</b>	<b>\$ 30,822</b>

**For the Quarter Ending June 30, 2011**

Region	Number Received	Outstanding Last Quarter	Total	Claims Accepted			Claims Rejected		Claims Outstanding	
				Number	Amt. Claimed	Amt. Paid	Number	Amount	Number	Amount
St. John's Region	16	11	27	12	\$ 9,130	\$ 4,409	1	\$ 3,837	14	\$ 21,834
Eastern Region <sup>1</sup>	11	3	14	11	5,575	4,592	-	-	3	5,200
Western Region <sup>2</sup>	21	5	26	20	25,136	18,392	-	-	6	9,100
Total	<b>48</b>	<b>19</b>	<b>67</b>	<b>43</b>	<b>\$ 39,841</b>	<b>\$ 27,393</b>	<b>1</b>	<b>\$ 3,837</b>	<b>23</b>	<b>\$ 36,134</b>

<sup>1</sup> Eastern Region includes Avalon, Burin and Clarenville operating areas.

<sup>2</sup> Western Region includes Gander, Grand Falls - Windsor, Corner Brook and Stephenville operating areas.

## Definitions of Causes of Damage Claims

1. **System Operations:** Claims arising from system operations. Examples include normal reclosing or switching.
2. **Power Interruptions:** Claims arising from interruption of power supply. Examples include all scheduled or unscheduled interruptions.
3. **Improper Workmanship:** Claims arising from failure of electrical equipment caused by improper workmanship or methods. Examples include improper crimping of connections, insufficient sealing and taping of connections, improper maintenance, inadequate clearance, or improper operation of equipment.
4. **Weather Related:** Claims arising from weather conditions. Examples include wind, rain, ice, lightning, or corrosion caused by weather.
5. **Equipment Failure:** Claims arising from failure of electrical equipment not caused by improper workmanship. Examples include broken neutrals, broken tie wires, transformer failure, insulator failure or broken service wire.
6. **Third Party:** Claims arising from equipment failure caused by acts of third parties. Examples include motor vehicle accidents and vandalism.
7. **Miscellaneous:** All claims not related to electrical service.

## NEWFOUNDLAND POWER INC.

### CONTRIBUTION IN AID OF CONSTRUCTION QUARTERLY ACTIVITY REPORT

**For the Period Ended June 30, 2012**

The table below summarizes Contribution In Aid of Construction (CIAC) activity for the second quarter of 2012. The table is divided into three sections. The first section identifies the type of service for which a CIAC has been calculated. Services are categorized as Domestic (located within a Residential Planning Area), Domestic (located outside a Residential Planning Area) or General Service.

The second section indicates the number of CIACs quoted during the quarter as well as the number of CIAC quotes that remained outstanding at the end of the previous quarter. This format facilitates a reconciliation of the total number of CIACs that were active during the quarter.

The third section provides information as to the disposition of the total CIACs quoted. A CIAC is considered Accepted when a customer indicates they wish to proceed with construction of the extension and has agreed to pay any charge that may be applicable. A CIAC is considered Closed after six months has elapsed and the customer has not indicated their intention to proceed with the extension, or, if changing circumstances necessitate the original CIAC being re-quoted to the same customer. A quoted CIAC is Outstanding if it is neither Accepted nor Closed.

Type of Service	CIACs			Total		
	CIACs Quoted	Outstanding Previous Qtr.	CIACs Quoted	CIACs Accepted	CIACs Closed	CIACs Outstanding
Domestic						
- Within Planning Area	25	8	33	19	4	10
- Outside Planning Area	69	21	90	38	10	42
	94	29	123	57	14	52
General Service	33	20	53	19	9	25
Total	127	49	176	76	23	77

The table on pages 2 to 4 of the report provides specific information for the 127 CIACs quoted to customers during the period April 1, 2012 to June 30, 2012. Both the CIAC amounts quoted and the Estimated Construction Costs exclude HST.

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2012**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (within Residential Planning Area)</b>				
2012/04/18	2012-20-121	2,001.00	5,046.00	Yes
2012/04/20	2012-10-121	1,392.00	3,857.00	Yes
2012/05/04	2012-50-102	1,597.00	4,352.00	Yes
2012/05/09	2012-20-135	435.00	2,900.00	Yes
2012/05/11	2012-20-127	2,728.00	5,193.00	Yes
2012/05/11	2012-20-138	21,920.00	24,385.00	Yes
2012/05/11	2012-20-139	2,960.00	5,425.00	Yes
2012/05/15	2012-10-125	2,759.00	5,224.00	Yes
2012/05/15	2012-10-129	1,682.00	4,147.00	Yes
2012/05/28	2012-20-136	1,883.00	4,638.00	
2012/05/28	2012-20-137	9,437.00	11,902.00	
2012/05/28	2012-20-146	783.00	3,248.00	Yes
2012/05/29	2012-20-147	3,035.00	5,500.00	
2012/06/01	2012-50-104	580.00	3,045.00	Yes
2012/06/04	2012-20-153	6,904.00	12,414.00	Yes
2012/06/04	2012-20-154	1,568.00	4,613.00	Yes
2012/06/04	2012-20-155	4,006.00	6,471.00	Yes
2012/06/14	2012-10-126	6,942.00	9,407.00	
2012/06/15	2012-10-138	180.00	2,645.00	Yes
2012/06/15	2012-20-162	925.00	3,390.00	
2012/06/19	2012-20-165	2,003.00	4,468.00	
2012/06/22	2012-10-128	1,681.94	4,146.94	
2012/06/22	2012-10-130	1,001.00	3,466.00	
2012/06/26	2012-20-168	1,713.00	4,178.00	
2012/06/26	2012-20-169	1,220.00	3,685.00	
<b>DOMESTIC (outside Residential Planning Area)</b>				
2012/04/02	2012-41-102	2,847.50	5,312.50	Yes
2012/04/10	2012-40-106	6,292.71	7,017.71	Yes
2012/04/16	2012-20-110	775.00	1,500.00	Yes
2012/04/16	2012-20-115	3,685.07	4,410.07	Yes
2012/04/16	2012-20-116	261.00	986.00	Yes
2012/04/16	2012-20-117	2,873.00	3,598.00	
2012/04/16	2012-20-118	435.00	1,160.00	Yes
2012/04/16	2012-20-119	725.00	1,740.00	Yes
2012/04/17	2012-20-120	4,410.00	5,135.00	
2012/04/23	2012-20-122	551.00	1,624.00	Yes
2012/04/23	2012-20-123	2,349.00	3,074.00	
2012/04/23	2012-20-124	2,511.21	3,236.21	Yes
2012/05/02	2012-20-126	232.00	957.00	Yes



**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2012**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning area)</b>				
2012/05/03	2012-20-129	377.00	1,102.00	
2012/05/08	2012-40-108	14,792.00	16,967.00	Yes
2012/05/09	2012-20-132	1,800.00	2,525.00	Yes
2012/05/09	2012-20-133	2,207.42	2,932.42	Yes
2012/05/09	2012-20-134	3,685.07	4,410.07	Yes
2012/05/09	2012-40-104	6,886.63	7,611.63	Yes
2012/05/09	2012-40-105	4,305.63	5,030.63	
2012/05/11	2012-41-103	16,706.00	17,431.00	
2012/05/17	2012-20-140	145.00	1,160.00	
2012/05/23	2012-30-105	5,651.94	6,376.94	Yes
2012/05/28	2012-20-131	36,077.99	46,575.99	Yes
2012/05/28	2012-20-141	1,711.00	2,726.00	Yes
2012/05/28	2012-20-143	20,456.00	22,921.00	
2012/05/28	2012-20-144	27,717.00	35,112.00	
2012/05/28	2012-51-109	2,291.00	3,306.00	Yes
2012/05/30	2012-10-131	2,029.06	2,754.06	Yes
2012/05/30	2011-10-171	86,536.25	103,791.25	
2012/05/30	2012-30-107	4,331.29	5,056.29	Yes
2012/05/31	2012-10-133	2,029.06	2,754.06	Yes
2012/05/31	2012-10-134	754.00	1,479.00	
2012/05/31	2012-20-148	2,207.42	2,932.42	
2012/05/31	2012-20-151	3,061.48	3,786.48	
2012/05/31	2012-20-152	1,305.00	2,030.00	Yes
2012/06/01	2012-20-149	2,511.21	3,236.21	Yes
2012/06/01	2012-20-150	2,511.21	3,236.21	Yes
2012/06/01	2012-50-103	1,015.00	1,740.00	
2012/06/01	2012-50-105	1,073.00	1,798.00	
2012/06/01	2012-50-106	377.00	1,102.00	
2012/06/12	2012-20-158	5,101.43	5,826.43	
2012/06/13	2012-20-159	551.00	1,566.00	
2012/06/13	2012-20-160	1,421.00	2,146.00	Yes
2012/06/15	2012-10-136	4,974.00	5,699.00	
2012/06/15	2012-20-156	1,015.00	2,030.00	
2012/06/15	2012-20-157	377.00	1,102.00	Yes
2012/06/15	2012-20-161	3,161.00	3,886.00	
2012/06/15	2012-50-107	2,961.54	3,686.54	Yes
2012/06/15	2012-50-108	2,961.54	3,686.54	
2012/06/18	2012-40-112	4,467.05	5,192.05	
2012/06/19	2012-51-110	2,757.25	3,772.25	
2012/06/20	2012-40-114	15,073.00	15,798.00	
2012/06/21	2012-30-103	4,408.00	4,408.00	Yes
2012/06/21	2012-30-110	1,305.00	2,030.00	
2012/06/21	2012-30-111	1,885.00	2,610.00	
2012/06/21	2012-30-114	4,331.29	5,056.29	Yes
2012/06/22	2012-30-112	4,331.29	5,056.29	

**NEWFOUNDLAND POWER INC.**  
**CIAC QUARTERLY ACTIVITY REPORT**  
**Second Quarter 2012**

Date Quoted	CIAC No.	CIAC Amount (\$)	Estimated Const. Cost (\$)	Accepted
<b>DOMESTIC (outside Residential Planning area)</b>				
2012/06/22	2012-30-116	4,331.29	5,056.29	
2012/06/22	2012-30-117	4,331.29	5,056.29	
2012/06/22	2012-50-109	3,957.13	4,682.13	
2012/06/22	2012-50-110	1,218.00	1,943.00	
2012/06/27	2012-20-167	1,160.00	2,175.00	
2012/06/27	2012-20-170	480.00	1,205.00	
2012/06/27	2012-40-111	4,588.94	5,313.94	
2012/06/27	2012-40-113	1,939.30	2,664.30	
2012/06/28	2012-10-140	1,455.01	2,180.01	
2012/06/28	2012-31-102	220,390.50	273,170.50	
2012/06/29	2012-51-111	2,088.00	2,813.00	
<b>GENERAL SERVICE</b>				
2012/04/05	2012-10-117	1,031.50	3,496.50	Yes
2012/04/16	2012-10-100	4,253.50	13,632.50	Yes
2012/04/19	2012-20-111	8,075.00	8,075.00	
2012/04/19	2012-20-112	6,500.00	6,500.00	
2012/04/25	2012-20-125	9,193.00	11,658.00	
2012/04/27	2012-41-104	6,690.60	9,992.00	Yes
2012/05/02	2012-30-104	4,503.00	34,083.00	Yes
2012/05/02	2012-10-116	72,138.33	94,726.28	
2012/05/02	2012-10-119	10,247.00	17,325.00	
2012/05/02	2012-10-124	2,252.00	9,392.50	Yes
2012/05/07	2012-40-109	9,195.00	19,575.00	Yes
2012/05/09	2012-51-102	2,600.00	9,100.00	Yes
2012/05/23	2011-50-144	20,293.50	27,609.00	
2012/05/24	2012-30-108	359,037.51	359,037.51	
2012/05/25	2012-31-105	2,987.00	7,917.00	Yes
2012/05/29	2012-10-123	5,215.00	16,165.00	Yes
2012/05/29	2012-20-142	3,500.00	10,000.00	Yes
2012/06/08	2012-30-106	3,090.00	9,415.00	Yes
2012/06/11	2012-30-109	3,192.00	5,657.00	Yes
2012/06/27	2012-10-137	1,022.80	6,217.00	
2012/06/27	2012-10-143	3,144.66	5,609.66	
2012/06/27	2012-10-144	4,674.41	7,139.41	
2012/06/27	2012-10-145	2,724.16	5,189.16	
2012/06/27	2012-10-146	3,376.66	5,841.66	
2012/06/27	2012-10-147	3,376.66	5,841.66	
2012/06/27	2012-10-148	3,304.16	5,769.16	
2012/06/27	2012-10-149	3,304.16	5,769.16	
2012/06/27	2012-10-150	4,188.66	6,653.66	
2012/06/27	2012-10-151	3,231.66	5,696.66	
2012/06/27	2012-10-152	2,716.91	5,181.91	
2012/06/27	2012-10-153	3,521.66	5,986.66	
2012/06/27	2012-30-113	6,115.00	12,615.00	
2012/06/29	2012-10-139	7,445.00	26,360.00	