

Newfoundland and Labrador

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**ANNUAL REPORT
YEAR ENDING MARCH 31, 2017**

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MESSAGE FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

I am pleased to present the annual performance report of the Board of Commissioners of Public Utilities (the “Board”) for the fiscal year ending March 31, 2017. This report was prepared under my direction and in accordance with the *Transparency and Accountability Act* for a Category three entity.

The Board operates as an independent, quasi-judicial tribunal constituted under the *Public Utilities Act*. The regulatory mandate of the Board includes regulation and oversight of the electric utilities, regulation of automobile insurance rates, setting maximum prices for petroleum products in the Province, as well as limited responsibilities in the areas of motor carrier operations and expropriations.

The Board is required to submit annual performance reports to the House of Assembly on its success in achieving the objectives, measures and indicators as outlined in its multi-year performance-based activity plan.

The Board’s strategic priorities for the third year of the 2014-17 planning cycle included enhanced effective and efficient regulation. Again 2016-17 has proven to be very challenging for the Board and its success in meeting its strategic priorities is primarily due to the dedication and commitment of its staff and commissioners.



Darlene Whalen
Vice Chair

OVERVIEW

ORGANIZATION

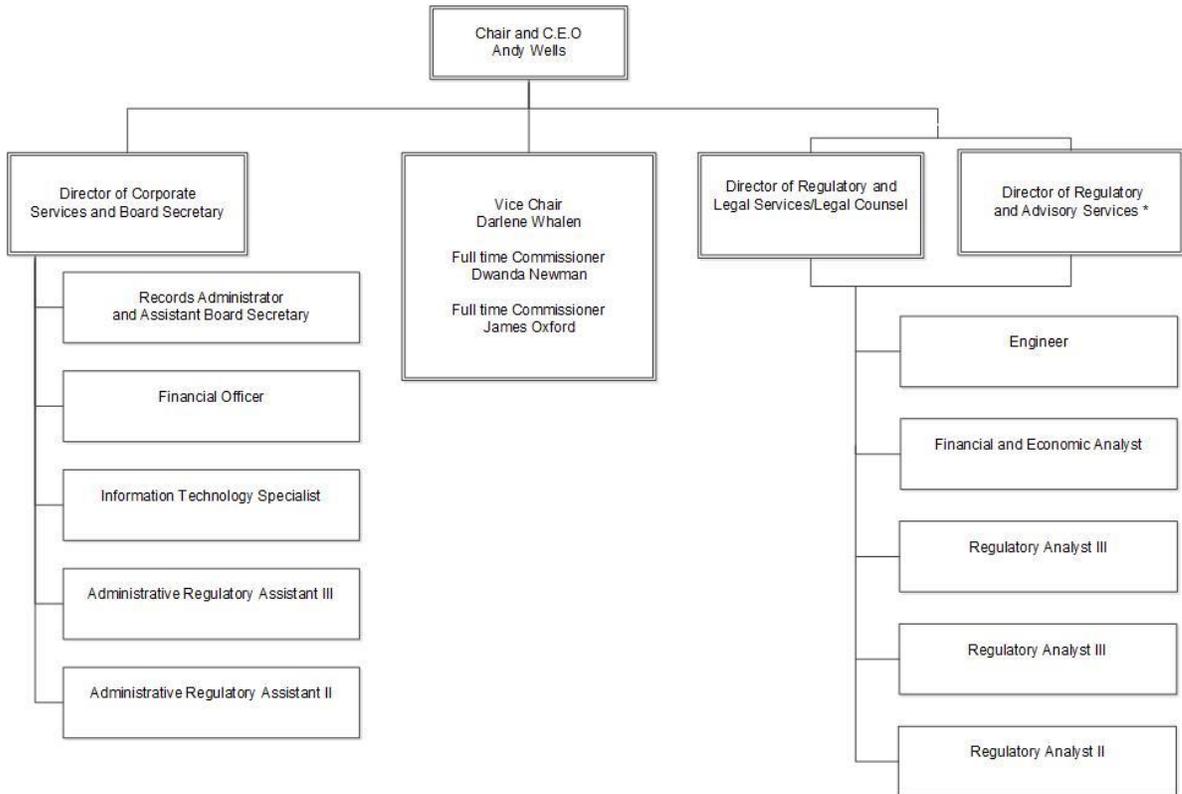
Created by statute in 1949 the Board is comprised of four full-time commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer and the Vice Chair. The *Public Utilities Act* gives the Chair and Chief Executive Officer the full authority for the overall operation, management and financial administration of the Board.

The Board has 13 permanent full-time staff positions located in St. John’s.

The Board’s functional organizational structure, shown in the Organizational Chart (Figure 1), consists of Regulatory and Advisory Services and Corporate Services. Regulatory and Advisory Services oversees the Board’s regulatory mandate with responsibility for coordination and management of applications, research, investigations, compliance monitoring, financial/technical reviews and customer complaints. Corporate Services is responsible for management of the administrative functions of the Board, including finance, communications, information technology and human resource services.

Figure 1

*Board of Commissioners of Public Utilities
Organizational Chart
At March 31, 2017*



* Position will be eliminated upon retirement of incumbent in 2017-18. Following organizational restructuring, the responsibilities of this position will be assumed by the Director of Regulatory and Legal Services/Legal Counsel.

KEY STATISTICS

The work of the Board is diverse and has broad implications for most residents of Newfoundland and Labrador.

- The Board is responsible for the regulation and general oversight of Hydro and Newfoundland Power, with a combined customer base of approximately 300,000 residential and general service customers, and four industrial customers on the island.
- The Board regulates automobile insurance rates and underwriting guidelines for insurance companies operating in the Province. Based on the most recently available market information 49 companies wrote total premiums of \$417,884,000, insuring approximately 352,513 private passenger and commercial vehicles in the Province. The automobile insurance market in the province continues to show a high level of concentration, with 15 insurers writing 94 per cent of all the automobile insurance business.
- The Board sets maximum prices for regulated petroleum products sold in the Province through a network of suppliers, wholesalers and retailers of gasoline, automotive diesel and heating fuels.
- The Board currently has 62 active ambulance certificates and 56 active bus service certificates.

FINANCIAL INFORMATION

The Board’s operating expenses for 2016-17 were \$2,356,425. The comparative expenditures for the previous five-year period are shown below:

Board of Commissioners of Public Utilities						
Expenditures						
Years End- March 31						
	2012	2013	2014	2015	2016	2017
Operating - SJ Office	\$1,553,617	\$2,444,530	\$2,404,931	\$2,330,468	\$2,496,125	\$2,356,425
Operating - GF-W	\$583,752	\$0	\$0	\$0	\$0	\$0
Operating - Total	\$2,137,369	\$2,444,530	\$2,404,931	\$2,330,468	\$2,496,125	\$2,356,425
Hearings - Board	\$1,813,549	\$714,955	\$1,140,741	\$1,822,246	\$1,997,267	\$1,109,651
Hearings - Consumer Advocate	\$692,538	\$860,976	\$307,410	\$505,044	\$879,694	\$968,982
Hearings - Total	\$2,506,087	\$1,575,931	\$1,448,151	\$2,327,290	\$2,876,961	\$2,078,633
Total Expenditures	\$4,643,456	\$4,020,461	\$3,853,082	\$4,657,758	\$5,373,086	\$4,435,058

The Board is fully funded through assessments charged to regulated industries/companies or on a cost recovery basis from applicants. Assessments to each industry vary depending on the actual allocation of work performed by the Board in a given year. For 2016-17 the Board assessed 69 per cent (\$1,926,906) of its annual revenue requirement to electrical utilities, 20 per cent (\$551,600) was assessed to automobile insurance companies, and 11 per cent (\$306,453) was assessed to the petroleum products industry.

Public hearings are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. The Board also recovers other costs directly from applicant(s) and/or parties involved in specific proceedings and/or investigations. During 2016-17 the Board’s accumulated hearing costs totaled \$2,078,633 with a significant portion of these costs associated with the Board’s investigation and hearing into supply issues and power outages, Hydro’s general rate application, Newfoundland Power’s general rate application and the Board’s prudence review of certain actions and decisions of Hydro and associated costs. Further details regarding the Board’s recoverable costs can be found in Note 6 to the Board’s Financial Statements (Appendix III).

HIGHLIGHTS AND ACCOMPLISHMENTS

The Board's focus on strategic planning guides its overall operations and ensures that, to the extent possible, the Board can effectively and efficiently respond to matters which arise in the context of economic regulation. Compliance monitoring and general regulatory oversight constitute a significant portion of the Board's ongoing regulatory activities, especially in the areas of public utility and automobile insurance rate regulation.

During 2016-17 the Board issued 56 orders under the *Public Utilities Act*, 12 under the *Automobile Insurance Act* and one under the *Motor Carrier Act*, as detailed in Appendix I. In addition the Board ordered 52 adjustments to the maximum price of regulated petroleum products under the *Petroleum Products Act*. Adjustments to maximum pricing for each of the regulated petroleum products for 2016-17 can be found in Appendix II.

Highlights for 2016-17 are as follows:

UTILITY REGULATION

Fifty-six orders were issued during 2016-17 under the Board's public utilities mandate. A summary of the major public utility decisions and issues is outlined below.

On April 28, 2016 by Order No. P.U. 13(2016) the Board issued its findings arising from its review of the prudence of decisions and actions of Hydro related to certain projects and operating expenditures for which Hydro was seeking cost recovery from customers. The prudence review was undertaken as part of the Board's consideration of Hydro's amended general rate application which was filed on November 10, 2014. In its Order the Board disallowed recovery of certain capital and operating expenses by Hydro based on findings of imprudence and ordered Hydro to file revised revenue requirement and revenue deficiency calculations for the 2014 and 2015 test years.

On May 17, 2016 the Board issued Order No. P.U. 17(2016) approving Hydro's proposed capital expenditure of \$6,300,000 to purchase 12 MW of diesel generation presently installed at the Holyrood Thermal Generating Station. The Board also approved a proposed deferral amortization of \$1,300,000 over a period of five years, with unamortized balances to be included in rate base.

The public hearing of Newfoundland Power's general rate application, which was filed on October 16, 2015, concluded on April 12, 2016. On June 8, 2016 the Board issued Order No. P.U. 18(2016) and determinations and directed Newfoundland Power to file a revised Schedule of Rates, Tolls and Charges based on the findings of the Board. On June 17, 2016 Newfoundland Power filed a revised application in accordance with Order No. P.U. 18 (2016). The application also requested approval of the annual rate stabilization and municipal tax adjustments to reflect variations in certain Newfoundland Power costs. On June 29, 2016 the Board issued Order No. P.U. 25 (2016) approving, effective July 1, 2016, an overall average decrease in Newfoundland Power customer rates of 7.1%, reflecting approved changes to rate design, the net impact of a 1.2% increase in rates associated with the general rate application, and a 7.9% decrease in rates as a result of the rate stabilization and municipal tax adjustments. In Order No. P.U. 26(2016) Hydro's customer rates were amended to harmonize applicable rates with the adjusted rates of Newfoundland Power.

On June 30, 2016 Newfoundland Power filed an application for approval of a plan to refund to its customers a portion of the Rate Stabilization Plan (“RSP”) Surplus. Under the proposed plan each customer of Newfoundland Power who received, and paid for, electrical service between January 1, 2007 and August 31, 2013 is entitled to a refund, and the calculation and payment of the refund to each eligible customer will be based on the customer's electricity usage during that period. Newfoundland Power would also be entitled to recovery of its reasonable costs of administering the refunds to customers. On September 2, 2016 the Board issued Order No. P.U. 35(2016) approving the plan, with reporting requirements.

On July 12, 2016 Hydro filed an application for approval of a plan to refund a portion of the RSP Surplus to Newfoundland Power and to those Hydro Island Interconnected Rural customers whose rates are based on the rates charged by Newfoundland Power and who received, and paid for, electrical service between January 1, 2007 and August 31, 2013. Hydro would also be entitled to recovery of its reasonable costs of administering the refunds to customers. On September 7, 2016 the Board issued Order No. P.U. 36(2016) approving the plan, with reporting requirements.

On September 12, 2016 the Board issued Order No. P.U. 39(2016) approving Newfoundland Power's 2017 Capital Budget of \$89,411,000 and fixing and determining the average rate base for the year ending December 31, 2015 at \$1,019,082,000.

On September 29, 2016 the Board issued its Phase One report related to its ongoing investigation into supply issues and power outages on the Island Interconnected system. This report concluded that the widespread and extended supply disruptions in 2013, 2014 and 2015 were the result of multiple failures by Hydro across various aspects of its operations over the course of a number of years. The Board also identified continuing serious risks to the adequacy and reliability of supply on the Island Interconnected system, with several issues to be addressed in the next phase of the investigation. In addition Hydro was directed to complete a comprehensive energy supply risk assessment.

On October 28, 2016 Hydro filed an application with the Board requesting approval of a supplementary amount of \$1,000,000 to be added to the 2016 Allowance for Unforeseen Items as a result of unforeseen expenditures for: i) the refurbishment of Bay d’Espoir Access Roads; and ii) the refurbishment of Bay d’Espoir Penstock 1. On November 24, 2016 the Board issued Order No. P.U. 48(2016) approving the addition of a supplementary amount of \$1,000,000 to the 2016 Allowance for Unforeseen Items. The Board also directed Hydro to establish a separate account to record the variance above \$1,000,000 for the expenditures approved in Order No. P.U. 8(2016) with recovery to be addressed in a subsequent order of the Board.

On November 8, 2016 the Board issued Order No. P.U. 45(2015) approving Hydro's 2017 Capital Budget of \$271,265,600.

On November 29, 2016 Hydro filed an application requesting approval to issue debentures in an amount of up to \$550,000,000. The proceeds of the debentures will be used to refinance the short term promissory note to Government, retire outstanding short-term debt and issue the rate stabilization plan refund. On December 20, 2016 the Board issued Order No. P.U. 53(2016) approving the application subject to conditions outlined in the Order.

The review of Hydro's amended general rate application for 2014 and 2015 test years, which was filed in November 2014, continued during 2016-17. On December 1, 2016 the Board issued Order No. P.U. 49(2016) setting out in findings and determinations on the amended general rate

application. Hydro was directed to file revised proposals in relation to its revenue requirement, rate base and return on rate base for the test years incorporating the determinations of the Board in Order No. P.U. 49(2016). On January 27, 2017 Hydro filed its Compliance Application incorporating the findings of the Board in Order No. P.U. 49(2016). The review of this application is ongoing, with final implementation of amended rates arising from Order No. P.U. 49(2016) expected on July 1, 2017.

Hydro filed an application on December 9, 2016 for approval of a 2016 cost deferral account in the amount of \$38.8 million. The application stated that the timing of Order No. P.U. 49(2016) and the corresponding compliance filing would not allow for the implementation of the Board's findings in 2016 and that this will create a material revenue deficiency for Hydro in 2016, impeding Hydro's ability to earn a reasonable return in 2016. On December 22, 2016 the Board issued Order No. P.U. 56(2016), accepting that in the circumstances it was reasonable to approve a cost deferral for 2016.

In December 2016 the Board received applications from Newfoundland Power and Hydro requesting approval of Net Metering programs to provide utility customers with the option to offset their own energy usage through small-scale renewable generation they develop themselves. On January 10, 2017 the Board published a Notice of Application requesting comments from all potential stakeholders. The regulatory review of these applications is ongoing.

On January 13, 2017 the Board received an application from Newfoundland Power to issue Series AP Mortgage Bonds in an amount of up to \$100,000,000 to be used to repay short-term indebtedness incurred to finance capital expenditures approved by the Board to provide service. On February 2, 2017 the Board issued Order No. P.U. 4(2017) approving the application subject to conditions outlined in the Order.

On September 29, 2016 the Board issued its Phase One report related to its ongoing investigation into supply issues and power outages on the Island Interconnected system. This report concluded that the widespread and extended supply disruptions in 2013, 2014 and 2015 were the result of multiple failures by Hydro across various aspects of its operations over the course of a number of years. The Board also identified continuing serious risks to the adequacy and reliability of supply on the Island Interconnected system, with several issues to be addressed in the next phase of the investigation. In addition Hydro was directed to complete a comprehensive energy supply risk assessment.

The Board also issued orders arising from applications for supplementary approval of 2016 and 2017 capital spending, contributions in aid of construction and various other financial and accounting matters for both Hydro and Newfoundland Power.

AUTOMOBILE INSURANCE REGULATION

During the year the Board issued 12 orders in relation to Category 2 rate filings. Two of the Category 2 filings were initially denied by the Board but were later resubmitted and approved. The Category 2 orders relate to rate increases or new rates.

The Board also received 26 Category 1 filings representing no changes or reductions in rates. Pursuant to the legislation, these filings are not subject to prior approval and may be implemented 30 days, or later as may be specified by the company, following filing with the Board. The majority

of the 26 Category 1 filings were in relation to updating Vehicle Rate Group Tables and revisions to underwriting guidelines.

The Board has established a compliance audit program to review the rates and rating practices of the regulated insurance companies. The compliance audit program is designed to ensure that insurers writing business in the Province are charging rates that have been approved by the Board in accordance with the *Automobile Insurance Act* and the *Insurance Companies Act*. The audit program also ensures that agents and brokers of the insurer are interpreting the underwriting guidelines of the insurer correctly and that insureds of similar risk characteristics are being rated correctly.

The Board completed one compliance audit during 2016-17. The audit did not find any violations of the legislation but did identify a minor discrepancy in rating resulting in a small undercharge to one policyholder. As the policyholder was undercharged, the error was not rectified by the insurance company until policy renewal.

PETROLEUM PRODUCTS PRICING REGULATION

During 2016-17 a total of 52 adjustments were made to the maximum price of regulated petroleum products.

There were also two changes to provincial taxation in 2016-2017 which impacted the maximum prices of certain regulated petroleum products. On April 14, 2016, following the tabling of the provincial budget, the Department of Finance Tax Administration Division issued Bulletin No. RAA-GAS-001 which detailed an increase in the provincial taxes applicable to gasoline and diesel automotive fuels effective June 2, 2016 as follows:

Product	New Rate	Old Rate
Gasoline	33 cpl	16.5 cpl
Diesel	21.5 cpl	16.5 cpl

In that same bulletin Government announced a reduced tax rate of 23 cpl on gasoline for Labrador West (Labrador City and Wabush) and Southern Labrador (from the Quebec Border to and including the community of Red Bay). For pricing purposes Labrador West is the Board’s pricing zone 13 and Southern Labrador is pricing zone 10.

As part of the budget Government also announced an increase to the provincial portion of the HST from 8% to 10% to be effective July 1, 2016. The Board implemented the 2% increase to the HST with the price adjustment effective Friday, July 1, 2016.

MOTOR CARRIER REGULATION

One order was issued under the Board’s Motor Carrier mandate related to ambulance and public bus services, approving a new motor carrier certificate for an ambulance service.

REPORT ON PLANNED ACTIVITIES

Enhanced effective and efficient regulation has been the focus of the Board for the 2014-17 planning cycle.

With another challenging regulatory calendar in 2016-17, the primary focus for the Board was the management and administration of its busy regulatory agenda and on-going hearing and investigative processes to ensure that schedules and objectives were met as planned. The continued effectiveness of the Board's regulatory processes is primarily due to the adoption of streamlined regulatory initiatives introduced over the past number of years, including the establishment of minimum filing guidelines for capital budgets and automobile insurance applications, an automatic review process for routine applications, procedural guidelines, negotiated settlement processes, compressed sitting hours during hearings, daily transcriptions for hearings, a revamped power outage reporting policy, and weekly maximum price setting of regulated petroleum products.

With only a small number of staff and the need for expertise in the specialized field of economic regulation, a significant concern for the Board is ensuring that it can deliver effective and efficient regulation. This year marked the first test of the success of the Board's succession planning efforts as two key senior staff members have retired or will be retiring early next year after 37 and 34 years of service respectfully. The Board is fully satisfied that dedication and efforts of these senior staff in the cross-training, mentoring and transference of knowledge and experience to the staff leading the regulatory program will be the key to the Board's success in meeting current and future regulatory responsibilities

The Board's website is an important communication and information tool used by intervenors, consultants, experts, the public and media. During the year the Board completed the second phase its website review in response to feedback from stakeholders. The redesigned website will be launched in the 2017-18 fiscal year.

The Board's progress in meeting its planned objectives for 2016-17 is set out in the following table.

ISSUE: REGULATORY RESPONSIVENESS

Objective **By March 31, 2017, the Board will have enhanced effective and efficient regulation.**
Measure: **Effective and efficient regulation enhanced**

Indicator	Effective regulatory response
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Effective and efficient regulatory response was enhanced. The Board’s efforts over the 2014-17 planning period to enhance regulatory effectiveness and efficiency has contributed to the ability of the Board to deliver its regulatory mandate in a timely and cost-effective manner. The Board continued to improve its regulatory processes with a focus on enhanced communication and consultation with stakeholders. These enhancements include consultative scheduling, filing guidelines, issues lists and negotiated settlements. This effort provides focus to the issues and helps facilitate efficient processes, keeping timelines on track and reducing costs and regulatory burden for all participants.

The 2016-17 year was one of the most challenging for the Board, both in terms of the number and scope of matters before it and the resulting challenges on the Board’s resources. In addition to routine and ongoing matters, such as annual capital budget applications, compliance reviews and weekly petroleum pricing adjustments, the Board concluded a number of major applications and reviews during 2016-17, including decisions on general rate applications for both Newfoundland Power and Hydro. In addition to its ongoing regulatory processes and applications the Board also continued its work on the investigation into supply issues and power outages on the Island Interconnected system, which was initiated by the Board in January 2014. Phase One of the investigation focused on immediate reliability issues and Phase Two will address the implications of the interconnection with Muskrat Falls on reliability and adequacy of the Island Interconnected system. The Board’s Phase One report was issued on September 29, 2016.

Indicator	Enhanced website
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The Board continued to enhance its website during the fiscal year in response to feedback received from users. The second phase of the website review was completed by the end of March 2017. The Board plans to launch the re-designed website in the 2017-18 fiscal year.

Indicator	Enhanced internal capacity
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Internal capacity was enhanced during the reporting period. As with many organizations the Board seeks to balance its existing human resource capacity with its immediate and anticipated requirements while at the same time ensuring that it is prepared to deal with new or unexpected issues or matters.

Based on the review of internal human resource capacity completed the previous year the Board took next steps in succession planning to address retirements of long serving senior key staff. The Financial and Economic Analyst retired in September 2016 after 37 years of service. In February 2017 the Director of Regulatory and Advisory Services advised of his pending retirement early in the next fiscal year. The management structure of regulatory and advisory services was realigned to include legal services and a new position of Director of Regulatory and Legal Services was created to replace the existing Director position.

The Board also continued its focus on staff and commissioner training, particularly in specific areas of regulatory expertise related to ratemaking, cost of service and electrical grid reliability. Staff and commissioners also continued to participate in ongoing education and training opportunities offered through CAMPUT (Canadian Association of Members of Public Utility Tribunals) and CARR (Canadian Automobile Insurance Rate Regulators Association), including regular webinars, dial-in dialogues, key topics meetings and annual conferences with other regulators in Canada.

OPPORTUNITIES AND CHALLENGES AHEAD

In addition to the routine applications, capital budget applications and compliance filings, several applications, reviews, studies and investigations will significantly impact the Board's workload and challenge the Board's resources in the near term. These include the continuation of Phase Two of the Board's investigation into supply issues and power outages on the Island Interconnected system which began in 2014, and cost of service and marginal cost studies. General rate applications from both Hydro and Newfoundland Power are also expected to be filed in mid-2017 and mid-2018 respectfully. The Board also anticipates that it will receive direction from Government to complete a review of automobile insurance in the Province which, depending on the scope, could be a significant undertaking. Uncertainty with respect to the regulatory regime for the provincial electrical system following interconnection with the North American grid is also a challenge. All of these matters are complex with each having unique and specific issues. Maintaining an organization that is responsive to change and is capable of meeting new challenges will continue to be a primary focus for the Board.

The Board will also focus on further strengthening the efficiencies realized in the past planning cycle with the goal of continuing to improve its overall regulatory effectiveness.

APPENDIX I

**SUMMARY OF ORDERS OF THE BOARD
UNDER THE PUBLIC UTILITIES ACT
APRIL 1, 2016 TO MARCH 31, 2017**

Newfoundland Power Inc.

Order No. P.U. 10(2016)

Application

Issued: April 11, 2016

Application for an Order of the Board providing for disposition of the balance in the Optional Seasonal Rate Revenue and Cost Recovery Account pursuant to Sections 58 and 80 of the *Act*.

Decision

1. The disposition of the balance in the Optional Seasonal Rate Revenue and Cost Recovery Account as of December 31, 2015 by charging the balance of \$69,298 to the Rate Stabilization Account as of March 31, 2016 is approved.
2. Newfoundland Power shall pay all costs and expenses of the Board in connection with this Application.

Newfoundland Power Inc.

Order No. P.U. 11(2016)

Application

Issued: April 11, 2016

Application for an Order of the Board approving the balance in the Weather Normalization Reserve as of December 31, 2015 pursuant to sections 69(3) and 78 of the *Act*.

Decision

1. Newfoundland Power's Weather Normalization Reserve of a negative balance of \$4,410,537 as of December 31, 2015 is approved.
2. Newfoundland Power shall pay all costs and expenses of the Board in connection with this Application.

**The Board's Investigation and Hearing into Supply Issues
and Power Outages on the Island Interconnected System**

Order No. P.U. 12(2016)

Issued: April 22, 2016

Motion

Motion by Newfoundland and Labrador Hydro for a determination that certain Requests for Information filed by Grand Riverkeeper Labrador, Inc. are outside the scope of the proceeding; and a Motion by Grand Riverkeeper Labrador, Inc. for an order directing Newfoundland and Labrador Hydro to provide full and complete responses to certain Requests for Information.

Decision

1. The motion of Hydro for an Order determining that GRK-NLH-087-090 are outside the scope of the proceeding is hereby accepted.
2. The motion of Hydro for an Order determining that GRK-NLH-092 is outside the scope of the proceeding is hereby denied.
3. The motion of Grand Riverkeeper Labrador, Inc. for an Order requiring Hydro to provide full and complete responses to GRK-NLH-093, GRK-NLH-100, GRK-NLH-104, GRK-NLH-105, GRK-NLH-107 and GRK-NLH-115 through to GRK-NLH-121 is hereby denied.

Newfoundland and Labrador Hydro

Order No. P.U. 13(2016)

Prudence Review

Issued: April 28, 2016

A review undertaken as part of the Board's consideration of an amended general rate application, filed ("Hydro") on November 10, 2014, and examines the prudence of Hydro's actions and decisions related to 11 projects and expenditures for which Hydro is seeking cost recovery from customers.

Decision

1. Hydro will not recover capital or operating expenses in the 2014 revenue requirement and/or the 2015 test year costs associated with:
 1. overhauls of the Sunnyside B1L03 and Holyrood B1L17 breakers associated with imprudence
 2. the portion of the Sunnyside Terminal Station equipment repairs and replacement associated with imprudence
 3. the Western Avalon T5 tap changer replacement and transformer repairs associated with imprudence
 4. extraordinary transformer and breaker repairs in 2014 and 2015 associated with imprudence
 5. additional supply costs associated with the 2014 failure of Holyrood breaker B1L17 and the resulting outage of Holyrood Unit 1 associated with imprudence

6. certain expenses related to professional services-consulting fees, salary transfers, and overtime associated with imprudence and the Board's investigation into the January 2014 outages
7. Holyrood Unit 1 turbine failure in 2013.
2. Hydro will not recover in the 2014 revenue requirement \$500,000 associated with its imprudence in managing black start capability at Holyrood.
3. Hydro will create a separate account into which will be transferred professional services-consulting fees, salary transfers and overtime costs for 2014, 2015 and subsequent years relating to Phase Two of the Board's investigation into the January 2014 outages, with the recovery of the costs to be addressed in a subsequent order of the Board following a further application by Hydro.
4. Hydro will file in accordance with the subsequent direction of the Board a revised 2014 revenue requirement and revenue deficiency calculation, a revised 2015 test year revenue requirement and revenue deficiency calculation, and supporting documentation reflecting the findings of the Board in this Decision and Order.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 14(2016)
Issued: April 29, 2016**

Application to abandon the Long Harbour Terminal Station, pursuant to section 38 of the Act.

Decision

1. Pursuant to Section 38 of the *Act*, the abandonment by Hydro of the Long Harbour Terminal Station is approved.
2. Hydro shall pay all costs and expenses of the Board incurred in connection with this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 15(2016)
Issued: May 3, 2016**

Application filed by Newfoundland and Labrador Hydro on November 10, 2014; and proposed changes to the interim transmission demand rate for Labrador industrial customers.

Decision

1. The Labrador Industrial-Transmission Rate as set out in Schedule A is approved on an interim basis.
2. Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 16(2016)
Issued: May 17, 2016**

Application filed for approval of: (1) a Contribution in Aid of Construction for a line extension to serve Domestic Customers in the cottage area known as Duley Lake, near Labrador City, pursuant to section 41 of the *Act*; and (2) a deviation from the Contribution in Aid of Construction applicable to Domestic Customers in relation to the calculation based on estimated construction costs in addition to line extension costs as provided for in clause 6(a)(iii) of the policy.

Decision

1. The Non-Refundable Contribution in Aid of Construction of thirteen thousand eight hundred fifty-eight dollars and seventy cents (\$13,858.70), excluding HST, to apply to Domestic Customers located in the cottage area known as Duley Lake is approved.
2. A deviation from the Policy requirement respecting the calculation of the Contribution in Aid of Construction is approved.
3. Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 17(2016)
Issued: May 24, 2016**

Application filed for approval of a capital expenditure to procure 12 MW of diesel generation at the Holyrood Thermal Generating Station, pursuant to section 41 of the *Act*.

Decision

1. The proposed capital expenditure in the amount of \$6,300,000 to purchase 12 MW of diesel generation presently installed at the Holyrood Thermal Generating Station is approved.
2. The proposed deferral and amortization of \$1,300,000 over a period of five years with unamortized balances to be included in rate base is approved.
3. The Industrial Customer Group is entitled to an award of costs in an amount to be fixed by the Board upon the filing of a detailed cost submission within 30 days of this Order.
4. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 18(2016)

Application

Issued: June 8, 2016

Application for approval of a general rate application for approval of, *inter alia*, rates to be charged its customers.

Decision

Rate Base, Return on Rate Base and Range of Return

1. Newfoundland Power shall file an application for approval of a revised forecast average rate base and rate of return on rate base for 2016 and 2017, based on the proposals in the Application and incorporating the determinations of the Board in this Order, including:
 - i) a common equity component in the capital structure not to exceed 45% for ratemaking purposes; and
 - ii) a ratemaking rate of return on common equity of 8.5%.
2. Newfoundland Power shall file an application on or before November 15, 2017 for approval of the 2018 forecast average rate base and rate of return on rate base maintaining the ratemaking common equity ratio and return on common equity established in this Order.
3. Newfoundland Power shall, unless otherwise directed by the Board, file its next general rate application, with a 2019 test year, no later than June 1, 2018.
4. The use of an automatic adjustment formula shall be suspended pending a further Order of the Board.

Revenue Requirement

5. Newfoundland Power shall calculate and file a revised forecast revenue requirement for the 2016 and 2017 test years, based on the proposals contained in the Application and incorporating the determinations of the Board in this Order, including a reduction of 50% in the Short-Term Incentive amounts related to earnings and regulatory performance.

Depreciation

6. Newfoundland Power's proposal to use the depreciation rates recommended in the 2014 Depreciation Study filed for the calculation of depreciation expense with effect from January 1, 2016 is approved.

Other Regulatory Matters

7. The amortization from July 1, 2016 to December 31, 2018 of hearing costs in an amount of up to \$1.0 million is approved, and any costs over this amount billed to Newfoundland Power may be collected through the Rate Stabilization Account.
8. The amortization from July 1, 2016 to December 31, 2018 of the amount of the revenue shortfall for 2016 resulting from the July 1, 2016 implementation of new rates arising from this Order is approved.
9. Newfoundland Power's proposal to change its evaluation of customer conservation programs by use of the total resource cost test and program administrator cost test is approved.

Rates, Rules and Regulations

10. Newfoundland Power's proposed changes to the rules and regulations covering service, and proposed changes to rate design and structure, as set out in the Application, are approved.
11. Newfoundland Power's proposed changes to the General Service Contribution in Aid of Construction Policy to be effective on and after July 1, 2016 are approved.
12. Newfoundland Power shall file an application for approval of a revised Schedule of Rates, Tolls and Charges effective for service provided on and after July 1, 2016, based on the proposals in the Application, incorporating the determinations of the Board in this Order, and the annual Rate Stabilization Account adjustment.
13. Newfoundland Power shall file a revised Rules and Regulations to be effective July 1, 2016.

Costs

14. Newfoundland Power shall pay the costs and expenses of the Board arising from the Application, including the expenses of the Consumer Advocate incurred by the Board.

Newfoundland and Labrador Hydro

Order No. P.U. 19(2016)

Application

Issued: June 10, 2016

Application filed for approval to replace boiler tubes on Units 1 and 2 and to complete additional reliability improvements at the Holyrood Thermal Generating Station pursuant to Section 41 of the *Act*.

Decision

1. The proposed capital expenditure of \$11,800,000 to replace lower reheater tubes that service the Unit 1 and 2 boilers and to complete additional reliability improvements to replace critical equipment and conduct level 2 condition assessments at the Holyrood Thermal Generating Station is approved.

- Hydro shall report on the contingency expenditures associated with additional component replacements arising from this project, setting out in detail the work which was done, the associated costs and the justification, as a part of its year-end capital expenditures variance report.
- Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 20(2016)
Issued: June 10, 2016**

Application filed for approval to reroute transmission line TL 227 and distribution line Sally's Cove L1 pursuant to Section 41 of the *Act*.

Decision

- The proposed capital expenditures in the amount of \$717,000 in 2016 and \$1,533,000 in 2017 to reroute transmission line TL 227 and distribution line Sally's Cove L1 are approved.
- Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 21(2016)
Issued: June 13, 2016**

Application filed for approval pursuant to Section 70 of the *Act*, of the Rate Stabilization Plan Adjustment in the rates to be charged to Newfoundland Power Inc.

Decision

- The rates to be charged by Hydro to Newfoundland Power, as set out in Schedule "A" to this Order, to be effective for electrical consumption on or after July 1, 2016, are approved on an interim basis.
- Hydro shall pay the expenses of the Board incurred in connection with this matter.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 22(2016)
Issued: June 15, 2016**

Application filed for approval to refurbish gas generator engines at the Hardwoods Gas Turbine Plant and the Stephenville Gas Turbine Plant pursuant to Section 41 of the *Act*

Decision

- The proposed capital expenditure in the amount of \$3,047,100 for the refurbishment of gas generator End A engine, serial number 202205, at the Hardwoods Gas Turbine Plant and gas generator End A engine, serial number 202204, at the Stephenville Gas Turbine Plant, is approved.
- Hydro shall file a report by November 30, 2016 in relation to the refurbishment of the gas generator engines addressing the causes of the failures and impacts and considerations in relation to the reliability of Hardwoods and Stephenville.
- Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 23(2016)
Issued: June 22, 2016**

Application filed to vary the amounts approved in Order No. P.U. 17(2016) related to 12 MW of diesel generation at the Holyrood Thermal Generating Station.

Decision

- The deferral and amortization of the additional lease costs of \$300,000 associated with the 12 MW of diesel generation installed at Holyrood Thermal Generating Station over a period of five years with unamortized balances to be included in rate base is approved.
- Hydro shall pay all expenses of the Board arising from this Application.

**Newfoundland and Labrador Hydro
Application**

**Order No. P.U. 24(2016)
Issued: June 22, 2016**

Application filed for approval of a deferral account for diesel fuel consumed in 2016 to provide capacity and energy to the Island Interconnected system pursuant to section 70 of the *Act*.

Decision

- The Application is denied.
- The Industrial Customer Group and Vale are entitled to an award of costs in an amount to be determined by the Board upon the filing of a detailed cost submission within 30 days of the date of this Order.
- Hydro shall pay the expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 25(2016)

Application

Issued: June 29, 2016

Application filed for approval of *inter alia*, rates to be charged its customers; and an application filed for approval of: (i) customer rates, tolls and charges reflecting the determinations set out in Order No. P.U. 18(2016); and (ii) a revised rate stabilization adjustment and municipal tax adjustment to apply to the rates of Newfoundland Power Inc. for the period of July 1, 2016 to June 30, 2017.

Decision

1. The forecast average rate base for 2016 of \$1,060,334,000 and the forecast average rate base for 2017 of \$1,104,702,000 are approved.
2. The rate of return on average rate base for 2016 of 7.21% in a range of 7.03% to 7.39% and the rate of return on average rate base for 2017 of 7.19% in a range of 7.01% to 7.37% are approved.
3. The Rate Stabilization Adjustment of (1.110) cents/kWh and the Municipal Tax Adjustment Factor of 1.02526 for the period of July 1, 2016 to June 30, 2017 are approved.
4. The Schedule of Rates, Tolls and Charges of Newfoundland Power as set out in Schedule A, to be effective for all electrical consumption on and after July 1, 2016, is approved.
5. The Rules and Regulations of Newfoundland Power as set out in Schedule B to be effective on and after July 1, 2016 are approved.
6. Newfoundland Power shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 26(2016)

Application

Issued: June 29, 2016

Application filed for approval of a change in rates to be charged to its Island Interconnected and Isolated Rural customers.

Decision

1. The rates proposed by Hydro to be effective for all electrical consumption on or after July 1, 2016 for its Island Interconnected customers (rate Classes 1.1, 1.1S, 2.1, 2.3, 2.4 and 4.1), excluding Burgeo School & Library, and Isolated Rural customers (rate Classes 1.2D, 1.2DS, 2.1D, 2.2D and 4.1D), as set out in Schedule A to this Order, are approved on an interim basis.
2. Hydro shall pay all expenses of the Board arising from this Application.

The Board's Investigation and Hearing into Supply Issues and Power Outages on the Island Interconnected System Matter

Order No. P.U. 27(2016)

Issued: July 7, 2016

An application by Grand Riverkeeper Labrador, Inc. for an interim award of costs.

Decision

1. The Application is denied.

Newfoundland and Labrador Hydro

Order No. P.U. 28(2016)

Application

Issued: July 8, 2016

Application filed for approval to refurbish Unit 4 at Bay d'Espoir.

Decision

1. The proposed capital expenditure in the amount of \$1,977,300 for the refurbishment and overhaul of Unit 4 at Bay d'Espoir is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 29(2016)

Application

Issued: July 13, 2016

Application filed for approval of a Contribution in Aid of Construction for a line extension to serve a seasonal residential development in the cottage area known as Ocean Pond, near Whitbourne.

Decision

1. The Contribution in Aid of Construction of one hundred thirty six thousand seven hundred twenty five dollars (\$136,725.00), excluding HST, to apply to a seasonal residential development located in the cottage area known as Ocean Pond, near the Town of Whitbourne, is approved.

2. A deviation from the Policy requirement respecting the calculation of the Contribution in Aid of Construction is approved.
3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 30(2016)

Application

Issued: July 14, 2016

Application filed for approval of a Contribution in Aid of Construction for approval of a Contribution in Aid of Construction for three-phase service for Bell Aliant Regional Communications LP.

Decision

1. The Contribution in Aid of Construction of five hundred seventy-four thousand one hundred seventy-nine dollars and twelve cents (\$574,179.12), excluding HST, to provide three-phase service to Bell Aliant Regional Communications LP is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 31(2016)

Application

Issued: July 14, 2016

Application filed for approval of a Contribution in Aid of Construction approval of:

(1) a Contribution in Aid of Construction for a line extension to serve Domestic Customers in the cottage area known as Stagg Pond, near Glovertown, pursuant to section 41 of the *Act*; and (2) a deviation from the Contribution in Aid of Construction applicable to Domestic Customers in relation to the calculation of the participation percentage as provided for in clause 6(A)(II) of the policy.

Decision

1. The Non-Refundable Contribution in Aid of Construction of nine thousand six hundred forty-six dollars and four cents (\$9,646.04), excluding HST, to apply to Domestic Customers located in the cottage area known as Stagg Pond, near Glovertown, is approved.
2. A deviation from the Policy requirement respecting down payments to allow Newfoundland Power to commence construction of the Extension is approved.
3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 32(2016)

Application

Issued: July 14, 2016

Application filed for approval of a Contribution in Aid of Construction for three-phase service for 10718 Nfld. Inc.

Decision

1. The Contribution in Aid of Construction of sixty-two thousand five hundred sixty-one dollars (\$62,561.00), excluding HST, to provide three-phase service to 10718 Nfld. Inc. is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 33(2016)

Application

Issued: July 19, 2016

Application for approval of a capital expenditure to procure 12 MW of diesel generation at the Holyrood Thermal Generating Station; and an application for costs by the Industrial Customer Group pursuant to Order No. P.U. 17(2016).

Decision

1. The costs of the Industrial Customer Group are fixed at \$5,665.94, exclusive of HST.
2. Hydro shall, within thirty days, pay costs to the Industrial Customer Group in the amount of \$5,665.94.

Newfoundland Power Inc.

Order No. P.U. 34(2016)

Application

Issued: July 21, 2016

Application for approval of a general rate application for approval of, *inter alia*, rates to be charged its customers; and a request for costs.

Decision

1. The request for costs is denied.

Newfoundland Power Inc.

Order No. P.U. 35(2016)

Application

Issued: September 2, 2016

Application for approval for the refund to its customers of a surplus balance in Newfoundland and Labrador Hydro's Rate Stabilization Plan.

Decision

1. The Newfoundland Power Customer Refund Plan as set out in Schedule A to this Order is approved.
2. Newfoundland Power shall file with the Board:
 - a. copies of correspondence with Canadian Revenue Agency with respect to the applicability of the Harmonized Sales Tax (HST) to the refunds;
 - b. copies of correspondence with the Government of Newfoundland and Labrador with respect to the applicability of the residential energy rebate in determining the refunds;
 - c. a report on the status of the refunds in its quarterly reporting to the Board throughout the refund process; and
 - d. a final report once all refunds have been issued in accordance with the Newfoundland Power Customer Refund Plan.
3. Newfoundland Power shall pay the expenses of the Board incurred in connection with this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 36(2016)

Application

Issued: September 7, 2016

Application for approval of a proposal for the refund to its customers of a surplus balance in Newfoundland and Labrador Hydro's Rate Stabilization Plan.

Decision

1. The Hydro Customer Refund Plan as set out in Schedule A to this Order is approved.
2. Hydro shall file with the Board:
 - a. copies of correspondence with Government as to formal confirmation of the applicability of recovery of the residential energy rebate in determining customer refunds;
 - b. a report on the status of customer refunds in its quarterly reporting to the Board throughout the refund process; and
 - c. a final report once all refunds have been issued in accordance with the Hydro Customer Refund Plan.
3. Hydro shall pay the expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro

Order No. P.U. 37(2016)

Application

Issued: September 8, 2016

Application for approval to acquire the Wabush Terminal Station pursuant to section 41 of the *Act*.

Decision

1. The proposed capital expenditure in the amount of \$490,000 for the purchase of :
 - (a) the Wabush Terminal Station including installed equipment;
 - (b) a segment of the two 230 kV transmission lines that run between the Churchill Falls Switchyard and the Wabush Terminal Station;
 - (c) lands adjacent to the Wabush Terminal Station; and
 - (d) a parcel of land near the Wabush Terminal Substation, is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 38(2016)

Application

Issued: September 9, 2016

Application for approval to issue debentures pursuant to section 91 of the *Act*.

Decision

1. Hydro's proposal to issue debentures in an amount of up to \$350,000,000 to refinance Series AE debentures totaling \$225,000,000 and to retire outstanding short-term debt is approved subject to the following conditions:
 - (a) The debentures shall be issued on or before October 31, 2016.
 - (b) Hydro shall file with the Board a report specifying the terms and conditions of the bond issue within five (5) days after closing, setting out the following:
 - (i) date of issue;
 - (ii) term;
 - (iii) maturity date;
 - (iv) principal amount;

- (v) interest rate;
 - (vi) particulars of sinking fund, if any;
 - (vii) price to public and to the underwriters;
 - (viii) yield to the public;
 - (ix) underwriting fee;
 - (x) actual cost (i.e. yield) to Hydro; and
 - (xi) any other material terms or conditions.
- (c) Hydro shall file with the Board a copy of the Underwriting Agreement relating to the debentures within five (5) days after closing.
 - (d) Hydro shall file with the Board a copy of the Order in Council providing approval to issue the debentures within five (5) days of receipt of the Order in Council.
 - (e) Hydro shall file with the Board a report on the disposition of the proceeds no later than six months from the date of the closing.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

**Order No. P.U. 39(2016)
Issued: September 12, 2016**

Application

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

- (a) approving a 2017 Capital Budget of \$89,411,000;
- (b) approving certain capital expenditures related to multi-year projects commencing in 2017; and
- (c) fixing and determining a 2015 rate base of \$1,019,082,000.

Decision

- 1. Newfoundland Power's proposed construction and purchase of improvements or additions to its property to be completed in 2017, as set out in Schedule A to this Order, are approved.
- 2. Newfoundland Power's proposed multi-year construction and purchase of improvements or additions to its property to begin in 2017, as set out in Schedule B to this Order, are approved.
- 3. Newfoundland Power's 2017 Capital Budget for improvements or additions to its property in an amount of \$89,411,000, as set out in Schedule C to this Order, is approved.
- 4. Newfoundland Power's average rate base for the year ending December 31, 2015 is hereby fixed and determined at \$1,019,082,000.
- 5. Unless otherwise directed by the Board, Newfoundland Power shall file an annual report to the Board on its 2017 capital expenditures by March 1, 2018.
- 6. Unless otherwise directed by the Board, Newfoundland Power shall provide, in conjunction with the 2018 Capital Budget Application, a status report on the 2017 capital budget expenditures showing for each project:
 - (i) the approved budget for 2017;
 - (ii) the expenditures prior to 2017;
 - (iii) the 2017 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2017;
 - (v) the variance between the projected total expenditures and the approved budget; and
 - (vi) an explanation of the variance.
- 7. Newfoundland Power shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro

**Order No. P.U. 40(2016)
Issued: September 23, 2016**

Application

Application for approval of the combustor inspection and overhaul of the combustion turbine located in Holyrood pursuant to section 41 of the *Act*.

Decision

- 1. The proposed capital expenditure in the amount of \$4,738,300 to perform a combustor inspection and overhaul on the combustion turbine located in Holyrood is approved.
- 2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 41(2016)

Application

Issued: September 30, 2016

Application for approval to abandon the 15 MW gas turbine at Holyrood, pursuant to section 38 of the Act.

Decision

1. Pursuant to Section 38 of the *Act*, the abandonment by Hydro of the 15 MW gas turbine in Holyrood is approved.
2. Hydro shall pay all costs and expenses of the Board incurred in connection with this Application.

**The Board's Investigation and Hearing into Supply Issues
and Power Outages on the Island Interconnected System**

Order No. P.U. 42(2016)

Issued: October 4, 2016

Claim for Costs

A claim for an award of costs by Danny Dumaresque.

Decision

1. Mr. Dumaresque is entitled to an award of costs in the amount of \$5,000, exclusive of HST.
2. Hydro shall within 30 days of this Order pay costs in the amount of \$5,000, exclusive of HST, to Mr. Dumaresque with recovery of these costs to be addressed in a subsequent Order of the Board.

Newfoundland and Labrador Hydro

Order No. P.U. 43(2016)

Prudence Review

Issued: October 12, 2016

A request for an award of costs by Danny Dumaresque.

Decision

1. The request for award of costs is denied.

Newfoundland Power Inc.

Order No. P.U. 44(2016)

Application

Issued: October 13, 2016

Application filed for approval of a Contribution in Aid of Construction for a line extension to serve seasonal residential building lots in the Dildo Pond Cottage area, pursuant to Section 41 of the *Act*.

Decision

1. The Contribution in Aid of Construction of fifty four thousand four hundred thirty dollars (\$54,430.00), excluding HST, to apply to a seasonal residential development located in the Dildo Pond cottage area, near the community of South Dildo, is approved.
2. A deviation from the Policy requirement respecting the calculation of the Contribution in Aid of Construction is approved.
3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 45(2016)

Application

Issued: November 8, 2016

Application filed for an Order pursuant to Section 41 of the *Act*:

- (a) its 2017 capital purchases and construction projects in excess of \$50,000;
- (b) its 2017 Capital Budget; and
- (c) its estimated contributions in aid of construction for 2017.

Decision

1. Hydro's proposed construction and purchase of improvements or additions to its property in excess of \$50,000 to be completed in 2017, as set out in Schedule A to this Order, are approved.
2. Hydro's proposed multi-year construction and purchase of improvements or additions to its property in excess of \$50,000 to begin in 2017, as set out in Schedule B to this Order, are approved.
3. Hydro's proposed contributions in aid of construction for 2017 are approved.
4. Hydro's 2017 Capital Budget for improvements or additions to its property in an amount of \$271,265,600, as set out in Schedule C to this Order, is approved.
5. Unless otherwise directed by the Board Hydro shall file, with the 2018 Capital Budget Application, an updated overview in relation to the proposed capital expenditures for the Holyrood Thermal Generating Station.
6. Unless otherwise directed by the Board Hydro shall file an annual report to the Board on its 2017 capital expenditures by March 1, 2018.
7. Unless otherwise directed by the Board, Hydro shall provide, in conjunction with the 2018 Capital Budget Application, a status report on the 2017 capital budget expenditures showing for each project:

- (i) the approved budget for 2017;
 - (ii) the expenditures prior to 2017;
 - (iii) the 2017 expenditures to the date of the application;
 - (iv) the remaining projected expenditures for 2017;
 - (v) the variance between the projected total expenditures and the approved budget; and
 - (vi) an explanation of the variance.
8. Hydro shall pay all costs and expenses of the Board incurred in connection with the Application.

Newfoundland and Labrador Hydro

Order No. P.U. 46(2016)

Application

Issued: November 10, 2016

Application for approval of costs by the Industrial Customer Group pursuant to Order No. P.U. 24(2016).

Decision

- 1.
2. The costs of the Industrial Customer Group are fixed at \$18,887.75, exclusive of HST.
3. Hydro shall, within thirty days, pay costs to the Industrial Customer Group in the amount of \$18,887.75.

Newfoundland Power Inc.

Order No. P.U. 47(2016)

Application

Issued: November 24, 2016

Application filed for approval of a Contribution in Aid of Construction for single-phase service to the Town of Glovertown, pursuant to section 41 of the *Act*.

Decision

1. The Contribution in Aid of Construction of fifty four thousand four hundred eighty five dollars (\$54,485.00), excluding HST, to provide single-phase supply to a water intake facility in the Town of Glovertown is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 48(2016)

Application

Issued: November 24, 2016

Application for approval of a capital expenditure to supplement the 2016 Allowance for Unforeseen Items for the construction and purchase of certain improvements and additions to its property pursuant to Section 41 of the *Act*.

Decision

1. The addition of a supplementary amount of \$1,000,000 to the 2016 Allowance for Unforeseen Items is approved.
2. Hydro will establish a separate account to record the variance above the \$1,000,000 Allowance for Unforeseen items approved in Order No. P.U. 8(2016) associated with the expenditures related to:
 - ii) the Bay d'Espoir Access Roads Refurbishment; and
 - iii) Bay d'Espoir Penstock 1 Refurbishmentwith the recovery of this variance to be addressed in a subsequent order of the Board following a further application by Hydro.
3. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 49(2016)

Application

Issued: December 1, 2016

General rate application filed on July 30, 2013; and an amended general rate application filed on November 10, 2014.

Decision

PRUDENCE REVIEW

1. Hydro's prudence compliance filing arising from Order No. P.U. 13(2016) is accepted and shall be incorporated in the revised proposals to be filed as a result of this Decision and Order.

SETTLEMENT AGREEMENTS

2. The Settlement Agreement and the Supplemental Settlement Agreement are accepted and shall be incorporated in the revised proposals to be filed as a result of this Decision and Order.

COST OF CAPITAL AND RETURN ON EQUITY

3. The return on equity to be used in calculating the allowed rate of return on rate base for 2014 and 2015 for the purpose of calculating the 2014 and 2015 revenue deficiencies shall be 8.8%.
4. The return on equity to be used in calculating the allowed rate of return on rate base for rate setting purposes, beginning in 2016, shall be 8.5%.

5. Hydro shall, with its next general rate application and no later than June 30, 2017, file a proposal in relation to an adjustment mechanism for its target return on equity, in accordance with the findings of the Board in this Decision and Order.

REVENUE REQUIREMENT

6. Hydro shall file, for approval of the Board, a revised revenue requirement for the 2015 test year for rate setting purposes, incorporating the findings of the Board in this Decision and Order.

RATE BASE AND RETURN ON RATE BASE

7. Hydro shall file, for approval of the Board, a revised 2013 rate base, incorporating the findings of the Board in this Decision and Order.
8. Hydro shall file, for approval of the Board, a revised forecast average rate base for 2014, incorporating the findings of the Board in this Decision and Order.
9. Hydro shall file, for approval of the Board, a revised forecast average rate base and rate of return on rate base for the 2015 test year for rate setting purposes, incorporating the findings of the Board in this Decision and Order.
10. Hydro shall file a revised excess earnings account definition to reflect a range of rate of return on rate base of \pm 20 basis points.

RECOVERY OF 2014 AND 2015 REVENUE DEFICIENCIES

11. Hydro shall file a revised calculation of the 2014 and 2015 deficiencies setting out revised calculations of the revenue requirement, rate base and rate of return on rate base for each year, and incorporating the findings of the Board in this Decision and Order.
12. Hydro shall file a proposal for the recovery of the 2014 and 2015 revenue deficiencies, and the 2014 additional supply costs deferral, by customer class, incorporating the findings of the Board in this Decision and Order.

COST OF SERVICE

13. Hydro shall file updated test year cost of service studies, incorporating the findings of the Board in this Decision and Order, for 2014 and 2015.

DEFERRAL AND RECOVERY MECHANISMS

14. Hydro shall file revised definitions for the Isolated Systems Supply Cost Variance Deferral Account, the Energy Supply Cost Variance Deferral Account and the Holyrood Conversion Rate Deferral Account, in accordance with the findings of the Board in this Decision and Order.
15. Hydro's proposal to defer and recover annual customer energy conservation program costs beginning in 2016 is approved, in accordance with the findings of the Board in this Decision and Order.
16. Hydro's proposal to amortize, over a five-year period beginning in 2015, the costs associated with:
 - a. the Holyrood Black Start diesels, in the amount of \$5.2 million; and
 - b. extraordinary transformer and breaker repairs not associated with imprudence

is approved.

17. Hydro will be allowed to amortize, over a three-year period beginning in 2015, general rate application costs for 2015 in the amount of \$750,000.

RATES, RULES AND REGULATIONS

18. Hydro shall file, for the approval of the Board, a revised Schedule of Rates, Rules and Regulations, and revised RSP Rules, incorporating the findings of the Board in this Decision and Order.
19. Hydro shall file a proposal for the finalization of Industrial customer rates, incorporating the findings of the Board in this Decision and Order.

OTHER MATTERS

20. Hydro shall file on or before March 31, 2017 a proposal in relation to annual reporting of intercompany activity, starting in 2017, in accordance with the findings of the Board in this Decision and Order.
21. Hydro shall file a report by January 13, 2017 in relation to its Account Management Framework, in accordance with the findings of the Board in this Decision and Order.
22. Hydro shall file with its next general rate application a report in relation to its Customer Service Strategic Roadmap, in accordance with the findings of the Board in this Decision and Order.
23. Hydro shall file a report with its next general rate application in relation to the identification of the rural subsidy on customers' bills, in accordance with the findings of the Board in this Decision and Order.
24. Hydro shall file its next general rate application no later than March 31, 2017 for rates based on a 2018 test year.

HEARING COSTS

25. Hydro shall pay the expenses of the Board associated with this matter, including the expenses of the Consumer Advocate incurred by the Board pursuant to section 117 of the Act.

26. Leave is granted to the intervenors to apply for an award of costs within 30 days of the Order of the Board establishing final rates in this matter.

Newfoundland Power Inc.

Order No. P.U. 50(2016)

Application

Issued: December 14, 2016

Application filed for approval of a Contribution in Aid of Construction for three-phase service to the Western Regional Service Board, pursuant to section 41 of the *Act*.

Decision

1. The Contribution in Aid of Construction of seventy nine thousand two hundred eighteen dollars (\$79,218.00), excluding HST, to provide three-phase service to the Western Regional Service Board's waste management facility near the Town of St. George's is approved.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 51(2016)

Application

Issued: December 15, 2016

Application for approval of:

- (i) revised distribution line costs per metre for Contributions in Aid of Construction (CIACs);
- (ii) revised distribution plant upgrade cost for CIACs; and
- (iii) CIAC cost factors.

Decision

1. The revised cost factors in Schedules A, B, C and D attached to this Order are approved to be used in the calculation of all CIACs with effect from January 1, 2017, and, where advantageous to the customer, on all CIACs quoted but unpaid as of January 1, 2017.
2. Newfoundland Power shall submit a revised CIAC Policy incorporating the revisions approved herein.
3. Newfoundland Power shall pay the expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 52(2016)

Application

Issued: December 16, 2016

Application filed for approval of Rules and Regulations to reflect changes to Newfoundland Power's Contribution in Aid of Construction policy pursuant to section 71.

Decision

1. The Rules and Regulations as set out in Appendix A are approved effective July 1, 2016.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 1(2017)

Application

Issued: January 16, 2017

Application for approval of two exceptions to financial reporting requirements relating to contributions in aid of construction and the provision of betterment to non-customers, pursuant to Section 58 of the *Act*.

Decision

1. Hydro's proposal to continue its historic treatment of recording all contributions to assets, both from customers and entities that are not customers, as CIACs for financial statement purposes and to offset the CIAC against the cost of the asset for computation of average rate base, is approved.
2. Hydro's proposal that betterment not be provided to non-customers is not approved.
3. Hydro shall pay all the expenses of the Board arising from this Application.

**The Board's Investigation and Hearing into Supply Issues
and Power Outages on the Island Interconnected System**

Order No. P.U. 2(2017)

Motion

Issued: January 20, 2017

Motion to strike out three reports filed by Grand Riverkeeper Labrador, Inc.

Decision

1. Hydro's motion to strike the two Bernander reports dated November 26, 2015 and October 13, 2016, and the Raphals report dated October 17, 2016, is granted.
2. Hydro shall pay the expenses of the Board associated with the matter.

Newfoundland and Labrador Hydro

Order No. P.U. 3(2017)

Application

Issued: January 25, 2017

Application for approval of a Curtailable Load Agreement with Vale Newfoundland and Labrador Limited pursuant to sections 70, 71 and 80 of the *Act*.

Decision

1. The proposed Load Curtailable Agreement with Vale Newfoundland and Labrador Limited is approved.
2. Hydro shall file with the Board, no later than April 15 of the year following each winter period December 1 - March 31 while the agreement is in place, a report setting out the dates, times, duration and system conditions, including generation available and calculation of system reserve, under which capacity assistance was requested, the capacity assistance requested and provided, and the capacity and variable payments made.
3. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 4(2017)

Application

Issued: February 2, 2017

Application for approval to issue Series AP First Mortgage Bonds pursuant to section 91 of the *Act*.

Decision

1. Newfoundland Power's proposal to issue Series AP First Mortgage Bonds in an amount of up to \$100,000,000 to repay short term indebtedness is approved subject to the following conditions:
 - (a) The Series AP First Mortgage Bonds shall be issued on or before December 31, 2017.
 - (b) Newfoundland Power shall file with the Board a report specifying the terms and conditions of the bond issue within five (5) days after closing, setting out the following:
 - (xii) date of issue;
 - (xiii) term;
 - (xiv) maturity date;
 - (xv) principal amount;
 - (xvi) coupon rate;
 - (xvii) particulars of sinking fund, if any;
 - (xviii) price to public and to the underwriters;
 - (xix) yield to the public;
 - (xx) underwriting fee;
 - (xxi) actual cost (i.e. yield) to Newfoundland Power; and
 - (xxii) any other material terms or conditions.
 - (c) Newfoundland Power shall file with the Board a copy of the Underwriting Agreement relating to the bonds within five (5) days after closing.
 - (d) Newfoundland Power shall file with the Board a report on the disposition of the proceeds no later than six months from the date of the closing.
2. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 5(2017)

Application

Issued: February 24, 2017

Application for approval to construct a distribution feeder at the Bottom Waters Terminal Station pursuant to Section 41 of the *Act*.

Decision

1. The proposed capital expenditure in the amount of \$3,045,000 to construct a distribution feeder at the Bottom Waters Terminal Station is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland Power Inc.

Order No. P.U. 6(2017)

Application

Issued: February 24, 2017

Application for approval of a capital expenditure to replace the substation transformer at Riverhead Substation pursuant to section 41 of the *Act*; and an application for approval of a Contribution in Aid of Construction for a distribution line for the St. Lawrence Fluorspar Mine pursuant to Section 41 of the *Act*.

Decision

1. The proposed capital expenditures in the amount of:
 - (i) \$1,475,000 to replace the substation transformer at the Riverhead Substation; and
 - (ii) \$1,354,000 to provide substation equipment and construct a distribution feeder to serve the St. Lawrence Fluorspar Mine are approved.
2. The Contribution in Aid of Construction of eight hundred and eighty six thousand and fifty six dollars (\$886,056), excluding HST, to extend 3-phase power to the fluorspar mining facility near the Town of St. Lawrence is approved.
3. Newfoundland Power shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 7(2017)

Application

Issued: February 24, 2017

Application to acquire two 230 kV transmission lines serving Labrador West pursuant to Section 41 of the *Act*.

Decision

1. The proposed capital expenditure in the amount of \$3,168,944 for:
 - (i) the sublease of two 230 kV transmission lines that run from Churchill Falls to the Twin Falls generating plant site;
 - (ii) the sublease of two 230 kV transmission lines that run from the Twin Falls generating plant site to the Wabush Terminal Station;
 - (iii) the lease of electrical equipment situated in the Churchill Falls Switchyard; and
 - (iv) the purchase of spare parts and inventory associated with the Wabush Terminal Station, the Churchill Falls Switchyard and the transmission lines is approved.
2. Hydro shall pay all expenses of the Board arising from this Application.

Newfoundland and Labrador Hydro

Order No. P.U. 8(2017)

Application

Issued: March 16, 2017

Application for approval to delay the filing of its General Rate Application pursuant to Sections 70, 71 and 76 of the *Act*.

Decision

1. Hydro shall file its next general rate application no later than July 31, 2017.
2. Hydro shall pay all expenses of the Board arising from this Application.

**The Board's Investigation and Hearing into Supply Issues
and Power Outages on the Island Interconnected System
Request for Reconsideration**

Order No. P.U. 9(2017)

Issued: March 29 2017

Request by Grand Riverkeeper Labrador, Inc. that the Board rescind or amend Order No. P.U. 2(2017).

Decision

1. The GRK application to rescind or amend Order No. P.U. 2(2017) is denied.

**SUMMARY OF ORDERS OF THE BOARD
UNDER THE AUTOMOBILE INSURANCE ACT
APRIL 1, 2016 TO MARCH 31, 2017**

Security National Insurance Company

Order No. A.I. 10(2016)

Application

Issued: April 18, 2016

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision

1. The revised rating program received March 23, 2016 from Security National Insurance Company for its Private Passenger Automobiles class of business is approved to be effective no sooner than June 15, 2016 for both new business and renewals.

Primum Insurance Company

Order No. A.I. 11(2016)

Application

Issued: April 18, 2016

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision

1. The revised rating program received March 23, 2016 from Primum Insurance Company for its Private Passenger Automobiles class of business is approved to be effective no sooner than June 15, 2016 for both new business and renewals.

Elite Insurance Company

Order No. A.I. 12(2016)

Application

Issued: June 10, 2016

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision

1. The revised rating program received April 20, 2016 from Elite Insurance Company is approved to be effective no sooner than September 1, 2016 for new business and renewals.
2. Elite Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

The Dominion of Canada General Insurance Company

Order No. A.I. 13(2016)

Application

Issued: July 14, 2016

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision

1. The revised rating program received June 22, 2016 from The Dominion of Canada General Insurance Company is approved to be effective no sooner than October 1, 2016 for new business and November 1, 2016 for renewals.
2. The Dominion of Canada General Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

Facility Association

Order No. A.I. 14(2016)

Application

Issued: September 29, 2016

For approval to implement a revised rating program for its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business.

Decision

1. The Application by Facility Association is denied.
2. Facility Association will pay all costs of the Board, including the cost of the actuarial review, arising from this Application.

The Personal Insurance Company

Order No. A.I. 15(2016)

Application

Issued: October 11, 2016

For approval of a change to its Standard Endorsement S.E.F. 16 credit table for its Private Passenger Automobiles class of business.

Decision

1. The proposal received August 30, 2016 from The Personal Insurance Company for its Private Passenger Automobiles class of business is approved to be effective no sooner than November 20, 2016 for new business and January 19, 2017 for renewals.

**Facility Association
Application**

**Order No. A.I. 16(2016)
Issued: October 17, 2016**

For approval to implement a revised rating program for its Newfoundland and Labrador Garage class of business.

Decision

1. The revised rating program received March 29, 2016 from Facility Association for its Garage class of business is approved to be effective no sooner than February 1, 2017 for new business and for renewals.
2. Facility Association shall pay the costs of the Board associated with this filing, including the costs of the actuarial review.

**Facility Association
Application**

**Order No. A.I. 17(2016)
Issued: October 18, 2016**

For approval to implement a revised rating program for its Newfoundland and Labrador School Buses class of business.

Decision

1. The Application by Facility Association is denied.
2. Facility Association will pay all costs of the Board, including the cost of the actuarial review, arising from this Application.

**Facility Association
Application**

**Order No. A.I. 18(2016)
Issued: November 8, 2016**

For approval to implement a revised rating program for its Newfoundland and Labrador Public Vehicles - Taxis and Limousines class of business.

Decision

1. The revised rating program received October 18, 2016 from Facility Association for its Newfoundland and Labrador Public Vehicles – Taxis and Limousines class of business is approved to be effective no sooner than March 1, 2017 for both new business and renewals.

**Facility Association
Application**

**Order No. A.I. 19(2016)
Issued: November 10, 2016**

For approval to implement a revised rating program for its Newfoundland and Labrador School Buses class of business.

Decision

1. The revised rating program received October 24, 2016 from Facility Association for its Newfoundland and Labrador School Buses class of business is approved to be effective no sooner than March 1, 2017 for both new business and renewals.

**Co-operators General Insurance Company
Application**

**Order No. A.I. 20(2016)
Issued: December 16, 2016**

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision

1. The revised rating program received November 21, 2016 from Co-operators General Insurance Company for its Private Passenger Automobiles class of business is approved to be effective no sooner than June 13, 2017 for new business and July 13, 2017 for renewals.
2. Co-operators General Insurance Company shall pay the costs of the Board associated with this filing, including the costs of the actuarial review.

**Intact Insurance Company
Application**

**Order No. A.I. 1(2017)
Issued: March 3, 2017**

For approval to implement a revised rating program for its Private Passenger Automobiles class of business.

Decision

1. The revised rating program received February 13, 2017 from Intact Insurance Company is approved to be effective no sooner than April 19, 2017 for new business and May 19, 2017 for renewals.
2. Intact Insurance Company will be required to pay the costs of the Board associated with this filing, including the costs of the actuarial review.

**SUMMARY OF ORDERS OF THE BOARD
UNDER THE MOTOR CARRIER ACT
APRIL 1, 2016 TO MARCH 31, 2017**

HSE Integrated Ltd.

Order No. M.C. 3(2016)

Application:

Issued: November 17, 2016

The application of HSE Integrated Ltd. for approval of a Motor Carrier Certificate.

Decision:

1. The application of HSE Integrated Ltd. for a Motor Carrier Certificate to provide ambulance services from the remote work site known as the Granite Canal Site is approved and a Motor Carrier Certificate issued.

APPENDIX II

SUMMARY OF MAXIMUM PRICE CHANGES UNDER THE PETROLEUM PRODUCTS ACT APRIL 1, 2016 TO MARCH 31, 2017

Pricing Zones

The Province is divided into 14 primary pricing zones for the setting of maximum prices for petroleum products. Each of these pricing zones is separated from the next by unique geographic boundaries, and each has established product-pricing differentials from the base zone. These zone price differentials are added to the base prices for products in the base zone to reflect the additional costs for the transportation, storage and distribution of the products in the destination zone. As well, where primary zones contain special geographic features, such as islands, pricing sub-zones have been established to reflect the additional cost of providing products to these more remote locations.

Zone 1 (Avalon) is the base zone for motor fuels, Zone 1 ANE (Avalon North East) is the base zone for heating fuels, except residential propane, which has Zone 2 (Burin Peninsula/ Bonavista Peninsula / Bonavista Bay) as its base zone because the majority of the propane that is consumed in the Province is produced at the oil refinery in Come By Chance.

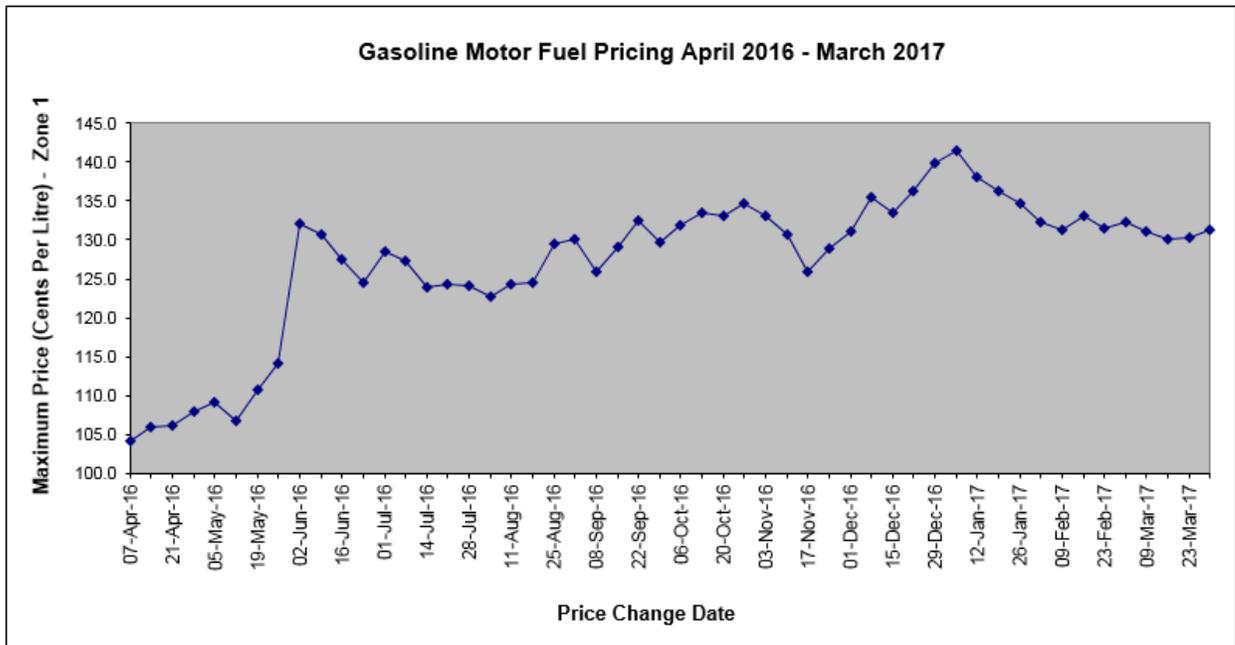
The following charts reflect the overall pricing movements in the Avalon region for each of the refined petroleum products for which maximum prices are regulated. (Note: the lines joining the data points in the following graphs are intended to reflect trends only and do not represent gradual increases or decreases in prices between the indicated price changes.)

There were 52 scheduled changes to the maximum prices of various fuel products for the period April 1, 2016 to March 31, 2017. One pricing adjustment originally scheduled for Thursday, June 30, 2016 was made effective on Friday, July 1, 2016 due to the Provincial Government’s announcement of a change to the provincial portion of the HST effective July 1, 2016.

Gasoline Motor Fuel

There were 52 scheduled adjustments (28 increases, 24 decreases) to the maximum price of gasoline motor fuel.

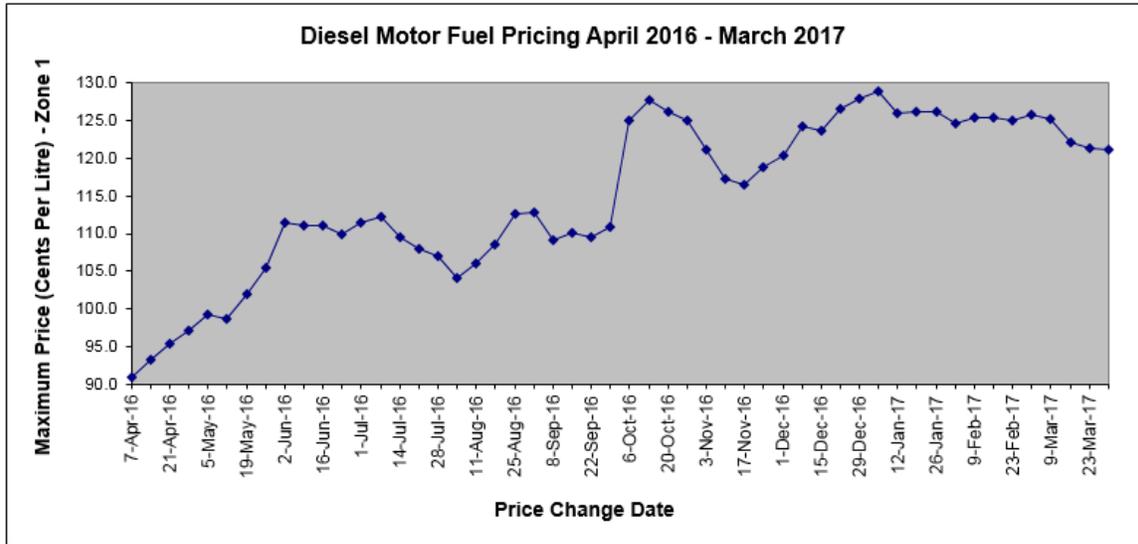
Maximum Gasoline Motor Fuel Prices



Diesel Motor Fuel

There were 52 adjustments (27 increases, 23 decreases and 2 with no change) to the maximum price of automotive diesel.

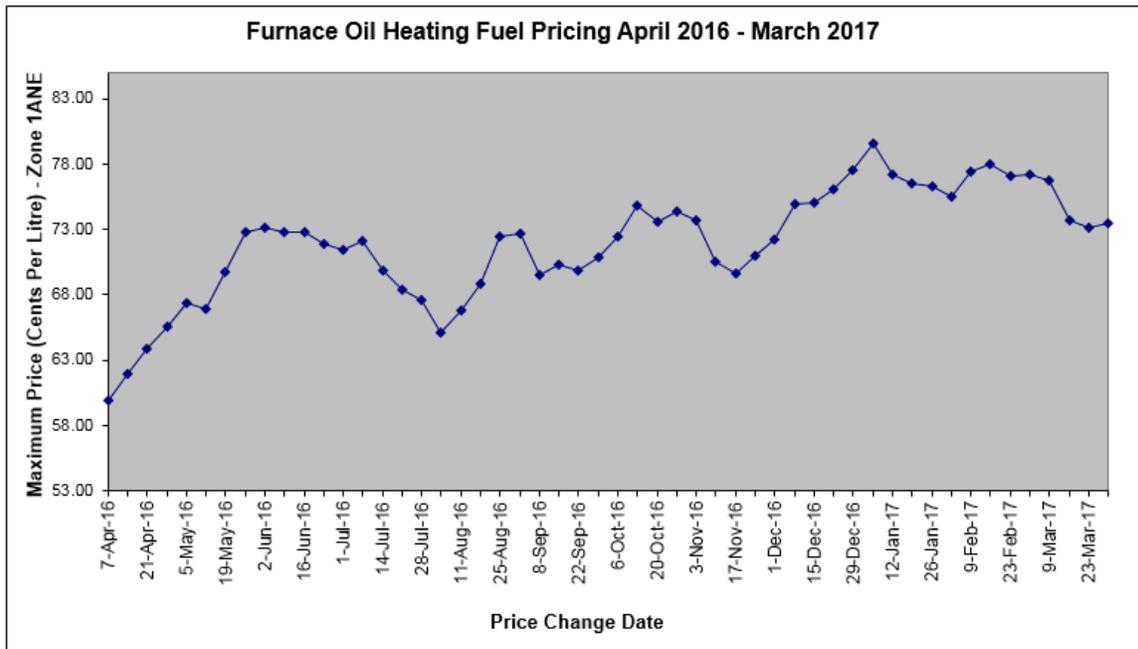
Maximum Diesel Motor Fuel Prices



Furnace Oil Heating Fuel

There were 52 adjustments (29 increases and 23 decreases) to the maximum price of furnace oil heating fuel.

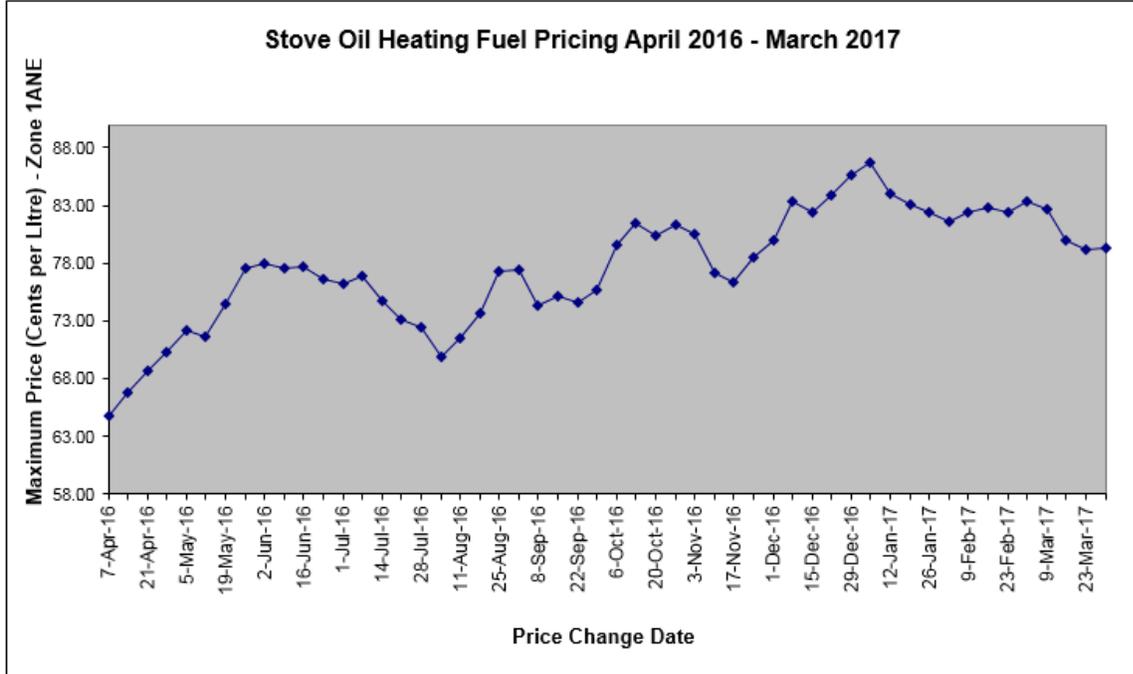
Maximum Furnace Oil Heating Fuel Prices



Stove Oil Heating Fuel

There were 52 adjustments (28 increases and 24 decreases) to the maximum price of stove oil heating fuel.

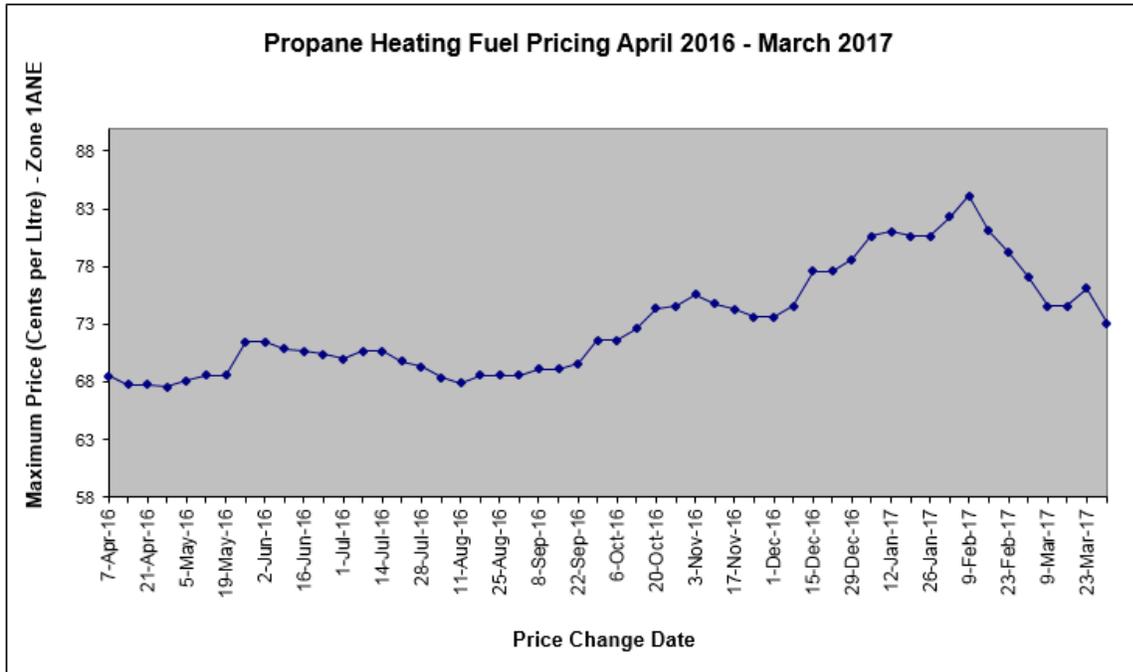
Maximum Stove Oil Heating Fuel Prices



Propane Heating Fuel

There were 52 adjustments (20 increases, 20 decreases and 12 with no change) to the maximum price of propane heating fuel.

Maximum Propane Heating Fuel Prices



APPENDIX III

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2017**

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2017**

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Index to Financial Statements
Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of Public Utilities

We have audited the accompanying financial statements of the Board of Commissioners of Public Utilities, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board of Commissioners of Public Utilities as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Noseworthy Chapman

Chartered Professional Accountants
St. John's, NL
June 21, 2017

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position Year Ended March 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 118,768	\$ 60,172
Receivables (Note 4)	827,895	1,904,434
HST receivable (Note 5)	92,726	-
Recoverable costs (Note 6)	2,237,077	1,262,184
	3,276,466	3,226,790
LIABILITIES		
Payables and accruals	222,610	442,245
HST payable (Note 5)	-	15,872
Government remittances payable	644	304
Payroll accruals	901,650	1,055,989
	1,124,904	1,514,410
NET FINANCIAL ASSETS	\$ 2,151,562	\$ 1,712,380
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	\$ 50,976	\$ 53,820
Prepaid expenses	9,721	7,975
	60,697	61,795
ACCUMULATED SURPLUS	\$ 2,212,259	\$ 1,774,175
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	\$ 50,976	\$ 53,820
Internally restricted (Note 10)	1,525,449	1,575,573
Unrestricted	635,834	144,782
	\$ 2,212,259	\$ 1,774,175

Commitments (Note 12)

On Behalf of the Board:



Vice Chairperson



Director of Corporate Services

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations Year Ended March 31, 2017

	Budget 2017 (Note 14) (Unaudited)	2017	2016
REVENUES			
Regulatory assessments	\$ 2,777,798	\$ 2,784,960	\$ 2,620,418
Interest and other income	10,000	9,550	2,458
	2,787,798	2,794,510	2,622,876
EXPENDITURES			
Amortization	\$ -	\$ 18,555	\$ 21,037
Consulting fees	282,250	136,300	160,535
Office equipment, supplies, and services	92,755	78,482	79,237
Rent and insurance	225,100	225,091	225,063
Salaries and associated costs (Note 11)	2,034,188	1,810,377	1,931,087
Telecommunications	36,660	34,809	30,694
Training and membership	73,975	22,720	26,028
Travel	42,870	30,091	22,444
	2,787,798	2,356,425	2,496,125
Excess of revenues over expenditures	\$ -	\$ 438,085	\$ 126,751

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Change in Net Financial Assets
Year Ended March 31, 2017**

	Budget 2017 (Note 14) (Unaudited)	2017	2016
Annual surplus	\$ -	\$ 438,085	\$ 126,751
Changes in tangible capital assets			
Acquisition of tangible capital assets		(15,711)	(21,105)
Amortization of tangible capital assets		18,555	21,037
	-	2,844	(68)
Change in other non-financial assets			
Net acquisition of prepaid expenses		(1,747)	1,185
	-	(1,747)	1,185
Increase in net assets		439,182	127,868
Net financial assets, beginning of year	1,712,380	1,712,380	1,584,512
Net financial assets, end of year	\$ -	\$ 2,151,562	\$ 1,712,380

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows Year Ended March 31, 2017

	2017	2016
Operating transactions		
Cash receipts from assessments and other revenues	\$ 3,778,323	\$ 838,517
Cash paid to suppliers and employees	(2,729,123)	(2,524,792)
Cash from (used in) operating transactions	1,049,200	(1,686,275)
Hearing and review transaction		
(Increase) decrease in recoverable costs	(974,893)	1,108,147
Cash (used in) from hearing and review transactions	(974,893)	1,108,147
Capital transaction		
Purchase of capital assets	(15,711)	(21,105)
Cash used in capital transactions	(15,711)	(21,105)
Increase (decrease) in cash during year	58,596	(599,233)
Cash position, beginning of year	60,172	659,405
Cash position, end of year	\$ 118,768	\$ 60,172

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2017

1. GENERAL

The Board of Commissioners of Public Utilities (the "Board") 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 of Newfoundland and Labrador 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) establishing 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* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). The Board does not prepare a statement of re-measurement gains and losses as the Board does not enter into relevant transactions or circumstances that are addressed by that statement.

Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, receivables, recoverable costs, payables and accruals, HST payable, government remittances payable and payroll accruals. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Transaction costs and any gains or losses arising from changes in fair value are recognized immediately in the statement of revenues and expenditures. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The Board's carrying value of cash, receivables, recoverable costs, payables and accruals, government remittance payable, HST payable and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments.

Cash

Cash includes cash in bank.

Recoverable costs

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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Capital assets are recorded on the Statement of Financial Position at cost net of accumulated amortization 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 or remaining term of the lease

Capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Prepaid expenses

Prepaid expenses include amounts paid in advance for services, insurance, and workers compensation and are charged to expense over the periods expected to benefit from them.

Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Employee future benefits

(i) Severance pay

Certain employees of the Board are entitled to 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.

(ii) Sick pay

The Board provides accumulating, non-vesting sick leave benefits to its employees. The cost of non-vesting sick leave benefits are determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

(iii) Pension fund

The employees of the Board are subject to the *Public Service Pension Act 1991*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. Contributions of the Board to the plan are recorded as expenses in the year the contributions are made.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Expenditures

Expenditures are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2017:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its floating interest rate bank credit agreement.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2017

4. RECEIVABLES

	2017	2016
Revenues receivable	\$ 822,399	\$ 1,902,010
Accrued interest receivable	210	22
Other receivables	5,286	2,402
	\$ 827,895	\$ 1,904,434

5. HST RECEIVABLE (PAYABLE)

	2017	2016
HST rebate receivable from federal government	\$ 111,952	\$ 259,092
HST payable to federal government	(19,226)	(274,964)
	\$ 92,726	\$ (15,872)

6. RECOVERABLE COSTS

	2017	2016
Recoverable costs, beginning of year	\$ 1,262,184	\$ 2,370,331
Add - specific enquiry costs incurred during the year:		
Consumer Advocate	968,982	879,694
Consulting fees	848,423	1,598,339
Legal	199,392	252,670
Advertising and notice	36,413	28,899
Transcription and printing	16,229	71,789
Other	9,194	45,569
	2,078,633	2,876,961
	3,340,817	5,247,292
Less - costs recovered during the year	(1,103,740)	(3,985,108)
Recoverable costs, end of year	\$ 2,237,077	\$ 1,262,184

7. BANK CREDIT AGREEMENT

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%. As at March 31, 2017, the balance outstanding was \$Nil (2016- \$Nil).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2017

8. CAPITAL ASSETS

				2017
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 255,044	\$ 255,564	\$ 197,046	\$ 707,654
Additions	10,965	4,746	-	15,711
Disposals	-	-	-	-
Closing balance	266,009	260,310	197,046	723,365
Accumulated amortization				
Opening balance	227,993	234,020	191,821	653,834
Amortization	7,603	9,646	1,306	18,555
Disposals	-	-	-	-
Closing balance	235,596	243,666	193,127	672,389
Net book value	\$ 30,413	\$ 16,644	\$ 3,919	\$ 50,976
				2016
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 246,251	\$ 249,783	\$ 190,515	\$ 686,549
Additions	8,793	5,781	6,531	21,105
Disposals	-	-	-	-
Closing balance	255,044	255,564	197,046	707,654
Accumulated amortization				
Opening balance	221,231	221,052	190,515	632,798
Amortization	6,762	12,968	1,306	21,036
Disposals	-	-	-	-
Closing balance	227,993	234,020	191,821	653,834
Net book value	\$ 27,051	\$ 21,544	\$ 5,225	\$ 53,820

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2017

9. NON-VESTED SICK LEAVE PAYOUTS

Prior to a change in government policy, several employees were allowed to accumulate unused sick day credits. As of March 31, 2017, there are two employees who have an accumulated sick-leave payout balance. Accumulated credits may be used in future years to the extent that the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick-leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements.

10. 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, 2017 are as follows:

	2017	2016
Lease commitments	\$ 223,300	\$ 223,300
Payroll contingency	71,757	70,726
Redundancy pay contingency	767,677	816,914
Working capital	462,715	464,633
	\$ 1,525,449	\$ 1,575,573

11. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Commissioners and employees for whom no designated pension plan has been established are members of The Public Service Pension Fund Act 1991. Pension contributions deducted from commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year in the amount of \$135,545 (2016 - \$154,685) is included in salaries and associated costs.

12. COMMITMENTS

The Board has a premises lease agreement in the amount of \$18,608 plus HST per month (\$223,296 plus HST per annum), concluding May 31, 2018.

13. ASSESSMENT REDUCTIONS AND SUBSEQUENT EVENTS

Subsequent to year end and pursuant to section 13(7) of the Public Utilities Act, the Board approved reductions in assessments to the electrical utilities and the petroleum products industry in the amount of \$208,802 and \$326,440 respectively, for a total reduction in assessments of \$535,242.

14. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Board.

Board of Commissioners of Public Utilities

Commissioners and Staff Year End - March 31, 2017

Commissioners

Chair and Chief Executive Officer Andy Wells
Vice-Chair..... Darlene Whalen
Full-time Commissioner Dwanda Newman
Full-time Commissioner James Oxford

Staff

Director of Corporate Services and Board Secretary..... Cheryl Blundon
Director of Regulatory and Advisory Services..... Robert Byrne
Financial and Economic Analyst..... Vacant
Financial Officer..... Amanda Foster
Legal Counsel..... Jacqueline Glynn
Engineering Advisor..... Mike Janes
Regulatory Analyst..... Mike McNiven
Regulatory Analyst..... Ryan Oake
Regulatory Analyst..... Travis Fisher
Information Technology Specialist Wesley Hawe
Records Administrator..... Sara Kean
Administrative Assistant..... Colleen Jones
Administrative Assistant..... Renee Reardon

CONTACT INFORMATION:

Ms. Cheryl Blundon
Director of Corporate Services and Board Secretary
Prince Charles Building, 120 Torbay Road
P. O. Box 21040
St. John's, Newfoundland and Labrador
Canada A1A 5B2

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