



*Newfoundland
& Labrador*

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

2004-2005 ANNUAL REPORT

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NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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Chair and Chief Executive Officer

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Letter to the Minister of Justice

On behalf of the Board of Commissioners of Public Utilities, I respectfully submit the Board's Annual Report for the year ended March 31, 2005, in accordance with Section 18 of the Public Utilities Act.

Sincerely,

Robert Noseworthy
Chair and CEO

COMMISSIONERS
Year End - March 31, 2005

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

Message from the Chair and Chief Executive Officer

The year 2004-05 represented both a challenging and demanding period for the Public Utilities Board. In addition to its existing regulatory responsibilities, the mandated activities of the Board continue to expand. In this fiscal year the role of the Board was extended to include the regulation of petroleum products pricing throughout the Province. Also calling upon the new mandate assigned last year, Government directed the Board to undertake a follow-up review of automobile insurance as well as a review of homeowners, commercial and marine insurances. From a regulatory perspective, the Board also operationalized a variety of legislative reform measures proclaimed by Government as a result of the initial automobile insurance report submitted to Government by the Board in March 2004.

In May 2004, Government passed legislation delegating regulatory responsibility to the Board for the Petroleum Products Pricing Commission (PPPC). Government's stated intention in this restructuring was to improve efficiencies and reduce costs. As part of an overall operational review the Board's first task was to align the financial and administrative policies/practices of the former Commission with those of the Board and also investigate areas for potential operational savings. This initiative was successful in streamlining the Board's new Petroleum Pricing Office (PPO) which resulted in significant operational savings. The Board will continue to focus its efforts on greater efficiencies in these areas as this transition evolves. The regulation of petroleum products pricing in Newfoundland and Labrador is in its early development. While the work of the former Commission was commendable, these efforts need to be evaluated and re-focused to improve the overall regulatory regime. As a second phase of its operational analysis, in 2005-06 the Board will initiate a comprehensive review of the methodologies, processes and issues facing petroleum products pricing regulation in the province. This review will be carried out in consultation with consumer groups, industry and other interested parties.

In October 2004, Government issued a Terms of Reference directing the Board to conduct a review into automobile, homeowners, commercial and marine insurances. The automobile insurance review flowed from the Board's earlier report submitted to Government in March 2004. In this review Government requested the Board to consider the impact on rates of restricting third party liability claims for pain and suffering, eliminating age, gender and marital status as rating factors, the implications of permitting group rating, and other related matters. The Board immediately commenced various studies and actuarial examinations into these issues and, beginning on February 15, 2005, held a series of public sessions around the Province with industry, consumers and other interest groups on the auto insurance component of this review. The Board concluded its public sessions on March 2, 2005 and submitted its report to Government by the March 31, 2005 deadline. In the coming year, the Board will again position itself to implement its regulatory obligations concerning any reforms Government may introduce arising from this report. In addition, 2005 will see the Board commence the remaining review of homeowners, commercial and marine insurances.

In August 2004, Bill 30 was proclaimed which brought into law the package of automobile insurance reform initiatives announced by Government earlier in the Spring. These included a mandated rate reduction, a one-year rate freeze, a \$2,500 deductible on claims for pain and suffering and regulation of underwriting guidelines. Further in March 2005, Government announced a new rate setting process designed to replace the previous benchmarking system used by the Board. This new process requires individual companies to actuarially justify rate increases to the Board while rate decreases are to be administered on a "file and use" basis. All these changes required a significant readjustment by the Board to long-standing policies/procedures and concerted regulatory oversight to ensure a smooth transition.

The year 2004-05 demonstrated the need for innovation, creativity and responsiveness by the Board in fulfilling its varied responsibilities. While these are not attributes normally associated with a regulatory agency, the Board was able to effectively respond through the contribution and dedication of its staff and commissioners and the utilization of technology as a key communication tool in the Board's processes.

While the matters described above presented numerous challenges, the Board did not lose sight of its normal regulatory workload. This included decisions/orders on a General Rate Application by Newfoundland and Labrador Hydro, annual capital budgets from Newfoundland Power and Newfoundland and Labrador Hydro, a public hearing on automobile insurance benchmarks and a variety of other on-going regulatory demands. In these areas, the Board remains committed to pursuing Alternative Dispute Resolution (ADR) and streamlining the regulatory processes of the Board. With this in mind, the staff of the Board has worked over the past year with both utilities, the Consumer Advocate and the Industrial Customers to improve the effectiveness and efficiency of the processes dealing with the annual capital budget applications of each utility. The Board is hopeful that these efforts will prove successful in improving both the quality of information presented in these applications as well as streamlining the regulatory processes used by the Board in their review.

In looking ahead, the year 2005-06 promises to be no less challenging and demanding than the past year. The Board will complete the review of homeowners, commercial and marine insurances as well as the operational review of petroleum products pricing. Both these reviews will likely prove interesting given the variety and complexity of issues that the Board anticipates coming forward. Given the volatility and uncertainty forecast for world oil prices, 2005-06 will be anything but an ordinary year for the Board in this area of its responsibility. In pursuing these varying responsibilities our priority will be to ensure that the Board manages, monitors and discharges its regulatory responsibilities in a fair and just fashion while maintaining an equitable balance between the interests of consumers and regulated service providers. In doing this the Board will strive to improve and streamline its regulatory processes in the most efficient way practical.

OVERVIEW

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

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

and limited responsibilities for:

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

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

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

MANDATE

The Board is responsible for the regulation of the electric utilities in the Province to ensure that the rates charged are just and reasonable, and that the service provided is safe and reliable.

The Board is also responsible for the supervision of rates charged by automobile insurers as well as regulatory oversight and control of industry practices regarding risk classification and underwriting guidelines for the various components of automobile coverage. The Board

has responsibility for limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations.

On May 18, 2004 the Board assumed full responsibility for the regulation of petroleum products pricing in the Province. The Board's main responsibility in this area involves setting maximum prices that retailers and wholesalers can charge for the sale of petroleum products such as gasoline, diesel fuel, home heating fuels (furnace and stove oil) and residential propane. This work is undertaken with the assistance of the staff at the Board's Petroleum Pricing Office (PPO) in Grand Falls-Windsor

MISSION

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

LINES OF BUSINESS

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

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

HIGHLIGHTS

The following summarizes the significant regulatory items before the Board for the period April 1, 2004 to March 31, 2005. A summary of all Orders issued by the Board during the fiscal year can be found beginning on page 22.

PUBLIC UTILITY

Board Orders

The Board issued 56 Orders under the *Public Utilities Act* including:

- 27 Orders relating to contribution in aid of construction (CIAC) applications and policies;
- 12 Orders pursuant to section 70 relating to rate applications;
- 7 Orders pursuant to section 41 relating to capital budget expenditures;
- 5 Orders relating to administrative/procedural orders and related amendments;
- 2 Orders pursuant to section 38 for the decommissioning of generation and the termination of service; and
- 3 Orders specifically relating to application approvals of: the balance in the weather normalization reserve; a borrowing program; and an early retirement program.

General Supervision

In keeping with its mandate to ensure the safe and reliable supply of power the Board requires the utilities to file Power Outage/Incident Reports detailing significant power outages. In 2004-05 the Board reviewed and followed up where appropriate on 49 reports from both Newfoundland and Labrador Hydro (NLH) and Newfoundland Power (NP). This is down slightly from the 72 reported last year. The breakdown of the causes of these outages is as follows:

- 23 - Generation/Distribution Problems
- 14 - Weather Related
- 3 - Equipment Failures
- 9 - Public Contact/Other

Customer Complaints

Part of the Board's mandate involves addressing complaints from utility customers. Complaints

are tracked on the basis of specific categories to assess the development of trends which may require further investigation. During the reporting period the Board received 20 complaints, down from 45 reported last year. Thirteen of these complaints primarily related to termination of service.

AUTOMOBILE INSURANCE

On March 17, 2004 Government announced a series of reforms for the automobile insurance industry to address increasing premiums and other issues affecting automobile insurance consumers. Government announced a \$2,500 deductible on pain and suffering awards arising from an automobile accident, a one-year freeze on insurance premiums to expire March 16, 2005, a mandated reduction in private passenger rates, and increased regulatory responsibilities for the Board.

In October 2004 Government introduced legislation to enable it to direct the Board to undertake a review of any aspect of insurance in the Province. Flowing from this legislation, Government issued a *Terms of Reference for the Public Utilities Board Review into Automobile, Homeowners Commercial and Marine Insurance* which set out the specific issues which the Board was asked to review.

Following the March 17, 2004 rate freeze the Board's insurance activities for 2004-05 primarily focused on the automobile insurance review and final report to Government. With respect to applications under the *Automobile Insurance Act* the Board issued five Orders: one setting the 2005/05 benchmarks; two relating to benchmark/non-benchmark applications; one for rate approvals for a new entrant to the market; and one for a rehearing of application.

As well on March 16, 2005 Government announced that the benchmarking system for automobile rate approvals would be discontinued. Instead companies will be required to actuarially justify all rate increases while applications for rate decreases will be dealt with on a file and use basis.

PETROLEUM PRODUCTS PRICING

On May 18, 2004 Government announced the integration of the former PPPC with the Board. With this integration the Board assumed responsibility and authority for the regulation of petroleum products pricing in the Province. On June 8, 2004 the *Petroleum Products Act* was amended to give effect to the change. The PPO, located in Grand Falls-Windsor, now administers the functions of the former Petroleum Products Pricing Commission (PPPC). The Board continues to use the same approach and methodology for adjusting fuel prices, as did the PPPC.

One objective of the Board over the past year was to ensure a smooth transition in integrating the regulatory responsibilities of the former (PPPC) with the Board.

In its announcement of the restructuring of the PPPC, Government requested that the Board complete an operational review of petroleum products pricing regulation to ensure the concerns of all interested parties, and the industry are being addressed. The Board has approached this review in two steps.

The first step was to conduct an administrative and financial review of the newly established PPO in order to ensure consistent administrative and financial policies and procedures as well as to identify potential areas for cost savings. This phase of the review was completed by mid-year with substantial operating efficiencies and savings being realized.

By the end of March 2005 the financial operations of the former PPPC were amalgamated with those of the Board. Through cost reductions and elimination of duplication of services the Board was able to achieve a 20-25% reduction in operating expenses, resulting in estimated operational savings for the year of \$225,000.

Following the completion of the financial and administrative review, the Board initiated the

second phase of its operational review. In the first instance the Board followed up on the independent consulting work commenced by the former PPPC into a study of storage and distribution costs for petroleum products to examine the fuel distribution network and the associated price differentials for the Province. This study is in progress and a report is pending.

OTHER REGULATORY ACTIVITIES

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

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

The Board also held a hearing into an application under the *Expropriation Act* from the Minister of Works, Services and Transportation.

FINANCIAL

The Board's annual operating expenses are funded by the assessments paid from the industries it regulates. In 2004-05 the annual operating costs recovered through its assessments were \$2.30 million. The breakdown of these assessments were as follows: \$1,180,303 for public utilities; \$686,460 for the insurance industry; and \$446,504 for the petroleum pricing industry. The Board's operating costs increased from \$1.54 million in the previous year to \$2.30 million. An estimated \$442,000 of this increase was attributed to a hearing into setting the Board's automobile benchmark rates and another \$351,000 related to the added regulatory responsibilities assigned to the Board during the fiscal year for petroleum products pricing.

The regulatory restructuring of the former PPPC, as announced by Government, was aimed at improving efficiencies and reducing costs. Following a financial and administrative review of the PPO, the Board implemented a number of

changes that helped achieve an operational savings of approximately \$225,000 for the year. The Board will continue to focus its attention on improving operational efficiencies and reducing costs as additional opportunities arise.

The Board also recovers the costs relating to hearings and/or investigations on a cost recovery basis directly from the applicant(s) and/or parties involved in each specific proceeding. During 2004-05 the Board's accumulated hearing costs were \$1,077,999. \$305,437 related to applications and/or matters such as NLH's and NP's capital budget applications and NLH's and NP's annual reviews. \$772,562 of the accumulated amount related to the automobile insurance review. The Board has decided that current costs and any additional costs relating to the automobile insurance review will be amortized over a three-year period to coincide with the timing of special assessments to be levied on the industry.

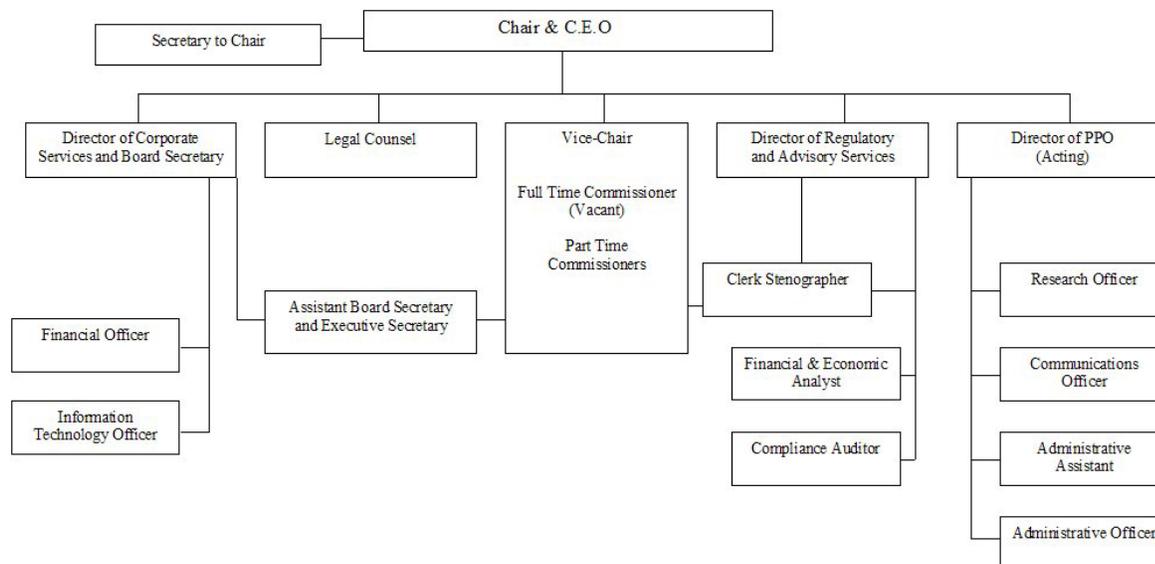
In 2004-05, the Board recovered \$1,471,246 in hearing costs; \$1,325,725 of this related primarily to hearing costs in the previous year for NLH's 2003 General Rate Application. At the end of March 31, 2005, the hearing cost recoverable was \$159,540. Further details regarding the Board's recoverable costs can be found in Notes 3 and 4 of the Financial Statements.

BOARD AND STAFF CHANGES

During the year the Board's composition changed with the retirement of full-time Commissioner, Mr. Ray Pollett. We wish to thank Ray for his contribution to the Board. This position remains vacant.

With the addition of petroleum products pricing regulation, the Board's staffing complement increased to 15, with five additional staff members located at the PPO in Grand Falls-Windsor.

**BOARD ORGANIZATIONAL CHART
At March 31, 2005**



ACTIVITIES DURING THE YEAR

The 2004-05 year proved to be another busy regulatory year with major activities in all three primary areas of the Board's mandate. At the beginning of the year the Board was in its final deliberations of NLH's 2003 General Rate Application. Following shortly thereafter the Board commenced the process for the Automobile Insurance Review announced by Government in March of 2004.

In the midst of this, on May 18, 2004, the Board assumed responsibility for the regulation of petroleum products pricing for the Province.

The following summarizes the significant activities and accomplishments during the year for the three major areas of regulation.

PUBLIC UTILITY REGULATION

NLH 2003 General Rate Application

Board Order No. P.U. 14(2004) was issued on May 4, 2004 after a public hearing into a general rate application of NLH. The utility had requested an allowed return on equity of 9.75% and an approved return on rate base of 8.15%. This application would have resulted in an average rate increase to residential and general service customers of approximately 6.5% and to Industrial Customers of approximately 12.2%.

The hearing, which began on October 6, 2003, continued over a 10-week period for 35 hearing days and included the participation of four groups of intervenors: a government appointed Consumer Advocate; NLH's Industrial Customers; NLH's retail customer NP; and two municipalities. Representation was also received from the public by means of written and oral presentations as the panel heard evidence at five sites throughout the province.

The subsequent filing of Rates, Rules and Regulations with an effective date of July 1, 2004, approved by Board Order No. P.U. 17 (2004), was based on an accepted forecast

return on equity of 5.83%, an approved return on rate base of 7.466%, and in an increase in base rates to NP of 9.3%. This resulted in an average increase in rates to NP's domestic and general service customers of 5.34% with similar increases for NLH's rural customers, and an increase in rates to Industrial Customers of 9.6%.

NP Rate Stabilization Adjustment and Municipal Tax Adjustment

Board Order No. P.U. 18(2004), issued on June 25, 2004, approved changes to NP's Rate Stabilization Adjustment and Municipal Tax Adjustment factor to be applied to all electrical consumption on and after July 1, 2004. The average increase in rates to domestic and general service customers resulting from these adjustments was approximately 4.52%.

NP 2005 Capital Budget Application

Board Order No. P.U. 43(2004), issued November 22, 2004 following a public hearing, approved budgeted 2005 capital expenditures totaling \$48,141,000 as well as the included budgeted capital projects and leases. NP's rate base for the year ending December 31, 2003 was fixed and determined at \$675,730,000, while the forecast rate bases for 2004 and for 2005 were also approved. At the same time the Board set out requirements for filing a number of reports as part of future capital budget applications.

NP Proposed Rate of Return on Rate Base

Board Order No. P.U. 50(2004), issued December 9, 2004, ordered a decrease in the allowed return on equity of the company from 9.75%, [Board Order P.U. 19(2003)], to 9.24% as a result of the operation of the Automatic Adjustment Formula. This Order also approved a rate of return on rate base for 2005 of 8.68% (in a range of 8.50% to 8.86%). This resulted in an average decrease in electricity rates to become effective for consumption on or after January 1, 2005 of 0.5%.

NLH 2005 Capital Budget Application

Board Order No. P.U. 53(2004), issued December 23, 2004 as a result of a public hearing, approved NLH's budgeted 2005 Capital Expenditures totaling \$42,431,000 as well as the included budgeted capital projects and leases. The rate base for the year ending December 31, 2003 was fixed and determined at \$1,422,412,000.

Regulatory Process Improvements

The Board continues to use alternative processes such as mediation and settlement conferences in an effort to streamline its hearing process. Again this year the Board engaged in a settlement conference for the purpose of identifying common ground or position on NLH's 2005 Capital Budget Application. This process resulted in a Settlement Report, which identified, of the proposed 83 capital projects, 32 to which there was no objection. Using the guidelines established for the settlement conference, parties to the hearing identified another 16 projects to which there would be no objection. This allowed the Board to focus on projects and associated issues that require detailed review or special attention, thereby shortening time spent during the hearing. This consensus-based decision-making resulted in a more efficient process and ultimately reduced hearing costs.

During the year, the Board also continued its assessment of the process for reviewing capital budget applications. A consensus document issued early in 2005, outlined improvements and efficiencies to be gained in the newly established process.

AUTOMOBILE INSURANCE

Automobile Insurance Reform - Legislative Changes

Following receipt of the Board's report on its review of the automobile insurance industry, Government, in August 2004, introduced a variety of reforms affecting the industry in this Province. In addition to the rate freeze implemented in March 2004, Government legislated rate reductions for the major insurance

coverages, and implemented additional filing requirements with respect to the manner in which insurers conducted business. These changes increased the regulatory responsibilities of the Board as relates to the guidelines companies could use to assess risks and rate business as well as the grounds upon which insurers could determine whether or not to rate risks or decline business. These additional responsibilities require significant staff resources to undertake a comprehensive review of the underwriting rules and guidelines, and implement the regulatory changes required by the legislative requirements.

Automobile Insurance Benchmarks

On March 11, 2005 the Board issued its Order on the 2005 automobile insurance benchmarks. These benchmarks set the range of reasonable rates for insurers operating in the Newfoundland and Labrador automobile insurance market. The benchmarks were established following extensive public hearings, held during the fall of 2004, at which the Board received evidence from a number of expert witnesses with respect to cost of capital and key actuarial issues.

Following the issuance of the Board's Order, Government announced the abolition of the benchmarking system in favor of a full actuarial justification of rate increases by individual insurers.

Automobile Insurance Review

On March 31, 2005 the Board delivered to Government its report the Automobile Insurance Review. The review followed the report issued the previous March and was designed, in accordance with the *Terms of Reference* issued, to include a comprehensive review of various additional reform measures under consideration by Government in respect to controlling increasing automobile insurance costs. This review included an analysis of various reform options and provided for an extensive opportunity for public participation and input. The Board's that followed addressed such things as caps and deductibles, group rating, use of age, sex and marital status as rating variables, and other cost savings measures. Government will

use the report as a basis for deciding on any further reform measures it might consider in addition to those announced on March 17, 2004.

Regulatory Efficiency Improvements

Throughout the Benchmark hearing process and the Automobile Insurance Review the Board achieved substantial efficiencies with the use of the Board’s website for exchange of information and filing requirements. Both proceedings presented difficulties for the Board in ensuring timely communications, as many of the registered parties and interested persons were from outside of St. John’s, and indeed the Province. Because of the requirement for daily and/or immediate exchanges of information between all parties, a process was developed that allowed for information to be exchanged electronically. The record was updated daily on the Board’s website for all parties as well as the general public to view.

By utilizing this technology the Board was able to ensure that all parties and the public had access to information almost immediately. The time constraints that would have normally occurred for the traditional exchanges of information such as faxing, mail and courier services were virtually eliminated. The Board has gained valuable insight into the use of technology to improve efficiencies and enhance public participation and intends to continue to develop its communication strategies to make further improvements in its processes.

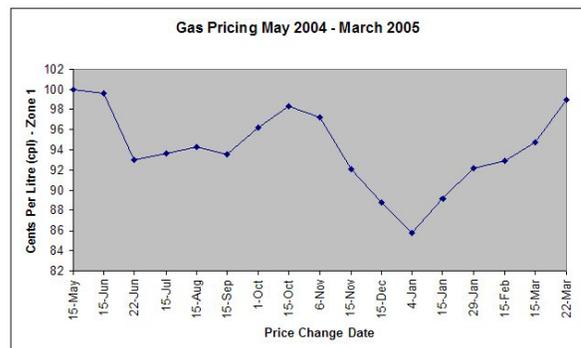
PETROLEUM PRODUCTS PRICING

During the year the Board announced 29 pricing adjustments in accordance with the *Petroleum Products Act*. Ten of these were regular monthly adjustments that occur on the 15th of each month. The other 19 adjustments occurred using the interruption formula. For the interruption formula to be used on gasoline and distillate fuels, the average of market prices must vary at least 3.5 cent per litre (cpl) over the current benchmark prices (except propane, which requires +/- 5.0 cpl) over five market days.

The following shows the pricing adjustments for each of the petroleum products regulated by the Board for the period May 18, 2004 to April 1, 2005. Specific details of these price adjustments can be found on page 41 to this report.

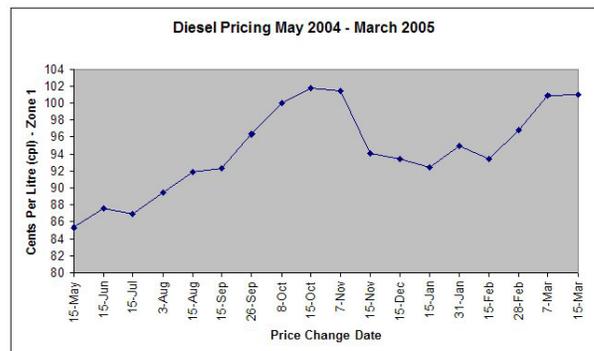
The graphs show the trend lines for each product for Zone 1-Avalon Peninsula. The straight lines joining the data points are intended to reflect trends only and do not represent gradual increases/decreases in prices between the indicated price change dates.

Gasoline



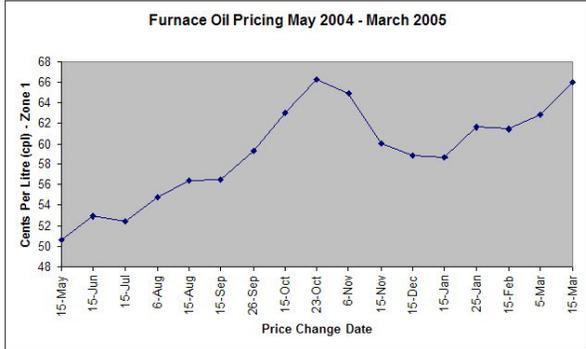
There were 16 adjustments in the maximum allowed price for gasoline: 10 regular monthly adjustments and 6 using the interruption formula. There were 9 increases and 7 decreases in the maximum allowable price.

Diesel Fuel



There were 17 adjustments in the maximum allowed price for diesel fuel: 10 regular monthly adjustments and 7 using the interruption formula. There were 11 increases and 6 decreases in the maximum allowable price.

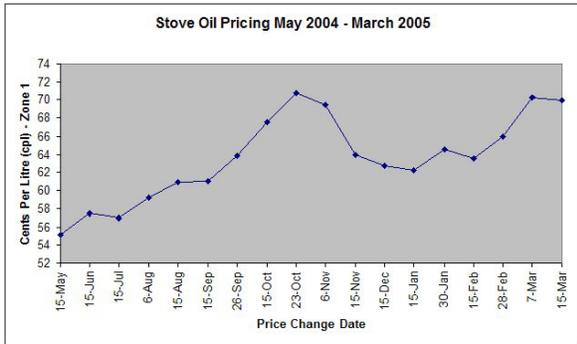
Furnace Oil



During the year, the maximum allowed price for propane was adjusted 10 times as part of the regular monthly adjustments. There were 5 increases and 5 decreases in the maximum allowable price.

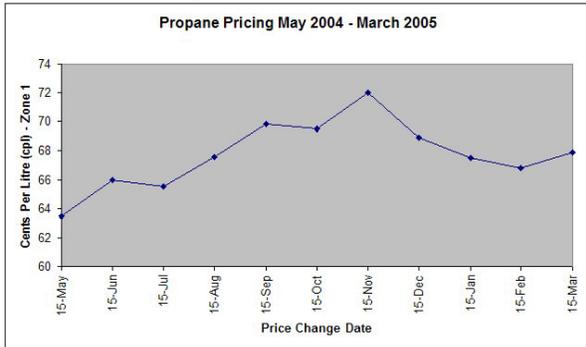
There were 16 adjustments in the maximum allowed price for furnace oil: 10 regular monthly adjustments and 6 using the interruption formula. There were 10 increases and 6 decreases in the maximum allowed price.

Stove Oil



The maximum allowed price for Stove Oil was adjusted 17 times with 10 regular monthly adjustments and 7 using the interruption formula. There were 10 increases and 7 decreases in the maximum allowed price.

Residential Propane



CHALLENGES AHEAD

The upcoming year will be another busy year for the Board. The Board will continue to ensure that the routine regulatory calendar and legislative mandate in all areas are managed effectively. In addition to concentrating its attention on the assumed regulatory responsibility for petroleum pricing, the Board will commence the second phase of the insurance review that will relate to homeowner, commercial and marine insurance as announced in Government's *Terms of Reference*.

The Board will focus its attention to the following:

PETROLEUM PRODUCTS PRICING REVIEW

The Board's primary focus for the upcoming year with respect to petroleum products regulation will be to complete the second phase of the operational review commenced in the past year. This phase will focus on reviewing regulatory pricing and process issues that may be of concern to stakeholders. Once the storage and distribution study has been completed, the Board intends to prepare a discussion paper that will provide background on the process and methodology used by the Board to set maximum prices for petroleum products in the Province. The paper will also raise issues for comment and feedback related to base prices and total allowed mark-ups, retail and wholesale margins, and other issues of concern. Following written feedback from stakeholders the Board plans to enter into a consultation phase by late fall 2005 with stakeholders with a view to being able to make a decision on required changes and improvements before the end of the next year.

INSURANCE REVIEW

At the present time the Board is awaiting Government's response to the *Automobile Insurance Review* submitted on March 31, 2005 and any further outcomes or legislative changes that may occur. Any changes to the legislation will be in addition to the newly assigned regulatory responsibilities legislated by

Government in August 2004 with respect to the underwriting guidelines and risk classification systems used by insurers to rate automobile insurance policies.

In the coming year, the challenge for the Board will be to position itself to meet its regulatory obligations regarding Government's new or on-going automobile insurance reforms.

In addition to the review of automobile insurance, in the *Terms of Reference* issued in October 2004, Government also requested the Board to review and report on issues relating to homeowners, commercial and marine insurance, which were also referenced.

Homeowners, commercial and marine insurance is a relatively new area for the Board. The challenge for the Board will be to gather the necessary information and data required to complete a comprehensive review in accordance with the *Terms of Reference*. The Board is an economic regulator and has an appreciation for issues related to the insurance industry because of its experience in the regulation of the automobile insurance rates. As such, the Board will draw on its expertise and established processes to conduct a full review of the issues and provide a report that addresses the requisites outlined in the *Terms of Reference*.

PUBLIC UTILITY REGULATION

The Board plans to implement the recommendations that are brought forward from the Capital Budget Review for the processing of the 2006 capital budget applications from the utilities. The Board will be monitoring and requesting feedback from all stakeholders as it implements these recommendations and filing guidelines with a view to streamlining the existing process and improving the quality of information available to the Board and interested parties/intervenors. The Board also remains committed to pursuing Alternative Dispute Resolution and improving the regulatory efficiency of the Board.

FINANCIAL STATEMENTS



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AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2005 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland
June 16, 2005

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Financial Position
March 31, 2005**

	2005	(Note 12) 2004
ASSETS		
Current		
Cash and short term investments	\$1,320,994	\$ 257,972
Accounts receivable	226,312	129,270
Hearing costs recoverable (Note 3)	159,540	1,325,349
Prepaid expenses	4,427	397
	1, 711,273	1,712,988
Deferred costs – automobile insurance review (Note 4)	772,562	-
Designated pension funds (Note 5)	48,569	142,946
Capital assets (Note 6)	58,410	-
	\$2,590,814	\$1,855,934
LIABILITIES		
Current		
Accounts payable and accruals	\$ 558,211	\$ 255,542
Payroll accruals	449,510	445,327
	1,007,721	700,869
ACCUMULATED SURPLUS		
Invested in capital assets	58,410	-
Invested in designated pension funds	48,569	142,946
Internally restricted (Note 8)	1,384,266	933,059
Unrestricted	91,848	79,060
	1,583,093	1,155,065
	\$2,590,814	\$1,855,934

On Behalf of the Board:

_____ Chairperson and CEO

_____ Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2005

	2005	(Note 12) 2004
<hr/>		
Revenues		
Assessments	\$2,313,267	\$1,725,379
Hearings room	7,700	1,100
Interest	30,717	13,516
Pension income (Note 5)	5,868	10,141
	<hr/>	<hr/>
	2,357,552	1,750,136
<hr/>		
Expenses		
Amortization	13,088	-
Consulting fees	175,090	200,343
Hearing costs	482,399	-
Office equipment, supplies and services	64,174	68,961
Pension obligations estimation adjustment (Note 5)	100,245	52,445
Rent and insurance	171,600	142,200
Salaries and associated costs	1,197,966	994,177
Telecommunications	43,561	26,919
Training and membership	12,547	15,919
Travel	42,891	37,139
	<hr/>	<hr/>
	2,303,561	1,538,103
<hr/>		
Excess of revenues over expenses	\$ 53,991	\$ 212,033
<hr/>		

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Statement of Accumulated Surplus
Year Ended March 31, 2005**

	2005					(Note 12) 2004
	Internally Restricted (Note 8)	Invested in Capital Assets	Invested in Designated Pension Funds	Unrestricted	Total	Total
Balance as at beginning of year	\$ 933,059	\$ -	\$142,946	\$ 79,060	\$1,155,065	\$ 943,032
Adjustments during the year:						
Net assets of the former Petroleum Products Pricing Commission (Note 12)	-	20,574	-	318,387	338,961	-
Adjustment for capital assets (Note 2 (c))	-	35,076	-	-	35,076	-
Excess of revenues over expenses	-	(13,088)	(94,377)	161,456	53,991	212,033
Invested in capital assets	-	15,848	-	(15,848)	-	-
Restricted during the year	451,207	-	-	(451,207)	-	-
Balance as at end of year	\$1,384,266	\$ 58,410	\$ 48,569	\$ 91,848	\$1,583,093	\$1,155,065

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2005

	2005	(Note 12) 2004
<hr/>		
Operating activities		
Cash receipts from assessments and other revenues	\$ 2,260,507	\$ 1,737,769
Cash receipts from the Petroleum Products Pricing Commission	318,386	-
Cash paid to suppliers and employees	(1,987,647)	(1,659,322)
<hr/>		
Cash provided by operating activities	591,246	78,447
<hr/>		
Hearing and review activities		
Decrease (increase) in hearing costs recoverable	1,165,809	(193,676)
(Increase) in deferred costs – automobile insurance review	(772,562)	-
<hr/>		
Cash provided by (used in) hearing and review activities	393,247	(193,676)
<hr/>		
Investing activities		
Purchase of capital assets	(15,848)	-
Decrease in designated pension funds	94,377	55,304
<hr/>		
Cash provided by investing activities	78,529	55,304
<hr/>		
Increase (decrease) in cash during year	1,063,022	(59,925)
<hr/>		
Cash position as at beginning of year	257,972	317,897
<hr/>		
Cash position as at end of year	\$ 1,320,994	\$ 257,972
<hr/>		

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2005**

1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations and (d) to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act*.

2. Summary of significant accounting policies

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

a) Operating revenues and expenses

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

b) Hearing costs recoverable

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

c) Capital assets

Commencing with the current year, capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

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

This new accounting policy was applied prospectively with an adjustment to the Statement of Accumulated Surplus to record the opening net book value.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2005**

2. Significant accounting policies (cont'd)

d) Severance pay

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

e) Use of estimates

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

3. Hearing costs recoverable

	2005	2004
Hearing costs recoverable, beginning of year	\$1,325,349	\$1,131,673
Add – specific enquiry costs incurred during the year:		
Consulting fees	161,582	1,008,318
Consumer Advocate	33,779	537,802
Salaries and associated costs	70,295	149,871
Transcription and printing	11,398	47,632
Travel and accommodations	19,313	61,993
Advertising and notice	7,865	65,193
Other	1,205	1,847
	305,437	1,872,656
	1,630,786	3,004,329
Less – costs recovered during the year	1,471,246	1,678,980
Hearing costs recoverable, end of year	\$ 159,540	\$1,325,349

4. Deferred costs – automobile insurance review

During the year, the Board incurred costs in the amount of \$772,562 relating to an automobile insurance review. These costs and any additional costs will be amortized over a three year period to coincide with the timing of special assessments to be levied to the insurance industry.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2005**

5. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

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

	2005	2004
Balance on deposit, beginning of year	\$492,446	\$547,750
Add – earnings net of expenses	5,868	10,141
	498,314	557,891
Deduct – benefit payments	(65,445)	(65,445)
Balance on deposit, end of year	432,869	492,446
Related pension obligation	(384,300)	(349,500)
	\$ 48,569	\$142,946

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 13, 2005. A pension obligations estimation adjustment of \$100,245 (2004 - \$52,445) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of \$56,173 (2004 - \$52,966) with respect to other Commissioners and employees who are members of the *Public Service Pension Fund Act*, 1991 and entitled to benefits under that Act.

6. Capital assets

	2005			2004
	Original Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$234,512	\$211,252	\$ 23,260	\$ -
Computer hardware	166,275	150,477	15,798	-
Computer software	17,937	14,986	2,951	-
Leasehold improvements	129,491	113,090	16,401	-
	\$548,215	\$489,805	\$ 58,410	\$ -

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**Notes to Financial Statements
March 31, 2005**

7. Bank indebtedness

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

8. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2005 are as follows:

	2005	2004
Assessment reductions (Note 9)	\$ 300,206	\$ -
Lease commitments	173,625	136,734
Payroll contingency	73,224	48,324
Redundancy pay contingency	470,978	454,287
Working capital	366,233	293,714
	\$1,384,266	\$933,059

9. Assessment reductions

During the year, the Board waived its assessment to the petroleum products industry for the period January 1 to March 31, 2005. This reduction of \$204,860 is reflected in the current year's statement of operations.

Subsequent to the year end, the Board further reduced assessments to the petroleum products industry and to the electrical utilities by \$194,925 and \$105,281, respectively. The Board has internally restricted its surplus to reflect the reduction that will occur in the 2006 fiscal year.

10. Income taxes

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

11. Lease commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

- a) lease agreement in the amount of \$11,394 per month (\$136,728 per annum) concluding May 31, 2008.
- b) lease agreement in the amount of \$3,074 per month (\$36,888 per annum) concluding July 31, 2006.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2005

12. Comparative figures

- a) The Board assumed responsibility for the administration of the Petroleum Products Act effective June 8, 2004 and consequently the 2005 Statements of Operation and Cash Flows reflect only those revenue and expense transactions entered into on or after that date. Net assets belonging to the former Petroleum Pricing Commission were assumed by the Board and recorded at their historical cost and accumulated amortization.
- b) Certain comparative figures have been restated to conform with the financial statement presentation adopted in 2005.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2004 - 2005
UNDER
THE PUBLIC UTILITIES ACT**

Newfoundland Power Inc.

P.U. 9 (2004)

Application:

April 15, 2004

For approval of a contribution in aid of construction for a line extension to serve seasonal customers whose residences are located at Reid's Pond near Whitbourne, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Six thousand four hundred eighty-four dollars and nineteen cents (\$6,484.19), including HST, for each Seasonal Customer, as calculated under the Policy.

Newfoundland Power Inc.

P.U. 10 (2004)

Application:

April 15, 2004

For approval of a contribution in aid of construction to provide single-phase service to a cellular telephone tower for Aliant Telecom Inc.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Ninety-eight thousand six hundred forty-three dollars and fifty-five cents (\$98,643.55), including HST, as calculated under the CIAC Policy to provide single-phase service to a cellular telephone tower for Aliant Telecom Inc.

Newfoundland and Labrador Hydro

P.U. 11 (2004)

Application:

April 15, 2004

For approval of a contribution in aid of construction for a line extension to serve an Attendants' Cabin located at the Torrent River Fishway, near Hawkes Bay, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Twenty-five thousand, two hundred ninety-two dollars and fifty-two cents (\$25,292.52), including HST, as calculated under the CIAC Policy to provide single-phase electrical service to one (1) general service customer located at the Torrent River Fishway, near Hawkes Bay.

Newfoundland Power Inc.

P.U. 12 (2004)

Application:

April 15, 2004

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

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Twenty-three thousand one hundred thirty-two dollars and ninety-four cents (\$23,132.94), including HST, as calculated under the CIAC Policy to provide three-phase service to a pumping station for the Town of Paradise.

Newfoundland and Labrador Hydro

P.U. 13 (2004)

Application:

May 7, 2004

For approval of an additional 2004 capital expenditures, pursuant to Section 41(3) of the Act.

Decision:

Pursuant to section 41(3) of the Act, the Board approves the additional 2004 expenditure of \$302,600 to replace a 300 kW diesel unit (#564) with a new 450 kW diesel unit in Port Hope Simpson.

Newfoundland and Labrador Hydro

P.U. 14 (2004)

Application:

May 4, 2004

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

Decision:

Order issued addressing all areas of application.

Newfoundland Power Inc.

P.U. 15 (2004)

Application:

May 19, 2004

For approval of a contribution in aid of construction ("CIAC") for a line extension to serve Humber Valley Resort Corporation located near Corner Brook pursuant to Section 41(5) of the Act.

Decision:

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

1. the deviation from the Residential Policy as described in paragraph 10 of the Application; and
2. the contribution in aid of construction of Thirty-three thousand six hundred ninety-two dollars and seventy cents (\$33,692.70), including HST, as calculated under the Policy to provide single-phase service to 118 building lots and a marina.

Newfoundland and Labrador Hydro

P.U. 16 (2004)

Application:

June 3, 2004

For approval of an additional 2004 capital expenditures, pursuant to Section 41(3) of the Act.

Decision:

Pursuant to section 41(3) of the Act, the Board approves the additional 2004 expenditure of \$465,000 for the upgrade to the security infrastructure, plan and procedures at Hydro's Holyrood Marine Terminal.

Newfoundland and Labrador Hydro

P.U. 17 (2004)

Application:

June 11, 2004

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

Decision:

1. The forecast average 2004 test year Rate Base is hereby approved to be \$1,483,506,000.
2. The Board hereby allows a Rate of Return on Rate Base, based on the 2004 test year, of 7.466%.
3. The Board hereby approves the Schedule of Rates as filed by NLH, attached hereto as Schedule "A" of this Order, which excludes Rates for its Rural Isolated and Island Interconnected Customers.
4. The Rates approved in Schedule "A" will be effective for consumption on and after July 1, 2004 for all customers, except Labrador Interconnected firm customers, whose rates will be effective for bills issued on and after July 1, 2004.

Newfoundland Power Inc.

P.U. 18 (2004)

Application:

June 25, 2004

Application for approval of (1) amendments to NP's Rate Stabilization Clause and Municipal Tax Clause and (2) Rate Stabilization and Municipal Tax Adjustments to be applied to the rates of NP for the period July 1, 2004 to June 30, 2005, pursuant to Section 71 of the Act.

Decision:

The Board approves the following:

1. The Rate Stabilization Clause set out in Schedule A;
2. The Municipal Tax Clause set out in Schedule B; and
3. The Rate Stabilization Adjustment of 0.688 cents/kWh and the Municipal Tax Adjustment factor of 1.02486 to be applied to all bills based on consumption on and after July 1, 2004 to June 30, 2005.

Newfoundland Power Inc.

P.U. 19 (2004)

Application:

June 25, 2004

Application to revise its schedule of rates, tolls and charges to permit recovery of additional costs payable to Newfoundland and Labrador Hydro for the supply of power as a result of Order No. P. U. 17(2004) and for the approval of an amendment to NP's Rate Stabilization Clause.

Decision:

1. The Board hereby approves the rates, tolls and charges attached in Schedule "A", to be effective on all energy consumed on and after July 1, 2004 as well as other charges which are billed on and after that date.
2. The Board hereby approves the Rate Stabilization Clause attached hereto and marked as Schedule "B", effective July 1, 2004.
3. All costs and expenses incurred by the Board in connection with the Application shall be borne by NP.

Newfoundland and Labrador Hydro

P.U. 20 (2004)

Application:

June 25, 2004

Application by Newfoundland and Labrador Hydro for approval of, inter alia, rates to be charged its customers and resulting Order Nos. P. U. 14(2004) and P. U. 17(2004).

Decision:

1. The Board hereby approves the Schedule of Rates for Hydro's Rural Isolated Customers, attached hereto as Schedule "A", and the Schedule of Rates for Hydro's Island Interconnected Customers, attached hereto as Schedule "B", to be effective for consumption on and after July 1, 2004.
2. The Board hereby approves the revisions to the Rules and Regulations, attached hereto as Schedule "C", to be effective July 1, 2004.
3. Hydro shall file a report with its next General Rate Application documenting any changes to its policies for automatic changes in rates for all of Hydro's rural customers whose rates and rate changes are tied to NP's rates that are necessary to ensure the policies are consistent with existing legislation, Government direction and Board Orders.

Newfoundland Power Inc.

P.U. 21 (2004)

Application:

July 6, 2004

For an Order rescinding Order No. P.U. 9(2004), pursuant to section 76 of the Act and approval of a revised contribution in aid of construction ("CIAC") for a line extension to serve seasonal customers located at Reid's Pond near Whitbourne, pursuant to Section 41(5) of the Act.

Decision:

1. Pursuant to Section 76 of the Act, Order No. P.U. 9(2004) is hereby rescinded; and
2. Pursuant to Section 41(5) of the Act, the Board approves:
 - a) The CIAC of Six thousand four hundred eighty-four dollars and nineteen cents (\$6,484.19), including HST, as calculated under the Policy; and
 - b) the suspension of the payment of refunds to the Customers until such time as the shortfall of \$420.41 per customer is recovered.

Newfoundland and Labrador Hydro

P.U. 22 (2004)

Application:

July 6, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase extension to serve a Microwave Communications Tower located on Moliak Hill, near Rigolet, Labrador, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Five hundred seventy thousand, eight hundred and forty-six dollars (\$570,846.00), including HST, for the supply of single-phase electrical service to one (1) general service customer, Aliant Telecom Incorporated’s Microwave Communications Tower site, located on Moliak Hill, near Rigolet, Labrador as calculated under the Policy.

Newfoundland Power Inc.

P.U. 23 (2004)

Application:

July 6, 2004

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve seasonal customers located at Mobile First Pond near the community of Mobile pursuant to Section 41(5) of the Act.

Decision:

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

1. the contribution in aid of construction in the amount of Two thousand four hundred seventy-one dollars and fifty-one cents (\$2,471.51), including HST, as calculated under the Policy; and
2. the suspension of the payment of the refunds to the Customers until such time as the shortfall of \$522.22 per customer is recovered.

Newfoundland and Labrador Hydro

P.U. 24 (2004)

Application:

July 8, 2004

For approval of an award of costs to the Towns of Labrador City and Wabush resulting from Orders No. P.U. 14 and 17 (2004).

Decision:

1. The amount of the award of costs to the Towns of Labrador City and Wabush in this matter is fixed at \$55,000.
2. Hydro shall, within 30 days of the date of this Order, pay the award of costs of \$55,000 to the Towns of Labrador City and Wabush.

Newfoundland and Labrador Hydro

P. U. 25 (2004)

Application:

July 8, 2004

For approval of an award of costs to the Industrial Customers resulting from Orders No. P.U. 14 and 17 (2004).

Decision:

1. The amount of the award of costs to the Industrial Customers in this matter is fixed at \$315,000.
2. Hydro shall, within 30 days of the date of this Order, pay the award of costs of \$315,000 to the Industrial Customers.

Newfoundland and Labrador Hydro

P. U. 26 (2004)

Application:

July 21, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase line extension to serve the West Pond Cottage area, Halls Bay near South Brook Junction, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Three thousand nine hundred thirty-five dollars and seventy cents (\$3,935.70), including HST, for the supply of single-phase electrical service to twenty-nine (29) seasonal residential customers located at the West Pond Cottage Area, Halls Bay, located near South Brook Junction, as calculated under the Policy.

Newfoundland Power Inc.

P.U. 27 (2004)

Application:

July 21, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase line extension to serve seasonal customers located at the Hell Hill Pond Road near the community of La Manche, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Three thousand nine hundred twenty-one dollars and fifty cents (\$3,921.50), including HST, as calculated under the Policy to provide single-phase service to Seasonal Customers located at Hell Hill Pond Road near La Manche.

Newfoundland and Labrador Hydro

P. U. 28 (2004)

Application:

July 30, 2004

For approval of additional 2004 capital expenditures pursuant to Section 41(3) of the Act.

Decision:

1. Pursuant to Section 41(3) of the Act, the Board approves the additional 2004 expenditure of \$258,100 for the replacement of a diesel generating unit at Hydro’s Hopedale diesel generating station.
2. Hydro shall pay the expense of the Board arising from this matter.

Newfoundland Power Inc.

P.U. 29 (2004)

Application:

August 20, 2004

For approval of a contribution in aid of construction (“CIAC”) for a line extension to serve Humber Valley Resort Corporation, pursuant to Section 41(5) of the Act.

Decision:

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

1. the deviation from the Residential Policy as described in paragraph 9 of the Application; and
2. the contribution in aid of construction of Twenty-one thousand six hundred ninety-seven dollars and five cents (\$21,697.05), including HST, as calculated under the Policy to provide single-phase service to 93 building lots.

Newfoundland Power Inc.

P.U. 30 (2004)

Application:

August 20, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase line extension to serve Seasonal Customers located at Saltwater Pond, near Cottrell’s Cove, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Four thousand three hundred fifty-one dollars and sixty cents (\$4,351.60), including HST, as calculated under the Policy to provide single-phase service to Seasonal Customers located at Saltwater Pond, near Cottrell’s Cove.

Newfoundland Power Inc.

P.U. 31 (2004)

Application:

August 20, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase line extension to serve the seasonal residence of Mr. Doug Rice, located at Reach Run cottage area, near Boyd’s Cove, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Four thousand five hundred seventy-seven dollars (\$4,577.00), including HST, as calculated under the Policy to provide single-phase service to the seasonal residence of Mr. Doug Rice, located at Reach Run cottage area, near the community of Boyd’s Cove.

Newfoundland Power Inc.

P. U. 32 (2004)

Application:

August 20, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase line extension to serve the seasonal residence of Mr. Lloyd King, located near the community of Perry’s Cove, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Seven thousand seven hundred forty-seven dollars and fifty-five cents (\$7,747.55), including HST, as calculated under the Policy to provide single-phase service to the seasonal residence of Mr. Lloyd King at Perry’s Cove.

Newfoundland Power Inc.

P.U. 33 (2004)

Application:

August 25, 2004

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

Decision:

Pursuant to Sections 69(3) and 78 of the Act, the Board approves NP’s weather normalization reserve of a Negative Balance of \$10,434,575 as at December 31, 2003 be and the same is hereby approved.

Newfoundland and Labrador Hydro

P.U. 34 (2004)

Application:

September 2, 2004

For approval to relocate its mobile diesel generating units from Roddickton to St. Anthony; pursuant to Section 41 of the Act.

Decision:

1. Pursuant to Section 38 of the Act, the Board consents to the relocation of Hydro’s two 850 kW mobile diesel generating units from Roddickton to St. Anthony.
2. Pursuant to Section 41(3) of the Act, the Board approves the supplementary 2004 capital expenditure of \$95,200 by Hydro to carry out the relocation of its two 850 kW mobile diesel generating units from Roddickton to St. Anthony.
3. Hydro will pay all costs of the Board associated with this Application.

Newfoundland and Labrador Hydro

P.U. 35 (2004)

Application:

September 9, 2004

For approval of a contribution in aid of construction (“CIAC”) for a single-phase line extension to serve the West Pond Cottage area, Halls Bay near South Brook Junction, pursuant to Section 41(5) of the Act.

Decision:

1. Pursuant to Section 76 of the Act Order No. P. U. 26(2004) is hereby rescinded.
2. Pursuant to Section 41(5) of the Act, the Board approves:
 - (i) the contribution in aid of construction in the amount of Three thousand, nine hundred thirty-five dollars and seventy cents (\$3,935.70) each, including HST, for the supply of single-phase electrical service to twenty-two (22) Seasonal Residential Customers located at the West Pond Cottage Area, Halls Bay, located near South Brook Junction; and
 - (ii) the suspension of the payment of refunds to the Customers until such time as the shortfall of \$19,879.20 is recovered.

Newfoundland and Labrador Hydro

P. U. 36 (2004)

Application:

September 9, 2004

Request from Hydro for written consent of the Board for the termination of service and abandonment of the distribution line to the Nugget Pond Division of Richmond Mines Inc., at the Hammerdown mine site, pursuant to Section 38 of the Act.

Decision:

Pursuant to Section 38 of the Act, the Board consents to the termination of service and abandonment of the distribution line providing electrical service to the Nugget Pond Division of Richmond Mines Inc., at the Hammerdown mine site located near the community of King's Point.

Newfoundland Power Inc.

P.U. 37 (2004)

Application:

October 22, 2004

Application for Approval of a Contribution In Aid of Construction (CIAC) for Inco Limited's Hydromet Demonstration Site located at Argentina.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the CIAC of Sixty-three thousand eight hundred thirty-two dollars and ninety-eight cents (\$63,832.98), including HST, as calculated under the Policy to provide three-phase service to a nickel processing facility for Inco Limited.

Newfoundland Power Inc.

P.U. 38 (2004)

Application:

October 22, 2004

Application for Approval of a Contribution In Aid of Construction (CIAC) for a Seasonal Customer located near Port Blandford.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the CIAC of Six thousand five hundred ninety-four dollars and ten cents (\$6,594.10), including HST, as calculated under the Policy to provide single-phase electrical service to Mr. Oscar Heaney at Port Blandford.

Newfoundland Power Inc.

P. U. 39 (2004)

Application:

October 22, 2004

Application for Approval of a Contribution In Aid of Construction (CIAC) for Seasonal Customers located at Beaver Pond Road near the existing George's Lake Cottage Area.

Decision:

Pursuant to Section 41(5) of the Act, the Board approved the CIAC of Two thousand nine hundred eighty-nine dollars and one cent (\$2,989.01) including HST, as calculated under the Policy to provide single-phase service to Seasonal Customers, located at Beaver Pond Road.

Newfoundland and Labrador Hydro

P.U. 40 (2004)

Application:

October 27, 2004

Proposal from Hydro for a range of return on rate base pursuant to Order No. P. U. 14(2004).

Decision:

1. The Board approves a range of rate of return on rate base for Hydro of 30 basis points (± 15 basis points), effective January 1, 2005.
2. The Board approves the definition of excess earnings as set out below, with any balance greater than zero as of December 31 of each year, commencing January 1, 2005, to be recorded in Hydro's excess earnings account as a liability and reported to the Board as part of its annual financial report.

Definition of Excess Earnings

Excess earnings shall be defined as the greater of $A - (B \times C)$ and 0 where:

A = Actual return on rate base, calculated as net interest expense, including debt guarantee fee, plus net income

B = Actual average rate base, December 31

C = Upper limit of return on rate base, defined as Test Year Return on Rate Base + 15 basis points

The Towns of Labrador City and Wabush

P.U. 41 (2004)

Application:

October 27, 2004

Application by the Towns of Labrador City and Wabush for reconsideration of costs awarded in Order No. P.U. 24(2004).

Decision:

The application by the Towns of Labrador City and Wabush for reconsideration of Order No. P.U. 24(2004) is denied.

The Industrial Customers

P.U. 42 (2004)

Application:

October 27, 2004

Application by the Industrial Customers for reconsideration of costs awarded in Order No. P.U. 25 (2004).

Decision:

The application by the Industrial Customers for reconsideration of Order No. P.U. 25(2004) is denied.

Newfoundland Power Inc.

**P.U. 43 (2004)
November 22, 2004**

Application:

Application for approval of, pursuant to Sections 41, 78 and 80 of the Act:

- (a) approving its 2005 Capital Budget of \$48,141,000;
- (b) (i) fixing and determining its average rate base for 2003 in the amount of \$675,730,000; (ii) approving its revised forecast average rate base for 2004 in the amount of \$713,072,000; and (iii) approving its forecast average rate base for 2005 in the amount of \$740,142,000; and
- (c) approving revised values for rate base and invested capital for use in the automatic adjustment formula (the "Automatic Adjustment Formula") for the calculation of return on rate base for 2005 pursuant to Order No. P.U. 19 (2003).

Decision:

1. Pursuant to Section 41(3) of the Act, NP's capital purchases and construction projects in excess of \$50,000, as set out in Schedule A this Order, are approved.
2. Pursuant to Section 41(1) of the Act, the 2005 Capital Budget for improvement and additions to NP's property in an amount of \$48,141,000 is approved.
3. Pursuant to Section 78 of the Act, the rate base for the year ending December 31, 2003 is hereby fixed and determined at \$675,730,000.
4. The forecast average rate base for 2004 in the amount of \$713,072,000 and for 2005 in the amount of \$740,142,000, are approved.
5. Unless otherwise directed by the Board, NP shall file an annual report to the Board on its 2005 capital expenditures by March 1, 2006.
6. Unless otherwise directed by the Board, NP shall provide in conjunction with the 2006 Capital Budget Application, a status report on the 2005 capital budget expenditures showing for each project:
 - the approved budget for 2005;
 - the expenditures prior to 2005;
 - the 2005 expenditures to the date of the application;
 - the remaining projected expenditures for 2005;
 - the variance between the projected total expenditures and the approved budget; and
 - an explanation of the variance.
7. Unless otherwise directed by the Board, NP shall file with the Board, no later than its Capital Budget Application for 2006, a copy of the study with respect to NP's strategy to assess all aspects of operating and capital expenditure associated with meter reading.
8. Unless otherwise directed by the Board, NP shall file with the Board, no later than its Capital Budget Application for 2006, a report on the chosen alternative with respect to the Wesleyville Gas Turbine.
9. NP shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro

**P.U. 44 (2004)
December 8, 2004**

Application:

Newfoundland and Labrador Hydro Application for a Demand and Energy Rate to be charged Newfoundland Power Inc.

Decision:

1. The Board approves the demand and energy rate to NP as proposed by Hydro to be effective January 1, 2005 as set out in Schedule 1 to this Order.
2. The Board approves Hydro's proposal for a three-year phase-in of the demand and energy rate to NP.
3. Hydro shall file an application for subsequent adjustments to the demand and energy rate for NP in accordance with the proposed phase-in schedule.
4. The Board approves the establishment by NP of a reserve as proposed.
5. NP shall file an application no later than March 1 of each year for the disposition of the balance in the reserve for the previous year.

Newfoundland and Labrador Hydro

P.U. 45 (2004)

Application:

December 9, 2004

Newfoundland and Labrador Hydro Application for approval of a Contribution in Aid of Construction (CIAC) for a single-phase line extension to serve the Southwest Brook Microwave Communications Tower located approximately 17 km southwest of St. Julien's Intersection on Route 432, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the Contribution in Aid of Construction in the amount of Nine hundred and eight thousand, four hundred and thirty-eight dollars (908,438.00), including HST, for the supply of single-phase electrical service to one (1) general service customer, Aliant Telecom Incorporated's Southwest Brook Microwave Communications Tower, located on Route 432 approximately 17 km southwest of St. Julien's Intersection, as calculated under the Policy.

Newfoundland Power Inc.

P.U. 46 (2004)

Application:

December 9, 2004

Application for approval of capital expenditures supplemental to Newfoundland Power Inc.'s (the "Company") 2004 Capital Expenditures Budget approved by Order No. P. U. 35(2003).

Decision:

Pursuant to Section 41(3) of the Act, the Board approves:

1. the construction projects and capital purchases totaling \$100,000, as set forth in Schedule "B" to the Application; and
2. the revised 2004 capital budget totaling \$52,309,000 as set forth in Schedule "C" to the Application.

Newfoundland Power Inc.

P.U. 47 (2004)

Application:

December 9, 2004

Application for approval of a Contribution in Aid of Construction (CIAC) for a line extension to serve seasonal customers located at Goose Cove, near Trinity, Trinity Bay, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves a Contribution in Aid of Construction in the amount of Four thousand and one hundred eighty-three dollars and seventy cents (\$4,183.70), including HST, as calculated under the Policy to provide single phase service to two seasonal customers, located at Goose Cove, near Trinity, Trinity Bay.

Newfoundland Power Inc.

P.U. 48 (2004)

Application:

December 9, 2004

Application for approval of (i) revised distribution line cost per metre for CIAC's; (ii) revised distribution plant upgrade cost for CIAC's; and (iii) revised contribution in aid of construction (CIAC) cost factors.

Decision:

1. (a) Appendix A, Schedule A, Page 11 of 11 Revised, of the Contribution in Aid of Construction Policy: Distribution Line Extensions to Residential and Seasonal Residential Customers, approved by Order No. P.U. 32 (2001-2002) is hereby rescinded and replaced by Appendix A, Schedule A, Page 11 of 11 Revised January 1, 2005, appended to this Order.
- (b) Appendix A, Schedule B, Page 12 of 15 Revised January 31, 2002, Appendix B, Schedule C, Page 13 of 15 Revised January 31, 2002, and Appendix C, Schedule D, Page 14 of 15 Revised January 31, 2002 of the Contribution in Aid of Construction Policy: Distribution Line Extensions and Upgrades to General Service Customers, approved by Order No P.U. 32 (2001-2002) are hereby rescinded and replaced by the following Appendices, and appended to this Order:
 - Appendix A, Schedule B, Page 12 of 15 Revised January 1, 2005,
 - Appendix B, Schedule C, Page 13 of 15 Revised January 1, 2005, and
 - Appendix C, Schedule D, Page 14 of 15 Revised January 1, 2005.
- (c) Appendix D, Schedule "E", Page 15 of 15, Revised January 31, 2002 of the Contribution In Aid of Construction Policy, CIAC Cost Factors to General Service customers, approved by Order No. P.U. 32 (2001-2002) is hereby revised and replaced by the following appendix, and appended to this Order
 - Appendix D, Schedule "E", Page 15 of 15, Revised January 1, 2005.
2. The revised cost factors submitted with the application dated October 13, 2004, and approved above, are to be used in the calculation of all CIAC's with effect from January 1, 2005, and, where advantageous to customers of the Newfoundland Power, on all CIAC's quoted but unpaid as of January 1, 2005.
3. Newfoundland Power shall submit a revised CIAC Policy in its entirety incorporating the revisions approved herein.

Newfoundland Power Inc.

P.U. 49 (2004)

Application:

December 9, 2004

Application for approval of a variation from generally accepted accounting principles concerning the amortization of costs associated with a proposed Early Retirement Program, pursuant to Section 58 of the Act.

Decision:

The Board approves the following treatment of the 2005 Retirement Program:

1. the Ten-Year Amortization Methodology for the pension expense and the funding of the pension liability, and
2. the Twenty-Four Month Amortization Methodology for the aggregate retirement allowance.

Newfoundland Power Inc.

P.U. 50 (2004)

Application:

December 9, 2004

Application for approval of a Proposed Rate of Return on Rate Base, a Proposed Definition of the Excess Earnings Account and a Proposed Schedule of Rates, Tolls and Charges, to be effective January 1, 2005, pursuant to the Automatic Adjustment Formula.

Decision:

The Board approves:

1. pursuant to Section 80 of the Act, a rate of return on rate base for 2005 of 8.68% in a range of 8.50% to 8.86%;
2. pursuant to Section 80 of the Act, a revised definition of the Excess Earnings Account, as set out in Schedule 1; and,
3. pursuant to Section 70 of the Act, the rates, tolls and charges, to be effective on all electrical usage on and after January 1, 2005, as set out in Schedule 2.

Newfoundland and Labrador Hydro

P.U. 51 (2004)

Application:

December 17, 2004

Newfoundland and Labrador Hydro Application for approval of the implementation of the 2005 rates to be charged to: (i) Hydro's Labrador Interconnected customers in accordance with the five-year implementation of uniform rates for the Labrador Interconnected System; and (ii) Hydro's Rural Isolated General Service customers on a demand and energy rate in accordance with the approved three-year phase-in.

Decision:

The Board hereby approves the Schedule of Rates for Hydro's Labrador Interconnected Customers, attached hereto as Schedule "A", to be effective for consumption on and after January 1, 2005.

Newfoundland and Labrador Hydro

P.U. 52 (2004)

Application:

December 17, 2004

Newfoundland and Labrador Hydro Application for approval of the implementation of the 2005 rates to be charged to Hydro's: (i) Island Interconnected customers; (ii) Isolated Rural Domestic customers (excluding Government departments); (iii) Isolated Rural Street and Area Lighting (excluding Government departments); and (iv) Rural Isolated General Service customers.

Decision:

1. The Board hereby approves the Schedule of Rates for Hydro's Island Interconnected customers, Isolated Rural Domestic customers (excluding Government departments), Isolated Rural General Service customers (excluding Government departments), Isolated Rural Street and Area Lighting (excluding Government departments), attached hereto as Schedule "B", to be effective for consumption on and after January 1, 2005.
2. The revised page RR-1 of Hydro's Rules and Regulations as attached in Schedule "C" is approved.

Newfoundland and Labrador Hydro

**P.U. 53 (2004)
December 23, 2004**

Application:

Application for an Order pursuant to Sections 41 and 78 of the Act:

- (i) approving its 2005 Capital Budget of \$42,431,000;
- (ii) approving its 2005 Capital Purchases, and Construction Projects in excess of \$50,000;
- (iii) approving its Leases in excess of \$5,000;
- (iv) approving its estimated Contributions in Aid of Construction for 2005; and
- (v) fixing and determining, pursuant to s. 78 of the Act, its Average Rate Base for 2003 in the amount of \$1,422,412,000.

Decision:

1. Pursuant to subsection 41(3) of the Act, improvements and additions to Hydro's property for construction and purchases in excess of \$50,000, and leases in excess of \$5,000 in a year, as set out in Schedule "A" attached to this Order are approved.
2. Pursuant to subsection 41(1) of the Act, the 2005 Capital Budget for improvements and additions to Hydro's property in the amount of \$42,431,000 is approved.
3. Pursuant to section 78 of the Act Hydro's average rate base for the year ending December 31st, 2003 is hereby fixed and determined at \$1,422,412,000.
4. An allowance for unforeseen events of \$1,000,000 is approved as part of the 2005 Capital Budget which allowance remains subject to the five conditions in respect thereof more particularly set forth in Order No. P.U. 7 (2002-2003).
5. Each party shall bear its own costs incurred in connection with this Application.
6. Hydro shall pay all costs and expenses of the Board incurred in connection with this Application.

Newfoundland and Labrador Hydro

**P.U. 54 (2004)
December 23, 2004**

Application:

A request by Newfoundland and Labrador Hydro's Industrial Customers (Abitibi-Consolidated of Canada at its Stephenville and Grand Falls divisions, Corner Brook Pulp and Paper Limited, and North Atlantic Refining Limited) through its legal counsel for an investigation into rates to be charged for 2005.

Decision:

The request of the Industrial Customers for an investigation into rates to be charged by Hydro for 2005 is denied.

Newfoundland Power Inc.

**P.U. 1 (2005)
January 12, 2005**

Application:

For approval to borrow under the terms of a committed revolving term credit facility filed pursuant to Section 91 of the Act.

Decision:

1. Pursuant to Section 91 of the Act, the Board approves Newfoundland Power's issue of the Committed Facility to the amount of \$100,000,000 for the purposes of financing (i) working capital requirements of Newfoundland Power necessary to meet its service obligations under the Act and (ii) capital expenditure requirements of Newfoundland Power as approved from time to time by the Board pursuant to the Act.
2. NP shall pay all costs and expenses of the Board incurred in connection with this Application.

Newfoundland and Labrador Hydro

P.U. 2 (2005)

Application:

January 12, 2005

For approval to treat the Asbestos Abatement Plan at the Holyrood Thermal Generating Plant as a Major Extraordinary Repair.

Decision:

1. Hydro shall treat the costs associated with the Asbestos Abatement Plan at the Holyrood Thermal Generating Station, at an estimated cost of \$8.7 million (\$10.4 million including financing), to be carried out for a three-year period commencing in 2005, as a Major Extraordinary Repair and that it accumulate and amortize each year's actual expenses for the Asbestos Abatement Plan, together with interest, for a five-year period.
2. Hydro shall include the unamortized balance of the deferred Asbestos Abatement Plan costs in its rate base.

Newfoundland and Labrador Hydro

P.U. 3 (2005)

Application:

January 18, 2005

For approval of additional 2005 capital expenditure for preliminary engineering and design work for a transmission interconnection of the Duck Pond Mine Site owned by Aur Resources Inc., an intended industrial customer of Hydro, pursuant to Section 41 (3) of the Act.

Decision:

1. Pursuant to Section 41 (3) of the Act, the Board approves the additional 2005 expenditure of \$120,000 for the preliminary engineering and related work associated with a 55 km transmission interconnection to the Duck Pond Mine site owned by Aur Resources Inc., an intended industrial customer of Hydro.
2. Pursuant to Section 41 (5) of the Act, the Board approves the contribution from Hydro's intended industrial customer, Aur Resources Inc., of \$120,000 towards the preliminary engineering and related work associated with a 55 km transmission interconnection to the Duck Pond Mine site.

Newfoundland and Labrador Hydro

P.U. 4 (2005)

Application:

January 26, 2005

For approval of the Rate Stabilization Plan components of the rates to be charged to Industrial Customers pursuant to Section 70(1) of the Act.

Decision:

1. The Board hereby approves the Firm Rates for Hydro's Industrial Customers to be effective for consumption on or after January 1, 2005.
2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

Newfoundland Power Inc.

P.U. 5 (2005)

Application:

February 1, 2005

For approval to amend Order No. P.U. 48 (2004) issued on December 9, 2004, in connection with an application by Newfoundland Power Inc. for approval of (i) revised distribution line cost per meter for CIACs; (ii) revised distribution line plant upgrade cost for CIACs; and (iii) revised CIAC cost factors.

Decision:

Board Order No. P.U. 48 (2004) shall be amended as follows:

By deleting therefrom, section 1. (b), page 3, in its entirety and substituting therefore the following:

1. (b) Appendix A, Schedule "B", Page 12 of 15 Revised January 31, 2002; and Appendix C, Schedule "D", Page 14 of 15 Revised January 31, 2002 of the Contribution in aid of Construction Policy: Distribution Line Extensions and Upgrades to General Service Customers, approved by Order No. 32 (2001-2002) is hereby rescinded and replaced by the following Appendices, and appended to this Order: Appendix A, Schedule "B", Page 12 of 15 Revised January 1, 2005; and Appendix C, Schedule "D", Page 14 or 15 Revised January 1, 2005.

Newfoundland Power Inc.

P.U. 6 (2005)

Application:

February 9, 2005

For approval of a contribution in aid of construction for a line extension to serve Discovery Trail Farm Limited.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Seventy-four thousand two hundred eleven dollars and eighty cents (\$74,211.80), including HST, as calculated under the Policy to provide single-phase service to an abattoir for Discovery Trail Farm Limited, near Clarenville.

Newfoundland and Labrador Hydro

P.U. 7 (2005)

Application:

February 9, 2005

For approval of a contribution in aid of construction for the supply of three-phase electrical service to a Chlorination Building located at Trout River, pursuant to Section 41(5) of the Act.

Decision:

Pursuant to section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of fifty thousand, twenty-seven dollars and nine cents (\$50,027.09), including HST, for the supply of three-phase electrical service to the Chlorination Building located at the crossroads in Trout River, as calculated under the Policy.

Newfoundland Power Inc.

P.U. 8 (2005)

Application:

March 22, 2005

For approval of a contribution in aid of construction for a three-phase service upgrade for Ultramar Ltd.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Sixteen thousand four hundred eighty-two dollars and ninety-five cents (\$16,482.95), including HST, as calculated under the Policy to provide three-phase service to a service station/restaurant for Ultramar Ltd.

Newfoundland Power Inc.

P.U. 9 (2005)

Application:

March 22, 2005

For approval of a contribution in aid of construction for a line extension to serve the Government of Newfoundland and Labrador, Department of Environment and Conservation, who operates a recreation park located off Route 10 (Southern Shore Highway).

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Sixty thousand eight hundred thirty-five dollars (\$60,835.00), including HST, as calculated under the Policy to provide single-phase service to a recreation park for the Government of Newfoundland and Labrador, Department of Environment and Conservation.

Newfoundland Power Inc.

P.U. 10 (2005)

Application:

March 22, 2005

For approval of a contribution in aid of construction for a line extension to serve Mr. Ed Heisler whose seasonal residence is located on Island Cove Road near Admiral's Cove pursuant to section 41(5) of the Act.

Decision:

Pursuant to Section 41(5) of the Act, the Board approves the contribution in aid of construction in the amount of Seven thousand seven hundred seventy-six dollars and thirty cents (\$7,776.30), including HST, as calculated under the Policy to provide single-phase electrical service to the seasonal residence of Mr. Ed Heisler located on Island Cove Road, near Admiral's Cove.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2004-2005
UNDER
THE AUTOMOBILE INSURANCE ACT**

S & Y Insurance Company

A.I. 3 (2004)

Application:

October 1, 2004

Non-Benchmark application for approval of rates for its private passenger automobile insurance to be written in the Province of Newfoundland and Labrador effective on and after October 1, 2004.

Decision:

Application approved, as modified, as a result of a meeting of the Board.

S & Y Insurance Company

A.I. 4 (2004)

Application:

November 19, 2004

For rehearing under Section 28 of the Board of Commissioners of Public Utilities Regulations, 1996 in respect of Board Order No. A.I. 3(2004) which approved rates for private passenger automobile insurance.

Decision:

Application for an Order for rehearing of the Application in respect of Order No. A.I. 3(2004) is denied.

L'Union Canadienne Compagnie d'Assurance

A.I. 5 (2004)

Application:

December 8, 2004

Application for approval of rates for private passenger automobile insurance.

Decision:

Pursuant to Section 49 of the Automobile Insurance Act, the Board approves:

1. (a) the proposed base rates of L'Union Canadienne Compagnie d'Assurance with effect from January 1, 2005; and
(b) the differentials as submitted with this filing.
2. The proposed discounts for use subject to the eligibility criteria as submitted.

Eckler Partners Ltd., for XL Insurance Company Limited

A.I. 6 (2004)

Application:

December 6, 2004

Benchmark application for approval to implement rates for its private passenger, commercial and miscellaneous vehicles class of business, effective January 1, 2005.

Decision:

Approved as a result of a meeting of the Board.

On Board's Own Initiative

A.I. 1 (2005)

Application:

March 11, 2005

Review by the Board of Commissioners of Public Utilities (the "Board") in relation to the setting of the 2005 benchmark rates and the benchmarking process currently used by the Board in regulating automobile insurance rates in Newfoundland and Labrador.

Decision:

The Board hereby establishes the 2005 automobile insurance benchmark base rate ranges and differentials, which will take effect on March 17, 2005.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2004-2005
UNDER
THE MOTOR CARRIER ACT**

North Shore Central Ambulance

M.C. 3 (2004)

Application:

May 19, 2004

Application for the reissuance of Motor Carrier Certificate No. 4026 in the name North Shore Central Ambulance Co-operative Limited.

Decision:

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

DRL Coachlines Ltd.

M.C. 4 (2004)

Application:

July 30, 2004

Application for amendment to Motor Carrier Certificate No. 6383 for an increase in rates – line haul service.

Decision:

1. The Board hereby approves a ten percent increase in rates for the trans island public passenger bus service, effective on August 2, 2004.
2. DRL shall file with the Board within fifteen days of this Order an original Rate Schedule setting out all of the revised rates.

Wilson Dicks

M.C. 5 (2004)

Application:

August 27, 2005

Application for a Motor Carrier Certificate (No. 6396) to provide regular public passenger bus service from any point on the Burin Peninsula to St. John's and the reverse thereof with pick up and drop off privileges at all points enroute.

Decision:

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

Lawlor's Bus Service Ltd.

M.C. 6 (2004)

o/a Lawlor's Ambulance Service

December 9, 2004

Application:

Cancellation of Motor Carrier Certificate No. 3592, effective November 30, 2004, as a result of the notification by the operator advising of pending discontinuance of ambulance service (November 30, 2004).

Decision:

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

11157 Newfoundland Inc.

M.C. 1 (2005)

Application:

February 9, 2005

Application for a Motor Carrier Certificate to provide ambulance service to areas on the Southern Shore, namely Aquaforte, Cappahayden, Chance Cove Provincial Park, Fermuse, Kingmans, Port Kirwin, Renewes, and points on Highway 10 in between Aquaforte and Chance Cove Provincial Park.

Decision:

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

Thomas Bus Company Ltd.

M.C. 2 (2005)

Application:

March 22, 2005

Application for a Certificate to provide a Regular Public Passenger Bus Service for the transportation of passengers and their baggage at separate fares from St. John's to Corner Brook and the reverse thereof via Highway Route 1. This authority includes pick up and drop off privileges at intermediate points enroute.

Decision:

A hearing will be held into the Application.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2004-2005
UNDER
THE EXPROPRIATION ACT**

**The Honourable the Minister of Works, Services &
Transportation (the “Minister”)**

**E. A. 1 (2004)
May 31, 2004**

Application:

Application to determine and fix compensation to the owner of land formerly owned by David Roberts and/or Fogo Island Property Holdings Limited, Fogo Island, Newfoundland and Labrador.

Decision:

1. The Minister shall pay to the Claimants jointly as compensation in respect of the said Expropriations the sum of \$48,025.00.
2. The Minister shall pay interest pursuant to s. 36 of the Act on the compensation award from the date of vesting of the expropriated Claimants’ lands pursuant to the Act to the date that the compensation starts to bear interest under s. 35 of the Act.
3. The Minister shall pay the costs and expenses of the Board pursuant to s. 34(3) of the Act.
4. The Claimants shall have costs in respect of the hearing that shall be taxed in accordance with s. 34(1) of the Act.

**SUMMARY OF ORDERS OF THE BOARD ISSUED DURING 2004-2005
UNDER
THE PETROLEUM PRODUCTS ACT**

Harvey's Oil Limited

P.P. 1 (2005)

Application:

February 11, 2005

Application by Harvey's Oil Limited for approval for a change in the price of furnace oil.

Decision:

Pursuant to s. 8 of the Petroleum Products Act the maximum price of furnace oil sold by Harvey's Oil Limited shall be increased by 1.5 cents per litre effective March 1, 2005.

**Petroleum Price Changes - May 2004 - March 31, 2005
Zone 1 (Avalon/St. John's)¹**

	Regulation Mode	Automobile Gasoline		Diesel Fuel		Stove Oil		Propane		Furnace Oil	
		+(-)	cents	+(-)	cents	+(-)	cents	+(-)	cents	+(-)	cents
<i>May 15- Monthly –set by PPPC²</i>		7.40	100.00	3.2	85.30	3.04	55.19	<i>N/C</i>	63.5	(1.61)	50.69
May 28	Interruption ³	<i>N/C⁴</i>	100.00	<i>N/C</i>	85.30	<i>N/C</i>	55.19	<i>N/C</i>	63.50	<i>N/C</i>	50.69
June 15	Monthly	(0.40)	99.60	2.30	87.60	2.26	57.45	2.50	66.00	2.26	52.95
June 22	Interruption	(6.60)	93.00	<i>N/C</i>	87.60	<i>N/C</i>	57.45	<i>N/C</i>	66.00	<i>N/C</i>	52.95
July 15	Monthly	0.70	93.70	(0.70)	86.90	(0.46)	56.99	(0.50)	65.50	(0.46)	52.49
August 3	Interruption	<i>N/C</i>	93.70	2.50	89.40	<i>N/C</i>	56.99	<i>N/C</i>	65.50	<i>N/C</i>	52.49
August 6	Interruption	<i>N/C</i>	93.70	<i>N/C</i>	89.40	2.24	59.23	<i>N/C</i>	65.50	2.24	54.73
August 15	Monthly	0.60	94.30	2.50	91.90	1.70	60.93	2.10	67.60	1.70	56.43
September 15	Monthly	(0.70)	93.60	0.40	92.30	0.07	61.00	2.20	69.80	0.07	56.50
September 26	Interruption	<i>N/C</i>	93.60	4.00	96.30	2.82	63.82	<i>N/C</i>	69.80	2.82	59.32
October 1	Interruption	2.60	96.20	<i>N/C</i>	96.30	<i>N/C</i>	63.82	<i>N/C</i>	69.80	<i>N/C</i>	59.32
October 8	Interruption	<i>N/C</i>	96.20	3.70	100.0	<i>N/C</i>	63.82	<i>N/C</i>	69.80	<i>N/C</i>	59.32
October 15	Monthly	2.10	98.30	1.80	101.8	3.70	67.52	(0.30)	69.50	3.70	63.02
October 23	Interruption	<i>N/C</i>	98.30	<i>N/C</i>	101.8	3.28	70.80	<i>N/C</i>	69.50	3.28	66.30
November 6	Interruption	(1.10)	97.20	<i>N/C</i>	101.8	(1.36)	69.44	<i>N/C</i>	69.50	(1.36)	64.94
November 7	Interruption	<i>N/C</i>	97.20	(0.40)	101.4	<i>N/C</i>	69.44	<i>N/C</i>	69.50	<i>N/C</i>	64.94
November 15	Monthly	(5.10)	92.10	(7.30)	94.10	(5.50)	63.94	2.50	72.00	(4.90)	60.04
December 15	Monthly	(3.30)	88.80	(0.70)	93.40	(1.17)	62.77	(3.1)	68.90	(1.14)	58.90
January 4	Interruption	(3.00)	85.80	<i>N/C</i>	93.40	<i>N/C</i>	62.77	<i>N/A</i>	68.90	<i>N/C</i>	58.90
January 15	Monthly	3.30	89.10	(0.90)	92.50	(0.54)	62.23	(1.4)	67.50	(0.25)	58.65
January 25	Interruption	<i>N/C</i>	89.10	<i>N/C</i>	92.50	<i>N/C</i>	62.23	<i>N/C</i>	67.50	2.95	61.60
January 29	Interruption	3.10	92.20	<i>N/C</i>	92.50	<i>N/C</i>	62.23	<i>N/C</i>	67.50	<i>N/C</i>	61.60
January 30	Interruption	<i>N/C</i>	92.20	<i>N/C</i>	92.50	2.39	64.62	<i>N/C</i>	67.50	<i>N/C</i>	61.60
January 31	Interruption	<i>N/C</i>	92.20	<i>N/C</i>	92.50	<i>N/C</i>	64.62	<i>N/C</i>	67.50	<i>N/C</i>	61.60
February 15	Monthly	0.70	92.90	(1.50)	93.50	(1.10)	63.52	(.7)	66.80	(0.20)	61.40
February 28	Interruption	<i>N/C</i>	92.90	3.30	96.80	2.44	65.96	<i>N/C</i>	66.80	<i>N/C</i>	61.40
March 5	Interruption	<i>N/C</i>	92.90	<i>N/C</i>	96.80	<i>N/C</i>	65.96	<i>N/C</i>	66.80	1.40	62.80
March 7	Interruption	<i>N/C</i>	92.90	4.10	100.90	4.28	70.24	<i>N/C</i>	66.80	<i>N/C</i>	62.80
March 15	Monthly	1.90	94.80	0.10	101.00	(0.32)	69.92	1.1	67.90	3.22	66.02
March 22	Interruption	4.10	98.90	<i>N/C</i>	101.00	<i>N/C</i>	69.92	<i>N/C</i>	67.90	<i>N/C</i>	66.02

¹ Prices quoted are for Zone 1 (Avalon/St. John's). The pricing adjustments indicted were applied across all zones.

² Prices at May 15, 2004 were set by the PPPC. The Board assumed responsibility for regulation on May 18, 2004.

³ Interruption formula used to lift the price freeze for Zone 14a (Mary's Harbour to Cartwright) – Prices in remaining zones did not change.

⁴ N/C indicates prices did not change.

STAFF
Year End - March 31, 2005

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Information Technology Officer	<i>Mike McNiven</i>
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Clerk-Steno	<i>Colleen Wood</i>
Director of PPO (Acting)	<i>David Toms</i>
Research Officer	<i>David Hillier</i>
Communications Officer	<i>Michelle Hicks</i>
Administrative Officer	<i>Lynn Mills</i>
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