

**ANNUAL REPORT
YEAR ENDING MARCH 31, 2022**

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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, 2022. This report was prepared under my direction and in accordance with the **Transparency and Accountability Act**. As Chair and Chief Executive Officer I am accountable for the results as outlined in the report.

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 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 classified as a Category 3 Entity and is required to submit annual performance reports to the House of Assembly on its success in achieving the objectives and indicators outlined in its multi-year performance-based activity plan. This is the second year of reporting the results of the strategic priorities for 2020-23 which focused on improving the efficiency of its regulatory tools and streamlining its regulatory framework while ensuring appropriate resources are available to effectively deliver its mandated responsibilities.

The year 2021-22 has proven again to be a challenging year. In addition to its routine regulatory calendar the Board also managed a number of major utility proceedings, including two capital budget applications, applications for electrification programming for both Newfoundland and Labrador Hydro and Newfoundland Power, as well as a general rate application for Newfoundland Power. The Board's work in petroleum products pricing was also significantly impacted in early 2022 by global issues affecting supply and demand of world oil, with an unprecedented seven extraordinary pricing adjustments in March alone. The resulting uncertainty associated with increasing and volatile market world market prices for motor fuels and heating fuels has emerged as a significant issue for consumers.

The Board will continue to focus on streamlining its regulatory framework to respond to issues as they arise and looks forward to further strengthening efficiencies in support of an effective and responsive regulatory environment. The Board's ability to continue to meet its legislated mandate and responsibilities in these challenging times is due to the dedication and commitment of its staff and commissioners and I thank them for their continued support.



Darlene Whalen, P.Eng., FEC
Chair and Chief Executive Officer

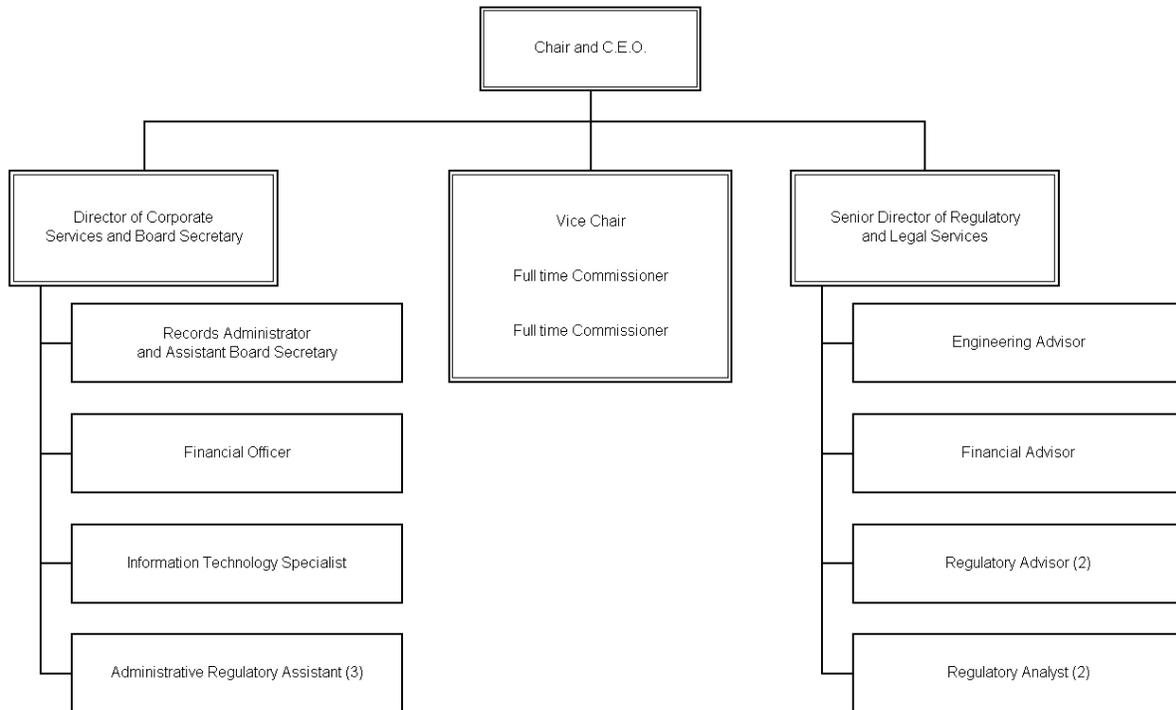
Overview

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's work is supported by 14 permanent full-time professional and administrative office staff.

The Board's functional organizational structure, shown in the Organizational Chart below, consists of Regulatory and Legal Services and Corporate Services. Regulatory and Legal 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.

Board of Commissioners of Public Utilities
Organizational Chart
At March 31, 2022



Mandate and Lines of Business

The Board is an independent, quasi-judicial regulatory body appointed by the Lieutenant Governor in Council and operates primarily under the authority of the **Public Utilities Act**. The Board was established in 1949.

The Board is responsible for the regulation of the electric utilities in the province to ensure that the rates charged are just and reasonable and that the service provided is safe and reliable. In 2004 the Board was given responsibility for regulation of maximum prices for petroleum products in the province in accordance with the **Petroleum Products Act**. The Board is also responsible for the supervision of rates charged by automobile insurers for the various automobile insurance coverages, limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations as well as conducting hearings and other required activities under the **Expropriation Act**.

The Board's jurisdiction is defined by the following legislation which it administers:

- i) **The Public Utilities Act, R.S.N. 1990**
- ii) **The Electrical Power Control Act**
- iii) **Petroleum Products Act**
- iv) **The Automobile Insurance Act**
- v) **The Motor Carrier Act**
- vi) **The Expropriation Act**
- vii) **The Motor Vehicle Transport Act**
- viii) **The Public Utilities Acquisition of Lands Act**

These Acts fall under the responsibility of various departments of Government, including the Department of Justice and Public Safety (**Public Utilities Act**), Digital Government and Service NL (**Automobile Insurance Act, Insurance Companies Act, and Petroleum Products Act**) and Department of Industry, Energy and Technology (**Electrical Power Control Act**).

To deliver its regulatory mandate the Board conducts oral and written hearings, technical conferences, stakeholder meetings, compliance monitoring, audits, detailed technical/financial reviews and investigations. Hearings held by the Board in the discharge of its mandate are quasi-judicial in nature and are conducted in accordance with the provisions of the **Public Inquiries Act** and the Board's regulations - **Newfoundland Regulations 39196**. Orders issued by the Board have the force of law and can only be appealed to the Supreme Court of Newfoundland, Court of Appeal.

Vision

The vision of the Board of Commissioners of Public Utilities is excellence in regulation which engenders the trust and confidence of the people of the province.

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 Newfoundland and Labrador Hydro (Hydro) and Newfoundland Power, with a combined customer base of approximately 312,000 residential and general service customers, five industrial customers and two Labrador Transmission customers;
- regulates automobile insurance rates, risk classification systems and underwriting guidelines for insurance companies operating in the province, with total direct premiums written of approximately \$482 million;
- sets maximum prices for regulated petroleum products sold in the province; and
- has 64 active ambulance certificates and 56 active bus service certificates.

Financial Information

The Board’s operating expenses for 2021-22 were \$2,549,690. The comparative expenditures for the previous five-year period are shown below:

Board of Commissioners of Public Utilities					
Expenditures					
Year End-March 31					
	2018	2019	2020	2021	2022
Operating Total	\$2,525,431	\$3,046,568	\$2,453,206	\$3,090,117	\$2,549,690
Hearings - Board	\$468,204	\$2,159,879	\$5,373,499	\$1,157,858	\$781,145
Hearings - Consumer Advocate	\$1,291,763	\$440,715	\$525,615	\$261,893	\$679,000
Hearings - Total	\$1,759,967	\$2,600,594	\$5,899,114	\$1,419,751	\$1,460,145
Total Expenditures	\$4,285,398	\$5,647,162	\$8,352,320	\$4,506,868	\$4,009,835

The Board is funded through assessments charged to regulated industries/companies or on a cost recovery basis from applicants and/or parties involved in specific proceedings and/or investigations. In accordance with sections 13 and 14 of the **Public Utilities Act**, the Board levies an annual assessment to regulated entities to cover its estimated general operating expenses for that year. Assessments to each regulated industry/company vary depending on the actual allocation of work performed by the Board in the year. For 2021-22 the Board assessed 67.73 per cent (\$2,130,854) of its annual operating budget to electrical utilities, 21.62 per cent (\$680,313) to automobile insurance companies and 10.65 per cent (\$334,896) to the petroleum products industry.

Hearings and investigations are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation. Section 90 of the **Public Utilities Act** details the costs which may be recovered incidental to a matter. During 2021-22 the Board’s accumulated hearing costs totaled \$1,460,145. Further details regarding the Board’s recoverable costs can be found in Note 6 to the Board’s Financial Statements (Appendix I).

Highlights and Partnerships

The Board's primary focus is to ensure that it can effectively and efficiently respond to matters which arise in the context of its regulatory mandate. In addition to responding to applications from regulated entities, 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 2021-22 the Board issued 37 orders under the **Public Utilities Act**, 55 orders under the **Automobile Insurance Act**, 64 orders under the **Petroleum Products Act**, four orders under the **Motor Carrier Act** and one order under the **Expropriation Act**. A complete list of these orders can be found on the Board's website (www.pub.nl.ca).

Highlights for 2021-22 are as follows:

Public Utility Regulation

Thirty-seven orders were issued during 2021-22 under the Board's public utilities regulatory mandate. A summary of the major public utility decisions and on-going matters is outlined below.

- On April 7, 2021, in Order No. P.U. 12(2021), the Board approved capital expenditures for Newfoundland Power's Customer Service System Replacement Project (the CSS Project), in the amount of \$9,903,000 in 2021, \$15,826,000 in 2022 and \$5,917,000 in 2023. The CSS Project, originally requested as part of Newfoundland Power's 2021 Capital Budget Application, was heard as a separate matter. On June 23, 2021 the Consumer Advocate filed an application requesting a stay of the Board's order pending a final determination of the Court of Appeal of Newfoundland in the Consumer Advocate's appeal of Order No. P.U. 12(2021). On September 15, 2021, in Order No. P.U. 29(2021), the Board dismissed the Consumer Advocate's request stating it did not believe that there is serious issue to be tried in relation to the use of its capital budget application guidelines or in the decision to vary from the established process to provide an additional opportunity to request information from the utility and that the legislation provides the Board with broad authority with respect to the processes to be followed in its proceedings. On October 7, 2021 the Court of Appeal denied the Consumer Advocate's application for Leave to Appeal.
- On May 12, 2021, in Order No. P.U. 15(2021), the Board approved, among other things, Hydro's request for recovery and allocation of (i) the 2020 Isolated System Supply Deferral Account credit balance of \$3,997,976, (ii) the 2020 Revised Energy Supply Cost Variance Deferral Account debit balance of \$59,382,250, and (iii) the 2020 Holyrood Conversion Rate Deferral Account credit balance of \$407,412.
- On May 27, 2021 Newfoundland Power filed a general rate application requesting approval of, among other things, a proposed overall average rate increase of

approximately 0.8 per cent to be effective March 1, 2022 and a proposed rate of return on average rate base of 7.19 per cent and 6.97 per cent for 2022 and 2023 respectively. On June 12, 2021 the Board published a Notice of Application and Pre-Hearing Conference providing details on the application and review process and inviting participation from interested persons or organizations.

Following settlement discussions facilitated by the Board between Newfoundland Power, the Consumer Advocate and Hydro (the parties) a Settlement Agreement between the parties was filed on November 23, 2021. The Settlement Agreement stated that all of the issues arising from the application were agreed, including operating costs, forecasting, rate design and structure, certain amortizations, revenue requirements and return on rate base.

On December 7, 2021, Newfoundland Power filed an amended application reflecting the Settlement Agreement, proposing a 1.1 per cent average decrease in rates for each class of service, effective March 1, 2022 and a rate of return on average rate base of 6.61 per cent and 6.39 per cent for 2022 and 2023 respectively. On February 16, 2022 the Board approved the amended application in Order No. P.U. 3(2022).

- On July 16, 2021 Hydro filed an application for approval of the construction of Phase 1 of a proposed long-term supply plan for Southern Labrador. The application proposed a single large regional diesel generating station interconnecting four communities in Southern Labrador with an estimated Phase One cost of \$50 million, Phase Two cost of \$15.2 million and Phase Three cost of \$7.5 million. On November 10, 2021 Hydro requested a cessation in the review schedule to allow for continued stakeholder engagement and consultation. The Board paused the schedule with Hydro providing updates on the consultation progress. On January 31, 2022 Hydro notified the Board that it had completed its consultation and requested the review schedule continue. The review of this application is ongoing.
- On August 20, 2021 the Board, in Order No. P.U. 28(2021), approved an application from Hydro for capital expenditures in the amount of \$2,436,800 for the purchase of a diesel generator unit for the Ramea Diesel Generating Station.
- On November 8, 2021, in Order No. P.U. 31(2021), the Board approved Hydro's application for a Second Amended and Restated Pilot Agreement for the Optimization of Hydraulic Resources which further extended the term of the Pilot Agreement between Hydro and Nalcor Energy Marketing to facilitate ponding and spill energy activities so as to avail of potential opportunities associated with energy markets external to Newfoundland and Labrador.
- On December 8, 2021, in Order No. P.U. 33(2021), the Board approved new deferral accounts, changes to existing deferral accounts, and an accounting deviation, associated with the commissioning of the Muskrat Falls Project.

Changes in Island Interconnected System supply costs as well as the potential for incurrence of Muskrat Falls Project costs in advance of Hydro's ability to recover from customers required Hydro to revise its supply cost deferral accounts to ensure the transfers to its supply cost deferral accounts reflect the system cost variances that will occur from that point forward. On February 21, 2022, in Order No. P.U. 4(2022), the Board approved further changes to various deferral account definitions, approval of changes to the rules and regulations applicable to the Rate Stabilization Plan, and other matters reflecting the determinations set out in Order No. P.U. 33(2021).

- On June 16, 2021 Hydro filed an application for approvals to execute electrification programming identified in the Electrification, Conservation and Demand Management Plan 2021-2025 (the Plan) jointly developed by Hydro and Newfoundland Power. This application follows the filing by Newfoundland Power in December 2020 of its 2021 Electrification, Conservation and Demand Management application which also included electrification programming proposals. Both applications requested approval of supplemental 2021 capital expenditures associated with electric vehicle charging stations to be installed by each of the utilities as well as approval to defer other costs associated with the joint electrification initiatives and use of the same economic test for evaluation of the cost-effectiveness of the customer electrification programs. Following review of the record for both applications the Board determined that the two applications should be joined and proceed as one matter on the basis that this would be more efficient and allow for a consistent approach in terms of required regulatory approvals and oversight. In Order No. P.U. 30(2021) issued September 29, 2021 the Board approved supplemental 2021 capital expenditures for the deployment of electric vehicle stations of \$1,500,000 for Newfoundland Power and \$1,600,000 for Hydro. The review of the aspects of the Plan not associated with the approval of 2021 supplemental expenditures is ongoing.
- On December 20, 2021, in Order No. P.U. 36(2021), the Board approved i) Newfoundland Power's 2022 Capital Budget¹ of \$108,121,000 and ii) fixed and determined the average rate base for the year ended December 31, 2020 at \$1,181,897,000 with the Reasons for Decision to be issued separately. On January 4, 2022 the Consumer Advocate filed notice with the Board of an appeal of Order No. P.U. 36(2021). On January 31, 2022 the Board provided its Reasons for Decision.
- On December 20, 2021, in Order No. P.U. 37(2021), the Board approved Hydro's 2022 Capital Budget² of \$84,163,400, and fixed and determined the average rate

¹ On July 7, 2021 the Board advised the parties that one of the projects included in the proposed Distribution expenditures, the Electric Vehicle Charging Network project, would be considered separately from the rest of the Application and that a process for consideration of this project would be scheduled at a later date upon the conclusion of the electrification application filed by Newfoundland Power. The removal of this project reduced the proposed expenditures by \$1,530,000, resulting in a proposed 2022 Capital Budget of \$108,121,000.

² On November 19, 2021 Hydro requested that the Board defer its consideration of the Mary's Harbour

base for the year ended December 31, 2020 at \$2,310,559,000 with the Reasons for Decision to be issued separately. On April 20, 2022 the Board provided its Reasons for Decision.

- On December 20, 2021, following the work completed to date in the Board's Capital Budget Application Guidelines Review which began in 2019, the Board issued provisional Capital Budget Application Guidelines to be used in 2022 for the 2023 capital budget applications as well as other matters related to the Board's oversight of utility capital expenditures. Before the provisional guidelines are finalized and the review is concluded, the Board will seek further input from the stakeholder participants.

The Board also has a number of ongoing matters that were started in 2018 and 2019 and will carry over into the next reporting period. The Board's review of Hydro's Reliability and Resource Adequacy Study filed on November 16, 2018 has continued with a number of technical reports filed by Hydro in 2021-22. The Board has also continued to receive regular monitoring reports from Hydro on the status of integration of the Muskrat Falls Project with the Island Interconnected system, including the status of the Labrador-Island Link as well as near-term generation adequacy before and after the integration of the Muskrat Falls Project.

The Board also issued a number of orders arising from supplementary applications for 2021-22 capital spending, contributions in aid of construction, and various other financial and accounting matters for both Hydro and Newfoundland Power.

Automobile Insurance Regulation

The Board received a total of 55 rate filings and issued 56 Orders for automobile insurance in 2021-22. The Board also issued five information bulletins to industry in connection with various automobile insurance matters such as updated loss trends, IAO advisory rates, updated CLEAR rate group tables and the 2022 Health Levy. All Orders and information bulletins issued throughout the year are posted on the Board's website.

At the start of the COVID-19 pandemic, the Board implemented a simplified filing process to allow insurers to provide temporary relief to consumers in an expeditious manner outside the normal filing process. The Board received four new requests for consumer relief measures in 2021-22, all related to capping premium increases. This brings the total number of relief measures approved by the Board to 42 since April of 2020. The Board will continue to allow insurers to file temporary relief measures for the duration of the pandemic.

Voltage Conversion Project to convert the existing 4.16 kV distribution system in Mary's Harbour to 25 kV to address an under-voltage condition arising from a load addition as it is predicated on the approval of Hydro's Long-Term Supply for Southern Labrador – Phase 1 supplemental application currently before the Board. The removal of this project reduced the proposed expenditures by \$550,600, resulting in a proposed 2022 Capital Budget of \$84,163,400.

On June 1, 2021 the Board received a rate filing from Facility Association (Facility) to introduce a profit provision in its rates for Private Passenger Automobiles. This represented a policy change for the Board as none of Facility's rates in the province previously included profit. Following a full review and public notice, the Board approved Facility's proposal in Order No. A.I. 52(2021) issued December 3, 2021 making Newfoundland and Labrador the final jurisdiction in which Facility operates to allow a profit provision. Facility advised that it intends to include a profit provision in future rate filings for all remaining classes of business in the province.

The Board utilizes a compliance audit program to periodically review the rates and rating practices of regulated automobile insurers to ensure they are in accordance with the Board approved rating programs and legislated provisions set out in the **Automobile Insurance Act** and the **Insurance Companies Act**. The Board was unable to complete any compliance audits during 2021-2022 due to the COVID-19 pandemic and the restriction on staff from visiting the offices of insurers. The information required to complete compliance audits is protected as personal and private under the **Access to Information and Protection of Privacy Act, 2015** and can only be obtained with in-person reviews of the individual insurance files.

Based on the 2020 Report of the Superintendent of Insurance, the latest information available, there were 38 automobile insurers reporting positive direct premiums written of \$481,593,000 in the province, compared to \$467,604,000 in the previous year. The market continues to show a high level of concentration with 88% of the automobile insurance business written by the top 10 insurers. When common ownership among companies is considered, there are four company groups writing approximately 86% of all business. On June 1, 2021 Intact Financial Corporation completed an acquisition of RSA Insurance Group which further impacted the concentration of the insurance market. It is estimated that Intact Financial Corporation now writes approximately 53% of all automobile insurance business in the province and owns the top three insurers based on direct premium written (i.e., Novex Insurance Company, Unifund Assurance Company and Intact Insurance Company).

Petroleum Products Pricing Regulation

Price Adjustment Information

For the period April 1, 2021 to March 31, 2022 there were 60 maximum price adjustments for regulated fuels, seven of which were extraordinary price adjustments.³ A summary of the regular maximum price adjustments and the extraordinary maximum price adjustments are provided in the tables below:

Summary of Regularly Scheduled Maximum Price Adjustments⁴		
Fuel Product	Change in Maximum Price	Maximum Price Range (Cents Per Litre)
Gasoline Motor Fuel	34 Increases, 19 Decreases	139.1 – 201.1
Diesel Motor Fuel	37 Increases, 16 Decreases	133.9 – 234.4
Furnace Oil Heating Fuel	36 Increases, 17 Decreases	87.18 – 170.53
Stove Oil Heating Fuel	36 Increases, 17 Decreases	92.19 – 174.85
Propane Heating Fuel	37 Increases, 15 Decreases, 1 No Change	81.2 – 133.8

Summary of Extraordinary Maximum Price Adjustments		
Fuel Product	Change in Maximum Price	Effective Dates of Price Adjustments
Gasoline Motor Fuel	2 Increases, 2 Decreases	March 4, 2022 March 11, 2022 March 18, 2022 March 19, 2022
Diesel Motor Fuel	4 Increases, 2 Decreases	March 4, 2022 March 11, 2022 March 18, 2022 March 19, 2022 March 23, 2022 March 25, 2022

³ An extraordinary adjustment is an adjustment to maximum prices outside the normal weekly effective date, which is typically Thursday. Such maximum price adjustments may be implemented by the Board during significant commodity market volatility and resulting changes in the benchmarks used for product pricing.

⁴ Directional changes and ranges of maximum prices noted in the table are for the base zone for each regulated petroleum product (i.e., Zone 1 for gasoline and diesel motor fuels, Zone 1ANE for furnace oil and stove oil heating fuels, and Zone 2 for propane heating fuel). Information may vary for other pricing zones.

Summary of Extraordinary Maximum Price Adjustments		
Fuel Product	Change in Maximum Price	Effective Dates of Price Adjustments
Furnace Oil Heating Fuel	4 Increases, 2 Decreases	March 4, 2022 March 11, 2022 March 18, 2022 March 19, 2022 March 23, 2022 March 25, 2022
Stove Oil Heating Fuel	4 Increases, 2 Decreases	March 4, 2022 March 11, 2022 March 18, 2022 March 19, 2022 March 23, 2022 March 25, 2022

Changes to Mark-ups, Zone Differentials and Suspensions of Price Adjustments

In 2021-22 following review of cost information filed by suppliers of propane heating fuel in the province, the Board approved interim increases to the total allowed mark-ups for propane in most pricing zones in the province on an interim basis. Details with respect to these changes can be found in Order No. P.P. 19(2021).

Additional changes were approved by the Board for gasoline and diesel motor fuel and stove oil and propane heating fuel in pricing zones in Labrador following a review of pricing in the region in 2020-2021. These changes can be found in Order Nos. P.P. 25(2021), P.P. 33(2021), and P.P. 51 (2021) and included approval of changes, on an interim basis, to mark-ups, zone differentials and the suspension of maximum price adjustments in certain pricing zones in Labrador.

The Board’s review of the existing mark-ups and maximum prices for all regulated petroleum products in all areas of the province will continue in the next reporting period.

Changes to Taxation Applicable to Regulated Petroleum Products

Effective July 1, 2021 the Department of Finance introduced new carbon taxes for regulated motor fuels.⁵ The table below summarizes the changes to taxation applicable to the Board’s maximum pricing:

⁵ Department of Finance Bulletin No. RAA-CARBON-003 provides additional information in relation to the tax changes implemented.

Summary of Changes to Carbon Taxation Applicable to Regulated Petroleum Products (cents per litre)		
Product	Rates Effective November 7, 2020 to June 30, 2021	Rates Effective July 1, 2021
Gasoline	6.63	8.84
Diesel	8.05	10.73

Motor Carrier Regulation

Four orders were issued under the Board’s motor carrier mandate related to ambulance services: two for transfers of beneficial ownership, one for a new motor carrier certificate and one for the cancellation of an existing motor carrier certificate.

Expropriation

The Board issued one order under the **Expropriation Act** arising from an application filed in 2018 from then Minister of Works, Services and Transportation (now known as Transportation and Infrastructure).

Report on Planned Activities

This is the second reporting year of the 2020-23 activity planning cycle. The Board continues to build upon previously identified priority action areas to further strengthen the efficiencies realized and ensure continued support of an effective and responsive regulatory environment.

The Board’s work is responsive in nature. Work and activity plans are prepared around the Board’s annual regulatory calendar of routine filings and applications filed in compliance with previous Board orders and legislative requirements. While the Board has full control over its regulatory processes, circumstances beyond the Board’s control can significantly impact the Board’s regulatory calendar and work.

The fiscal year 2021-22 continued to be challenging. Due to the ongoing COVID-19 pandemic the Board’s Business Continuity Plan was adjusted as needed to allow the Board to continue to fulfill its regulatory mandate with minimal interruption to its schedules and ongoing work.

Consistent with Government’s strategic direction of a More Efficient Public Sector, the Board’s primary focus is continued regulatory responsiveness. The Board continues to streamline its regulatory framework and reduce regulatory costs, build on the efficiencies already achieved and continue to make improvements where required. The year 2021-22 has proven the Board’s ability to quickly adapt and implement required changes as deemed necessary. The Board’s progress in meeting its planned objective for 2021-22 is set out below.

Issue: Continued Regulatory Responsiveness

ISSUE: Continued Regulatory Responsiveness	
Objective	By March 31, 2022 the Board will have enhanced effective and efficient regulation.
Indicator	Enhanced regulatory response
<p>Regulatory response was enhanced. During the year Board schedules and timelines were met as planned ensuring continued regulatory responsiveness.</p> <p>During the reporting period the Board received 34 applications and 114 compliance filings related to its public utility mandate. Seventy-one per cent of decisions on these applications were issued within 60 days or less following completion of the record. The remaining ten applications related to major applications such as Newfoundland Power’s general rate application, capital budget and the electrification programming applications which involved significant information exchange processes and negotiated settlement days with parties and stakeholders. Of the 114 compliance filings filed with the Board, 95</p>	

per cent were reviewed within 45 days of receipt by the Board, with 89 per cent of these reviewed within 14 days of receipt.

The Board also continues to support the use of alternate processes to support effective information exchange and efficient processes, which can result in significant cost-savings and better outcomes. As an example, the Board-facilitated settlement agreement in Newfoundland Power’s general rate application resulted in an adjournment of a planned 13-day hearing, which saved consumers \$500,000 in regulatory costs, and a rate decrease.

Changes to the automobile insurance legislation as of January 1, 2020 set in place strict legislative deadlines for filing decisions. During the reporting period there were 55 rate filings and 56 applications compared with only 39 rate filing and applications in 2020-21, with 100 per cent of decisions and orders completed within the required legislative deadlines.

These outcomes are examples of how the Board has been able to meet and exceed regulatory response expectations and responsiveness.

Indicator	Strengthened Information Management capacity
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The Board’s information management capacity was strengthened with the upgrading of the Board’s information management software and with the development, approval and electronic configuration of the corporate records classification plan.

The information management software upgrade provides the Board with a web-based platform with more robust searching capabilities. Further software functionality was completed during the reporting period which has increased the efficiency and effectiveness of day-to-day operations.

The corporate records classification plan increases efficiency by providing appropriate access and more context to the Board’s corporate records as well as allowing for consistent application of retention and disposition of information. Corporate and operational records will now be stored and managed within the same database to allow for greater control of all Board records.

The information management capacity will be further strengthened during the year as new processes are developed and put in place to streamline the management of corporate information.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Indicator	Enhanced website
<p>During the reporting period the website re-design was formally approved and will be ready to launch early in the next reporting period. The Board's website is classified as an information website. Based on feedback received the Board is confident that the re-design will provide readily available clear and concise information, particularly with respect to petroleum pricing.</p> <p>Improvements include a prioritized visual hierarchy with a simplified site map, increased white space and short and straightforward wording that will provide users with the most commonly searched information. The navigation bar has been simplified and optimized to ensure that the important pages are accessible within the minimal clicks criteria and the Question and Answers sections have been enhanced to provide more detailed information.</p>	
Indicator	Enhanced internal capacity to meet regulatory challenges
<p>Internal capacity continued to be enhanced during the reporting period with Commissioners and staff participating in education and training opportunities enhancing their regulatory skills to meet ongoing regulatory challenges.</p> <p>Participating in continued education and training provides opportunities for staff and commissioners to enhance their skills and acquire information and knowledge of emerging regulatory issues. Due to the limitations of travel due to COVID-19 restrictions, Board staff and Commissioners continued to participate in on-line training and education offered by: CAMPUT (Canadian Association of Members of Public Utility Tribunal); CARR (Canadian Automobile Insurance Rate Regulators Association); the Foundation of Administrative Justice, which assists tribunals and participants to evaluate and support competencies in administrative justice roles; EUCI Electricity Rate design courses; Memorial University's Human Resource certificate program; and the Newfoundland and Labrador Insurance Institute Chartered Insurance Professional program. These activities ensure that Commissioners and staff can meet continuing education and professional development requirements as well as personal development objectives.</p>	

Opportunities and Challenges Ahead

The Board expects another busy year in 2022-23. The Board is continuing to monitor the integration of the Muskrat Falls Project into the province's electrical system with an ongoing review of the reliability and resource adequacy of power supply in the province expected to move to the hearing stage in late fall 2022 or early winter 2023. There is also still considerable uncertainty with respect to the timing of Hydro's next general rate application. These proceedings will be lengthy and complex and are expected to attract significant public interest.

Petroleum products price regulation is also expected to be challenging as we move in to the next fiscal. The significant volatility in global commodity market prices for refined fuels has resulted in large price swings in maximum prices for regulated fuels in the province and heightened concern about how high fuel prices might go and the resulting impact on cost of living. While the Board understands these concerns the Board's mandate in this area is prescribed in legislation and requires maximum prices be set based on costs of supply and market-based benchmarks in accordance with an established formula. The Board will be updating its website early in the spring to provide more transparency and information with respect to the pricing components and methodology used for setting maximum prices. The Board has also engaged a consultant to review certain aspects of its pricing components and methodology with work expected to begin in early spring.

With respect to the Board's automobile insurance work the full impact of the mandate and process changes arising from the legislative amendments effective January 2020 will not be realized until this upcoming year as the Board completes its first full cycle of the new three-year mandatory filing schedule. As noted last year, the Board has realigned its regulatory staff to be able to respond to the resulting increased work and is confident that it is able to effectively continue to meet its regulatory responsibilities in this area.

There is also still much uncertainty surrounding the COVID-19 pandemic. While all staff had returned to the office to work by April 2021 the Board's Business Continuity Plan remained in effect so that the Board would be able to quickly respond to any public health directives with minimal impact on its operations. Based on the success with our business continuity plan during the year, in early 2022 the Board implemented a pilot flexible work policy to allow staff and Commissioners the opportunity to avail of alternate work arrangements, including scheduled work-from-home and compressed work and flex-time arrangements. This initiative has been well received and will be reviewed mid-year.

In November 2021 Government announced a review of the **Public Utilities Act** to ensure the Act is up to date, reflects best practices, and achieves its objectives in the best interests of the people of the province. In late March Government also announced its intention to improve the price setting process for regulated fuels used by the Board. The Board welcomes these reviews and looks forward to being able to contribute to meaningful change that will result in a modernized legislative framework that will effectively serve both regulated entities and consumers.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

The Board's primary focus will be to maintain an organization that is responsive to change and is capable of meeting challenges while completing its ongoing regulatory work. Over the next two years the Board will focus on further strengthening the efficiencies realized and ensuring continual support of an effective and responsive regulatory environment.

Appendix I

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2022**

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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MANAGEMENT'S REPORT

Management's Responsibility for Board of Commissioners of Public Utilities Financial Statements

The accompanying financial statements are the responsibility of the management of Board of Commissioners of Public Utilities (the Board) and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Association of Chartered Professional Accountants of Canada. Management is responsible for the integrity and objectivity of these statements, all the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Chair and CEO are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The internal financial statements are reviewed by management on a quarterly basis and external audited financial statements on an annual basis.

Noseworthy Chapman, as Board of Commissioners of Public Utilities appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Chair and CEO and appears on the following page. Their opinion is based upon examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and the results of the Board of Commissioners of Public Utilities in accordance with Canadian public sector accounting standards.

On behalf of the Board of Commissioners of Public Utilities.

Chair and Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT

To the Chair and the CEO of the Board of Commissioners of Public Utilities

Opinion

We have audited the financial statements of Board of Commissioners of Public Utilities (the Board), which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of changes in net financial assets, statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2022, and the results of its operations and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)



Independent Auditor's Report to the Members of Board of Commissioners of Public Utilities *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nosworthy Chapman

Chartered Professional Accountants
St. John's, NL
June 1, 2022

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position Year Ended March 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 1,820,781	\$ 1,667,490
Receivables (Note 4)	956,212	148,892
HST receivable (Note 5)	-	15,855
Recoverable costs (Note 6)	360,042	816,468
	\$ 3,137,035	\$ 2,648,705
LIABILITIES		
Payables and accruals	87,218	180,051
Government remittances payable	1,359	6,699
HST payable (Note 5)	104,745	-
Payroll accruals	725,248	860,785
	918,570	1,047,535
NET FINANCIAL ASSETS	\$ 2,218,465	\$ 1,601,170
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	\$ 57,649	\$ 66,991
Prepaid expenses	1,781	6,785
	59,430	73,776
ACCUMULATED SURPLUS	\$ 2,277,895	\$ 1,674,946
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	\$ 57,649	\$ 66,991
Internally restricted (Note 10)	1,728,872	1,653,841
Unrestricted	491,374	(45,886)
	\$ 2,277,895	\$ 1,674,946

Commitments (Note 13)

On Behalf of the Board:



Chairperson and CEO



Director of Corporate Services

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations Year Ended March 31, 2022

	Budget 2022 (Note 14) (Unaudited)	2022	2021
REVENUES			
Regulatory assessments	\$ 3,100,172	\$ 3,145,797	\$ 2,927,052
Interest and other income	8,500	6,842	8,097
	3,108,672	3,152,639	2,935,149
EXPENDITURES			
Amortization		\$ 33,482	\$ 31,097
Consulting fees	414,600	202,095	428,636
Office equipment, supplies, and services	109,043	86,552	74,208
Rent and insurance	321,265	320,249	345,230
Salaries and associated costs (Note 12)	2,117,258	1,841,087	2,131,412
Telecommunications	46,380	41,686	42,628
Training and membership	71,925	24,539	36,906
Travel	19,164	-	-
	3,099,635	2,549,690	3,090,117
Excess of revenues over expenditures (expenditures over revenues)	\$ 9,037	\$ 602,949	\$ (154,968)

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Financial Assets Year Ended March 31, 2022

	Budget 2022 (Note 14) (Unaudited)	2022	2021
Annual surplus (deficit)	\$ 9,037	\$ 602,949	\$ (154,968)
Changes in tangible capital assets			
Acquisition of tangible capital assets		(24,140)	(21,947)
Amortization of tangible capital assets		33,482	31,097
	-	9,342	9,150
Change in other non-financial assets			
Assessment increase (reduction)		-	(376,380)
Net acquisition of prepaid expenses		5,004	6,282
	-	5,004	(370,098)
Increase (decrease) in net assets	9,037	617,295	(515,916)
Net financial assets, beginning of year	1,601,170	1,601,170	2,117,086
Net financial assets, end of year	\$ 1,610,207	\$ 2,218,465	\$ 1,601,170

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows Year Ended March 31, 2022

	2022	2021
Operating transactions		
Cash receipts from assessments and other revenues	\$ 2,361,174	\$ 4,210,010
Cash paid to suppliers and employees	(2,640,169)	(3,147,306)
Cash from (used in) operating transactions	(278,995)	1,062,704
Hearing and review transactions		
Decrease (increase) in recoverable costs	456,426	(192,733)
Cash used in hearing and review transactions	456,426	(192,733)
Capital transactions		
Purchase of tangible capital assets	(24,140)	(21,947)
Cash used in capital transactions	(24,140)	(21,947)
Increase (decrease) in cash during year	153,291	848,024
Cash position, beginning of year	1,667,490	819,466
Cash position, end of year	\$ 1,820,781	\$ 1,667,490

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2022

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 just and reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of maximum 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, HST receivable/payable, recoverable costs, payables and accruals, 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, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

Cash

Cash includes cash in bank and balances with financial institutions, net of overdrafts.

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, 2022

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 expenditures 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

On May 31, 2018, the Province of Newfoundland and Labrador enacted legislation affecting severance pay for employees. As a result of the legislation, employees with at least one year of service were entitled to one week of salary for each complete year of service, up to a maximum of 20 weeks. No additional severance is to be accrued beyond May 31, 2018. Employees impacted by this change could elect to either receive all of their entitlement by March 31, 2019 or defer receiving their entitlement to a later date. The severance liability as of March 31, 2022 represents severance owing to employees who deferred receiving their severance entitlement.

(ii) Pension fund

Employees and Commissioners 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.

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.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures

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

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

Cost allocations to/from commonly controlled entities are recorded on a gross basis.

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. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time of preparation of the financial statement and 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, 2022:

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, 2022

4. RECEIVABLES

	2022	2021
Revenues receivable	\$ 956,212	\$ 148,892

5. HST PAYABLE (RECEIVABLE)

	2022	2021
HST receivable from federal government	\$ (16,002)	\$ (15,855)
HST payable to federal government	120,747	-
	\$ 104,745	\$ (15,855)

6. RECOVERABLE COSTS

	2022	2021
Recoverable costs, beginning of year	\$ 816,468	\$ 623,735
Add - specific enquiry costs incurred during the year:		
Consumer Advocate	679,000	261,893
Consulting fees	548,371	1,078,238
Legal	113,514	68,262
Advertising and notice	9,029	3,824
Transcription and printing	973	7,270
Other	109,258	264
	1,460,145	1,419,751
	2,276,613	2,043,486
Less - costs recovered during the year	(1,916,571)	(1,157,807)
Less - costs deemed non recoverable	-	(69,211)
Recoverable costs, end of year	\$ 360,042	\$ 816,468

See also Note 11.

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, 2022, the balance outstanding was \$Nil (2021- \$Nil).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2022

8. TANGIBLE CAPITAL ASSETS

				2022
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 292,291	\$ 315,911	\$ 239,488	\$ 847,690
Additions	-	24,140	-	24,140
Disposals	7,300	-	-	7,300
Closing balance	284,991	340,051	239,488	864,530
Accumulated amortization				
Opening balance	264,855	291,823	224,021	780,699
Amortization	5,487	19,507	8,488	33,482
Disposals	7,300	-	-	7,300
Closing balance	263,042	311,330	232,509	806,881
Net book value	\$ 21,949	\$ 28,721	\$ 6,979	\$ 57,649
2021				
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 292,291	\$ 293,964	\$ 239,488	\$ 825,743
Additions	-	21,947	-	21,947
Disposals	-	-	-	-
Closing balance	292,291	315,911	239,488	847,690
Accumulated amortization				
Opening balance	257,996	276,073	215,533	749,602
Amortization	6,859	15,750	8,488	31,097
Disposals	-	-	-	-
Closing balance	264,855	291,823	224,021	780,699
Net book value	\$ 27,436	\$ 24,088	\$ 15,467	\$ 66,991

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2022

9. NON-VESTED SICK LEAVE PAYOUTS

Prior to a change in government policy, several employees were permitted to accumulate unused sick day credits. As of March 31, 2022, there is one employee who has 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, 2022 are as follows:

	2022	2021
Redundancy pay contingency	\$ 1,216,242	\$ 1,135,729
Working capital	512,630	518,112
	\$ 1,728,872	\$ 1,653,841

11. INTER-ENTITY TRANSACTIONS

The Board incurs costs in relation to hearings held to deliver on its mandate which are recoverable from industry participants at cost. A portion of these costs are recoverable from Newfoundland and Labrador Hydro, an entity under common control.

	2022	2021
Beginning balance	\$381,865	\$238,820
Costs incurred	472,116	952,143
Costs recovered	(576,950)	(809,098)
Ending balance	\$277,031	\$381,865

The Board has also charged Newfoundland and Labrador Hydro assessment fees in the amount of \$916,414 (2021: \$933,941).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2022

12. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Employees and Commissioners of the Board are subject to the *Public Service Pension 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 \$180,132 (2021 - \$175,385) is included in salaries and associated costs.

The Board was also obligated to make pension payments to a former Commissioner in the amount of \$2,043 per month (\$24,516 per annum). These payments are paid directly by the Board out of operating expenditures. An estimated liability in the amount of \$Nil (2021 - \$208,617), has been included in the financial statements, and reflects the present value of the pension obligation based on an average life expectancy of 87 years and a discount rate of 2.14% in the prior year. During the year, the former Commissioner passed away and as such the pension liability ceased as of the date of death. This resulted in a reversal of estimated pension liability in the amount of \$202,487 and a credit to salaries and associated costs.

13. COMMITMENTS

The Board has a premises lease agreement in the amount of \$26,254 plus HST per month (\$315,045 plus HST per annum), concluding May 31, 2023. Future minimum lease payments as at year end are as follows:

2023	\$52,508
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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, 2022**

Commissioners

Chair and Chief Executive Officer..... Darlene Whalen
Vice-Chair..... Dwanda Newman
Full-time Commissioner..... John O'Brien
Full-time Commissioner..... Christopher Pike

Staff

Director of Corporate Services and Board Secretary..... Cheryl Blundon
Director of Regulatory and Legal Services Jacqueline Glynn
Financial Officer..... Calvin Green
Senior Engineering AdvisorMike Janes
Senior Financial AdvisorKim Simms
Regulatory Advisor Mike McNiven
Regulatory Advisor Ryan Oake
Regulatory Analyst Travis Fisher
Regulatory Analyst Matt Aylward
Information Technology Specialist Wesley Howe
Records Administrator Sara Kean
Administrative Assistant Colleen Jones
Administrative Assistant Renee Reardon
Administrative Assistant Colleen Sutton

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