

**ANNUAL REPORT
YEAR ENDING MARCH 31, 2023**

Table of Contents

Message from the Chair	3
Overview	4
Organization	4
Mandate and Lines of Business	5
Vision	5
Key Statistics	6
Financial Information	6
Highlights and Partnerships	7
Public Utility Regulation	7
Automobile Insurance Regulation	9
Petroleum Products Pricing Regulation	10
Report on Planned Activities	14
Opportunities and Challenges Ahead	17
Appendix I Financial Statements Year End March 31, 2023	18

Message from the Chair

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, 2023. This report was prepared under direction of the vice-chair and in accordance with the **Transparency and Accountability Act**. On behalf of the Board, I am accountable for the results as outlined in the report.

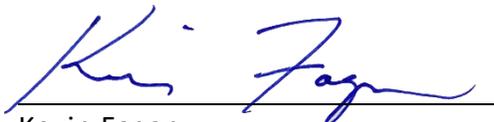
This is the last reporting year for the 2020-23 period in which the Board's strategic priorities focused on improving the efficiency of its regulatory tools and streamlining its regulatory framework while ensuring appropriate resources are available to effectively deliver its mandated responsibilities.

I am pleased to report on the Board's achievements in 2022-23. The Board successfully launched its new website which provides more information in a more user-friendly format. This has improved accessibility and transparency for all stakeholders for all aspects of the Board's activities, particularly petroleum products pricing.

This was another busy year for the Board in its regulatory activities. In addition to routine public utility regulatory matters, the Board continued its monitoring of the integration of the Muskrat Falls Project into the province's electrical system and its ongoing review of the reliability and resource adequacy of the power supply in the province. The Board also participated in the provincial Government's review of the Board and the **Public Utilities Act**, providing information and considerations for Government in a detailed submission.

Petroleum products pricing regulation activities continued to be challenging this year. On-going volatility in global commodity market prices for refined fuels and the associated adjustments to maximum prices continued to contribute to heightened public concerns about fuel prices. Issues related to fuel pricing will be part of the review of the regulation of maximum prices of petroleum products which the Board began this year at the direction of the Provincial Government.

The retirement in January of the Chair and CEO, Darlene Whalen brought new challenges for the Board. Ms. Whalen, who started with the Board in 1994, was a key member of the Board and as a result of her retirement, the Board was without a Chair and CEO and a full complement of four commissioners for the last part of the year. I commend the vice-chair, the commissioners and Board staff for their contributions during what has been a particularly busy and challenging year.



Kevin Fagan
Chair

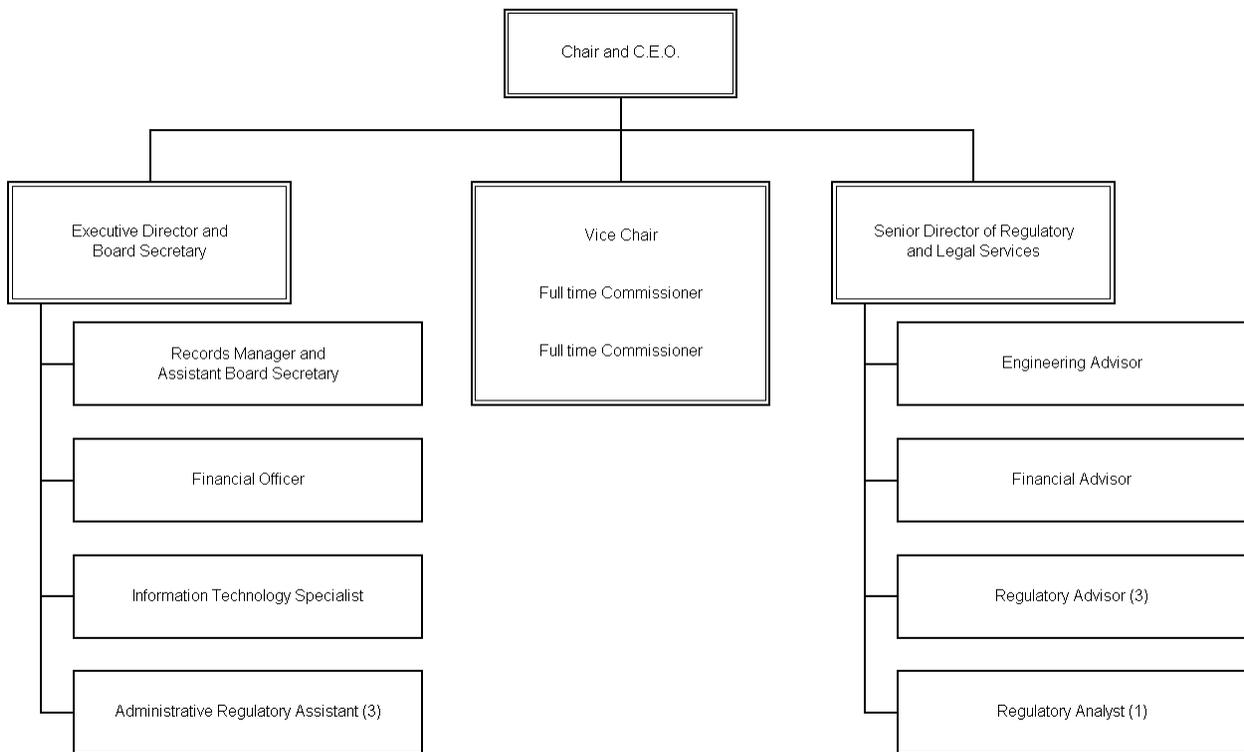
Overview

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 and the Vice-Chair the authority to exercise the powers of the Chair in his or her absence. In addition to the four commissioners, the Board has a professional staff of 14 permanent full-time staff positions located in St. John's.

The Board's functional organizational structure is shown in the Organizational Chart below. Regulatory and Legal Services oversees the Board's regulatory mandate and has responsibility for coordination and management of applications, research, investigations, compliance monitoring, financial/technical reviews and customer complaints. The Executive Director is responsible for corporate services which involves management of the internal administrative functions of the Board including finance, communications, information technology and human resources.

Board of Commissioners of Public Utilities
Organizational Chart
At March 31, 2023



Mandate and Lines of Business

The Board is an independent, quasi-judicial regulatory body constituted under the **Public Utilities Act**.

The Board is responsible for the regulation of electric utilities in the province to ensure that the rates charged are just and reasonable and that the service provided is safe and reliable. The Board is also responsible for the supervision of rates charged by automobile insurers in the province. Since 2004 the Board has been responsible for petroleum products pricing in the province. The Board also has limited responsibilities with respect to the motor carrier industry and setting compensation under the **Expropriation Act**. The Board's jurisdiction is defined by the following legislation:

- i) **Public Utilities Act**
- ii) **Electrical Power Control Act, 1994**
- iii) **Petroleum Products Act**
- iv) **Automobile Insurance Act**
- v) **Insurance Companies Act**
- vi) **Motor Carrier Act**
- vii) **Expropriation Act**
- viii) **Public Utilities Acquisition of Lands Act**

These acts fall under the responsibility of various departments of Government, including the Departments of Justice and Public Safety, Digital Government and Service NL and Industry, Energy and Technology.

In fulfilling its regulatory responsibilities, the Board conducts public hearings, technical conferences, stakeholder meetings, compliance monitoring, audits, 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 Utilities Act**, **Public Inquiries Act** and **Board of Commissioners of Public Utilities Regulations, 1996**. Orders issued by the Board have the force of law and can only be appealed to the Supreme Court of Newfoundland and/or the 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.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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 313,000 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 \$502 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 2022-23 were \$3,063,997. The comparative expenditures for the previous five-year period are shown below:

Board of Commissioners of Public Utilities					
Expenditures					
Year End-March 31					
	2019	2020	2021	2022	2023
Operating Total	\$3,046,568	\$2,453,206	\$3,090,117	\$2,549,690	\$3,063,997
Hearings - Board	\$2,159,879	\$5,373,499	\$1,157,858	\$781,145	\$509,512
Hearings - Consumer Advocate	\$440,715	\$525,615	\$261,893	\$679,000	\$254,158
Hearings - Total	\$2,600,594	\$5,899,114	\$1,419,751	\$1,460,145	\$763,670
Total Expenditures	\$5,647,162	\$8,352,320	\$4,506,868	\$4,009,835	\$3,827,667

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 2022-23 the Board assessed 67.70 per cent (\$2,076,325) of its annual operating budget to electrical utilities, 21.77 per cent (\$667,632) to automobile insurance companies and 10.53 per cent (\$322,776) 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 2022-23 the Board's accumulated

hearing costs totaled \$763,670. 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 effectively and efficiently responds to matters which arise in the context of its regulatory mandate. During 2022-23 the Board issued 35 orders under the **Public Utilities Act**, 33 orders under the **Automobile Insurance Act**, 101 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 2022-23 are as follows:

Public Utility Regulation

During 2022-23 the Board issued 35 orders as part of its public utility regulation mandate related to the following:¹

- 13 Capital Budget and Expenditures;
- 7 Customer Rates;
- 6 Deferrals, Accounts and Reserves (Financial and Accounting Matters);
- 4 Rules and Regulations (Service Agreements);
- 3 Contribution in Aid of Construction;
- 1 Abandonment of Plant; and
- 1 Stakeholder Costs Award.

The Board's supervision of the utilities also included monitoring of various aspects of utility operations and the review of compliance filings throughout the year.

The Board also participated in the Provincial Government's legislative review of the Board and the legislation under its mandate.

The significant matters that were before by the Board during 2022-23 are summarized below.

Customer Rates

The Board approved Hydro's application for July 1, 2022 Utility Rate adjustments and the associated flow through rate adjustments for other customers of Hydro and Newfoundland Power.² The approved Utility Rate reflected the implementation of a Project Cost Recovery Rider

¹ Orders are available on the Board's website at http://www.pub.nl.ca/PU_orders2023.php.

² Order Nos. P.U. 19(2022), P.U. 20(2022), P.U. 21(2022), P.U. 25(2022).

to begin recovery of the costs associated with the Muskrat Falls Project, including the Muskrat Falls Power Purchase Agreement. The July 1, 2022 rates also provided for disposition of balances accumulated in the Rate Stabilization Plan (RSP) up to October 31, 2021 when the operation of the Rate Stabilization Plan was discontinued, as well as the elimination of the RSP Fuel Rider.

The Board also approved Hydro's applications for the July 1, 2022 and January 1, 2023 rate adjustments for the Island Industrial Customers.³

On September 15, 2022 Hydro filed an application for a non-firm rate on the Labrador Interconnected System to allow Hydro to provide non-firm service to a limited number of customers considering the availability of non-firm transmission capacity.⁴ On March 29, 2023 Hydro filed a revision to its application to provide additional information. The review of this application is ongoing.

Capital Approvals

The Board approved the utilities' 2023 annual capital budgets for Newfoundland Power in the amount of \$122,869,000 and Hydro in the amount of \$90,828,700.⁵ The Board also addressed supplemental capital applications filed by the utilities which included significant capital expenditures in relation to:

- the refurbishment of Penstock 1 at the Bay d'Espoir Hydroelectric Generating Facility;⁶
- the extension of operations at the Holyrood Thermal Generating Station;⁷ and
- the construction of a large regional diesel generating station interconnecting four communities in Southern Labrador.⁸

The Board issued provisional Capital Budget Application Guidelines to be used for the 2023 capital budget applications as well as supplemental capital budget applications. These guidelines will be reviewed again before being finalized by the Board.

³ Order Nos. P.U. 23(2022) and P.U. 3(2023) respectively.

⁴ Non-firm rates apply to non-firm energy, the delivery or receipt of which may be interrupted at any time to deal with system constraints.

⁵ The Board also approved Newfoundland Power's 2021 average rate base of \$1,202,946,000 and Hydro's 2021 average rate base of 2,321,756,000.

⁶ Hydro requested \$50,606,700 for refurbishment of Penstock 1 at the Bay d'Espoir Hydroelectric Generating Facility. This review is ongoing.

⁷ Order Nos. P.U. 17(2022), P.U. 24(2022), P.U. 30 (2022).

⁸ The review of this application is ongoing. The estimated cost of the proposed long-term supply plan for Southern Labrador was \$49.2 million in Phase One, \$15.2 million in Phase Two and \$7.5 million in Phase 3. On March 31, 2023, Hydro filed an Integrated Resource Plan for Southern Labrador completed by its consultant Midgard Consulting Inc.

Electrification

During the year, the regulatory process continued relating to the applications filed by both utilities in previous years relating to the Electrification, Conservation and Demand Management Plan 2021-2025, jointly developed by Hydro and Newfoundland Power. Both applications requested approval of supplemental 2021 capital expenditures associated with electric vehicle charging stations to be installed by each of the utilities. The proposed 2021 supplemental expenditures had been approved in 2021, however, the Board substantially denied the remaining electrification proposals in its final order in 2022.⁹ The Board stated that it while it continued to believe in the potential benefits of appropriate electrification programming for this province, planned electrification initiatives must be shown to be appropriate in the circumstances through evidence which demonstrates customer and system benefits and also must be consistent with the provision of least-cost service and good utility practice.

Reliability and Resource Adequacy

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 2022-23. 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.

Government Review

On May 10, 2022, the Provincial Government announced a review of the Board of Commissioners of Public Utilities and the legislation under its mandate, including, among others, the **Public Utilities Act** and the **Electrical Power Control Act, 1994**. The Department of Justice and Public Safety requested submissions on specific aspects of the Board’s mandate and legislation and on any additional matters that the Board identified as relevant for consideration. On June 30, 2022 the Board filed its submission titled “Review of the Board of Commissioners of Public Utilities and Legislation” and subsequently provided further comments on the various submissions filed by the stakeholders participating in the review. The status of this review remained in progress as of March 31, 2023.

Automobile Insurance Regulation

During 2022-23 the Board received a total of 40 automobile insurance rate filings and issued 33 Orders for automobile insurance rating program changes. A breakdown of the vehicle types for which rate filings were received is as follows:

⁹ Order No. P.U.33(2022).

- 27 private passenger vehicle;
- 10 commercial and interurban vehicle; and
- 3 miscellaneous vehicle.¹⁰

Details regarding the specific changes included in each rate filing can be found on the Board's website by reviewing the applicable Board Orders (http://www.pub.nl.ca/AI_orders2023.php).

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 one request from an insurer to extend temporary consumer relief measures related to capping premium increases during 2022-23. The majority of relief measures implemented by insurers during the COVID-19 pandemic have now expired.

The Board received requests from three automobile insurers for approval of temporary accommodation rules to assist refugees arriving in Newfoundland and Labrador. These rules pertain to waiving certain documentation requirements with respect to past driving and claims experience to allow for lower premium levels. All requests received were approved for use and the Board continues to be supportive of efforts to provide relief to assist refugees.

The Board received a limited number of complaints and inquiries from consumers during the year. These were routine in nature and were generally in relation to rating practices of insurers or increases in premiums following the implementation of rate changes. In no case was there an identified violation of legislative provisions or Board orders regarding rates or rating practices that necessitated further action by the Board.

Based on the most recently available market information, 40 automobile insurers reported positive direct premiums written of approximately \$502 million in 2021, compared to \$482 million in 2020. The market continues to show a high level of concentration with 10 insurers writing approximately 87 percent of all the automobile insurance business. When common ownership among companies is considered, there are five insurer groups writing approximately 94 percent of all business in the province.

Petroleum Products Pricing Regulation

Price Adjustment Information

For the period April 1, 2022 to March 31, 2023 there were a total of 101 maximum price adjustments for regulated petroleum products, 49 of which were extraordinary maximum price

¹⁰ Miscellaneous vehicles are any of the following vehicles when used for personal use only: (i) motorcycles, (ii) all-terrain vehicles, (iii) mopeds, (iv) snowmobiles, (v) trailer homes, (vi) antique cars, and (vii) classic cars.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

adjustments.¹¹ A summary of the regular weekly maximum price adjustments and the extraordinary maximum price adjustments are provided in the tables below:¹²

Summary of Regular Weekly Maximum Price Adjustments April 1, 2022 to March 31, 2023		
Fuel Product	Change in Maximum Price	Maximum Price Range (Cents Per Litre)
Gasoline Motor Fuel	24 Increases, 27 Decreases, 1 No Change	151.9 – 228.4
Diesel Motor Fuel	21 Increases, 31 Decreases	188.9 – 298.2
Furnace Oil Heating Fuel	23 Increases, 28 Decreases, 1 No Change	123.63 – 208.12
Stove Oil Heating Fuel	28 Increases, 23 decreases, 1 No Change	129.65 – 213.55
Propane Heating Fuel	19 Increases, 31 Decreases, 2 No Change	104.0 – 128.9

Summary of Extraordinary Maximum Price Adjustments April 1, 2022 to March 31, 2023	
Fuel Product	Change in Maximum Price
Gasoline Motor Fuel	9 Increases, 11 Decreases
Diesel Motor Fuel	17 Increases, 17 Decreases
Furnace Oil Heating Fuel	18 Increases, 18 Decreases
Stove Oil Heating Fuel	14 Increases, 17 Decreases

¹¹ An extraordinary adjustment of maximum prices outside of the scheduled weekly adjustment may be made by the Board where it is warranted in the circumstances. These adjustments occur when the Board determines that it is necessary to change maximum prices to provide for the recovery of the costs of supply or to ensure that consumers do not pay more than necessary to provide for recovery of these costs.

¹² 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.

Changes to Taxation Applicable to Regulated Petroleum Products

Effective May 1, 2022 the Department of Finance introduced new carbon taxes for regulated motor fuels.¹³ The table below summarizes the changes to taxation applicable to the Board’s maximum pricing:

Summary of Changes to Carbon Taxation Applicable to Regulated Petroleum Products (Cents per Litre)		
Product	Rates Effective July 1, 2021 to April 30, 2022	Rates Effective May 1, 2022
Gasoline	8.84	11.05
Diesel	10.73	13.41

Effective June 2, 2022 the Department of Finance reduced the provincial fuel tax for regulated motor fuels.¹⁴ The table below summarizes the changes to taxation applicable to the Board’s maximum pricing:

Summary of Changes to Provincial Fuel Taxation Applicable to Regulated Petroleum Products (Cents per Litre)		
Product	Provincial Fuel Tax Rate in effect until June 1, 2022	Provincial Fuel Tax Rate as of June 2, 2022
Gasoline	14.5	7.5
Diesel	16.5	9.5

The Provincial Government recently extended the reduced provincial fuel tax rates for gasoline and diesel motor fuels noted above to March 31, 2024.

2022-23 Petroleum Products Pricing Review

On June 7, 2022 the Minister of Digital Government and Service NL, the Honourable Sarah Stoodley, directed the Board, pursuant to subsection 8.1(3) of the **Petroleum Products Act**, to review the following matters:

¹³ Department of Finance Bulletin No. RAA-CARBON-004 provides additional information in relation to the tax changes implemented.

¹⁴ Department of Finance Bulletin No. RAA-GAS-003 provides additional information in relation to the tax changes implemented.

- i) the suitability of the pricing mechanism for benchmark prices; and
- ii) the maximum mark-up between the wholesale price to the retailer and the retail price to the consumer for all regulated fuels (both of which comprise the total allowed mark-up).

The Minister also directed, pursuant to Subsection 8.1(5) of the **Petroleum Products Act**, that the Board hold a hearing as part of the review to enable direct public input from residents throughout Newfoundland and Labrador, through in-person, written and electronic correspondence.

The 2022-23 Petroleum Products Review (the “Review”) has continued throughout 2022-23 and is organized into three phases as follows:

- Phase I – Background and issue identification
- Phase II – Benchmarking and wholesale mark-ups
- Phase III – Retail mark-ups and other issues

Phase I concluded in March 2023. This Phase included the issuance of the following documentation:

- a report prepared by the Board’s consultant’s, Kalibrate Canada Inc., which provided an overview of global markets, a jurisdictional scan of regulated markets, and preliminary analyses of the Board’s maximum pricing in Newfoundland and Labrador compared to other Canadian jurisdictions.
- a consultation document prepared by the Board which included information with respect to fuel price regulation, the supply storage and distribution of petroleum products, how maximum fuel prices are established and the issues to be addressed in the Review.
- An issues list prepared by the Board setting out the issues to be addressed in the Review and the relevant issues raised in the comments and submissions filed with the Board as part of Phase I.

Phase II will include a review of the following matters: the current supply dynamics and changes since the last fuel storage and distribution study; the benchmark pricing mechanism, including the data sources, the calculation, blending adjustment frequency and extraordinary price adjustments; the geographic pricing zones; the wholesale mark-ups/zone differentials; and, the method for updating wholesale mark-ups/zone differentials.

Phase III will include a review of the retail mark-ups for all zones in the province, including the timing and process for the changes to the retail mark-ups. Other issues identified will also be reviewed in this phase of the Review.

The Board engaged R Cube Economic Consulting Inc. (R Cube) to complete work associated with Phase II and Phase III of the Review. R Cube’s Phase II work commenced in March 2023. Work on Phase III by R Cube is expected to commence in May 2023.

Report on Planned Activities

This is the final year of the 2020-23 activity planning cycle. The Board's primary focus in this period was regulatory responsiveness. The Board continued to build upon previously identified priority action areas to further strengthen the efficiencies realized.

The Board's mandate is broad and its work has significant impacts for stakeholders, who include electricity, automobile insurance and petroleum products customers and industry participants. 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, the Board's work is responsive in nature and circumstances beyond the Board's control can significantly impact the Board's regulatory calendar and work.

In 2022-23 the Board continued to monitor the integration of the Muskrat Falls Project into the province's electrical system and continued its ongoing review of the reliability and resource adequacy of power supply in the province. On June 30, 2022 the Board filed its submission in relation to Government's review of Public Utilities legislation announced on May 10, 2022. In its announcement government advised that "Information gathered during the review will help determine the policy direction for any potential legislative amendments in the future. The review of Public Utilities Board legislation is important to ensure the applicable legislation is up to date, reflects best practices, and achieves its objectives in the best interests of the people of the province, particularly in relation to gas prices and electrical utilities regulation." The Board is anticipating that the results of the review will be announced in the Spring of 2023.

The Board's Petroleum Products Pricing mandate is heavily influenced by global events and its activities were significantly impacted this year as a result of the ongoing volatility in global commodity market prices for refined fuels. In 2022 the Board began a review of the suitability of the pricing mechanism for benchmark prices, as well as the maximum mark-up between the wholesale price to the retailer, and the retail price to the consumer for all regulated fuels.

The Board's strategic priorities are focused on improving the efficiency of its regulatory tools, streamlining its regulatory framework and building and maintaining strong relationships with stakeholders and the public. 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 Board's progress in meeting its planned objective for 2022-23 is set out below.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Issue: Continued Regulatory Responsiveness

ISSUE: Continued Regulatory Responsiveness	
Objective	By March 31, 2023 the Board will have enhanced effective and efficient regulation.
Indicator	Enhanced regulatory response
<p>Regulatory response was enhanced and during the year Board schedules and timelines were met as planned.</p> <p>During the reporting period, the Board received 31 public utility applications and 107 compliance filings. Twenty-Nine (94.6 percent) of decisions for these applications were issued within 60 days following completion of the record. The remaining two applications were major applications which involved significant information exchange and lengthy proceedings. Of the 107 compliance filings, 90 percent were reviewed within 30 days of receipt by the Board, with 80 percent were reviewed within 14 days of receipt.</p> <p>Automobile Insurance Regulation NLR 56/19 directs the Board to approve, vary or prohibit a rate filing within 90 days from the date of receipt, and provides for a one-time review extension of up to 90 additional days. If the Board is unable to issue a decision within the time limits set by the regulations, the proposed rates are considered to have been approved in accordance with legislation. During the reporting period there were 40 automobile insurance rate filings compared with 55 rate filings in 2021-22, with 100 percent of decisions and orders completed within the required legislative deadlines.</p> <p>These activities demonstrate the Board’s commitment to an enhanced regulatory response and how the Board has been able to meet and exceed expectations to address the matters under its Mandate in a timely manner.</p>	
Indicator	Enhanced website
<p>During the reporting period, a re-designed website was launched mid-year with positive feedback. The aim of the website re-design was to improve website accessibility standards and to provide users with streamlined and more readily accessible information. The updated website can be viewed at the following link: http://www.pub.nf.ca/.</p> <p>The re-designed website has increased accessibility in a number of ways. The navigation bar was simplified and optimized to ensure that the important pages are accessible within the minimal clicks criteria. The addition of a “What’s New” section on the main page allows users to see all new information in one central location and information such as orders, applications, and compliance items can now be sorted via a number of different criteria.</p>	

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

The Question-and-Answer sections have been expanded to provide more clear and comprehensive information. New sections relating to petroleum products pricing were added to provide transparency with respect to the pricing components and methodology used for setting maximum prices.

Indicator	Strengthened Information Management capacity
------------------	--

The Board’s information management capacity was further strengthened during the reporting period as a number of corporate records are now filed according to the Board’s corporate classification plan. New processes have been developed and implemented to support the transition of records to the corporate classification plan and streamline the management of corporate information within the Board’s electronic information management system. Storing and managing both corporate and operational records within the Board’s electronic information management system provides the Board increased control of all its records.

The addition of records to the Board’s corporate classification enhances efficiency by providing appropriate access and more context to the Board’s corporate records. Filing records according to the corporate classification plan also allows for consistent application of retention and disposition of information.

Indicator	Enhanced internal capacity to meet regulatory challenges
------------------	--

Internal capacity continued to be enhanced during the reporting period with Commissioners and staff participating in education and training opportunities enhancing their skills to meet ongoing regulatory challenges.

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. 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, EUCI Electricity Rate design courses 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.

Opportunities and Challenges Ahead

The next planning cycle is expected to be a busy period for the Board and one that will be marked by change and transition. Changes to the Board's structure, mandate, responsibilities and/or authority are pending as a result of Government's ongoing review of the Board and the **Public Utilities Act**. The Board has a new Chair which is likely to bring new approaches and strategic directions for the Board.

The Board expects to be busy with its ongoing review of the reliability and resource adequacy of the power supply in the province and Hydro's next general rate application which will reflect significant changes associated with the conclusion of the Muskrat Falls Project and ensuring adequate supply to deal with the system load growth resulting from decarbonization initiatives of the provincial and federal governments. These proceedings will be lengthy and complex and are expected to attract significant public interest considering the potential impact on reliability, available supply and electricity prices. Petroleum products pricing is also expected to continue to be busy and challenging as the Board's review is ongoing and petroleum commodity market volatility has not yet returned to pre-2020 levels. With respect to the Board's automobile insurance work, the first full cycle of the new three-year mandatory filing schedule which began in January 2020 will be completed and is expected to result in an influx of filings in the coming year. The Board has taken steps to track and monitor the filing deadlines and will realign regulatory staff accordingly to respond to the increased filing volume.

In late August 2023, The Liberty Consulting Group (Liberty) advised it was planning to transition away from its consulting role with the Board. Since 2014 has provided valued advice to the Board on a variety of important issues in recent years including in the Board's oversight of the commissioning of the Muskrat Falls project. Liberty has committed to continuing to provide its full support during this transition period, including working with the new consultants as they begin their work and become familiar with the issues.

The Board has identified communication as an area of focus this year, building on the work already completed with the implementation of the Board's new website which now provides accessible information in relation to all of its mandates. In the next reporting period, the Board will focus on implementing a new communications strategy and plan promoting the trust and confidence of stakeholders and the public.

Appendix I

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS
MARCH 31, 2023**

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Index to Financial Statements Year Ended March 31, 2023

CONTENTS

	<u>Page</u>
Management's Report.....	1
Independent Auditors' Report	2 - 3
Statement of Financial Position.....	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14



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, or in the absence of Chair, the Vice-Chair is 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 Vice-Chair 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.

Dwanda Newman
Vice-Chair



INDEPENDENT AUDITORS' REPORT

To the Vice-Chair of the Board of Commissioners of Public Utilities

Opinion

We have audited the financial statements of the Board of Commissioners of Public Utilities (the Board), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net financial assets and 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, 2023, 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 the 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 those 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 relating 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 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:

- 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.


Chartered Professional Accountants
St. John's, NL
May 30, 2023

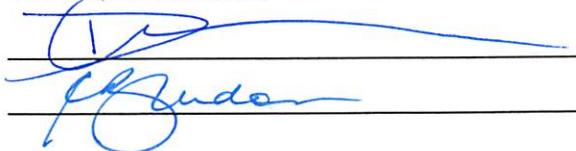
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position Year Ended March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 2,550,883	\$ 1,820,781
Receivables (Note 4)	10,025	956,212
HST receivable (Note 5)	16,032	-
Recoverable costs (Note 6)	511,000	360,042
	<u>\$ 3,087,940</u>	<u>\$ 3,137,035</u>
LIABILITIES		
Payables and accruals	100,868	87,218
Government remittances payable	1,565	1,359
HST payable (Note 5)	-	104,745
Payroll accruals	695,983	725,248
	<u>798,416</u>	<u>918,570</u>
NET FINANCIAL ASSETS	<u>\$ 2,289,524</u>	<u>\$ 2,218,465</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	\$ 42,644	\$ 57,649
Prepaid expenses	28,084	1,781
	<u>70,728</u>	<u>59,430</u>
ACCUMULATED SURPLUS	<u>\$ 2,360,252</u>	<u>\$ 2,277,895</u>
Accumulated surplus comprised of:		
Invested in capital assets (Note 8)	\$ 42,644	\$ 57,649
Internally restricted (Note 10)	1,670,735	1,728,872
Unrestricted	646,873	491,374
	<u>\$ 2,360,252</u>	<u>\$ 2,277,895</u>

Commitments (Note 13)

On Behalf of the Board:



Vice-Chair

Executive Director

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations Year Ended March 31, 2023

	Budget 2023 (Note 14) (Unaudited)	2023	2022
REVENUES			
Regulatory assessments	\$ 3,067,281	\$ 3,066,733	\$ 3,145,797
Interest and other income	8,500	79,621	6,842
	3,075,781	3,146,354	3,152,639
EXPENDITURES			
Amortization	\$ -	\$ 26,898	\$ 33,482
Consulting fees	414,600	294,632	202,095
Office equipment, supplies, and services	105,781	87,028	86,552
Rent and insurance	321,265	321,070	320,249
Salaries and associated costs (Note 12)	2,124,991	2,257,949	1,841,087
Telecommunications	46,380	42,191	41,686
Training and membership	49,840	27,711	24,539
Travel	12,924	6,518	-
	3,075,781	3,063,997	2,549,690
Excess of revenues over expenditures	\$ -	\$ 82,357	\$ 602,949

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Change in Net Financial Assets Year Ended March 31, 2023

	Budget 2023 (Note 14) (Unaudited)	2023	2022
Annual surplus	\$ -	\$ 82,357	\$ 602,949
Changes in tangible capital assets			
Acquisition of tangible capital assets		(11,893)	(24,140)
Amortization of tangible capital assets		26,898	33,482
	-	15,005	9,342
Change in other non-financial assets			
Assessment increase (reduction)		-	-
Net acquisition of prepaid expenses		(26,303)	5,004
	-	(26,303)	5,004
Increase in net assets	-	71,059	617,295
Net financial assets, beginning of year	2,218,465	2,218,465	1,601,170
Net financial assets, end of year	\$ 2,218,465	\$ 2,289,524	\$ 2,218,465

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows Year Ended March 31, 2023

	2023	2022
Operating transactions		
Cash receipts from assessments and other revenues	\$ 4,076,509	\$ 2,361,174
Cash paid to suppliers and employees	(3,183,556)	(2,640,169)
Cash from (used in) operating transactions	892,953	(278,995)
Hearing and review transactions		
Decrease (increase) in recoverable costs	(150,958)	456,426
Cash used in hearing and review transactions	(150,958)	456,426
Capital transactions		
Purchase of tangible capital assets	(11,893)	(24,140)
Cash used in capital transactions	(11,893)	(24,140)
Increase in cash during year	730,102	153,291
Cash position, beginning of year	1,820,781	1,667,490
Cash position, end of year	\$ 2,550,883	\$ 1,820,781

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2023

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, 2023

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, 2023 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, 2023

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, 2023:

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, 2023

4. RECEIVABLES

	2023	2022
Revenues receivable	\$ 10,025	\$ 956,212

5. HST PAYABLE (RECEIVABLE)

	2023	2022
HST receivable from federal government	\$ (16,032)	\$ (16,002)
HST payable to federal government	-	120,747
	\$ (16,032)	\$ 104,745

6. RECOVERABLE COSTS

	2023	2022
Recoverable costs, beginning of year	\$ 360,042	\$ 816,468
Add - specific enquiry costs incurred during the year:		
Consumer Advocate	254,158	679,000
Consulting fees	449,510	548,371
Legal	56,973	113,514
Advertising and notice	2,870	9,029
Transcription and printing	-	973
Other	159	109,258
	763,670	1,460,145
	1,123,712	2,276,613
Less - costs recovered during the year	(612,712)	(1,916,571)
Less - costs deemed non recoverable	-	-
Recoverable costs, end of year	\$ 511,000	\$ 360,042

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, 2023, the balance outstanding was \$Nil (2022- \$Nil).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2023

8. TANGIBLE CAPITAL ASSETS

	2023			
	Furniture and Equipment	Computer Hardware and Software	Leasehold Improvements	Total
Cost				
Opening balance	\$ 284,991	\$ 340,051	\$ 239,488	\$ 864,530
Additions	-	11,893	-	11,893
Disposals	-	-	-	-
Closing balance	284,991	351,944	239,488	876,423
Accumulated amortization				
Opening balance	263,042	311,330	232,509	806,881
Amortization	4,390	15,529	6,979	26,898
Disposals	-	-	-	-
Closing balance	267,432	326,859	239,488	833,779
Net book value	\$ 17,559	\$ 25,085	\$ -	\$ 42,644
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

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2023

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, 2023, 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, 2023 are as follows:

	2023	2022
Redundancy pay contingency	\$ 1,139,786	\$ 1,216,242
Working capital	530,949	512,630
	\$ 1,670,735	\$ 1,728,872

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.

	2023	2022
Beginning balance	\$ 277,031	\$ 381,865
Costs incurred	472,187	472,116
Costs recovered	(512,945)	(576,950)
Ending balance	\$ 236,273	\$ 277,031

The Board has also charged Newfoundland and Labrador Hydro assessment fees in the amount of \$891,693 (2022: \$916,414).

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements Year Ended March 31, 2023

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 \$183,481 (2022 - \$180,132) is included in salaries and associated costs.

In the prior year, a former Commissioner passed away and as such the pension liability ceased which 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 leases premises under a long-term lease that expires on May 31, 2028. Under the lease, the Board is required to pay a base rent of \$25,718 plus HST per month for the period June 2023 to May 2025, \$26,790 plus HST per month for the period June 2025 to May 2027, and \$27,961 plus HST per month for the period June 2027 to May 2028. In addition, the Board must pay for its proportionate share of real estate tax and water tax for the leased premises. Future minimum lease payments as at year end are as follows:

2024	\$325,761
2025	\$327,905
2026	\$338,620
2027	\$340,764
2028	\$351,479
Thereafter	\$58,937

14. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from estimates approved by the Lieutenant-Governor in Council and the Board.

Contact Information:

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

Fax: 709-726-9604

Toll Free: 866-782-0006

Email: ito@pub.nl.ca

Website: www.pub.nl.ca