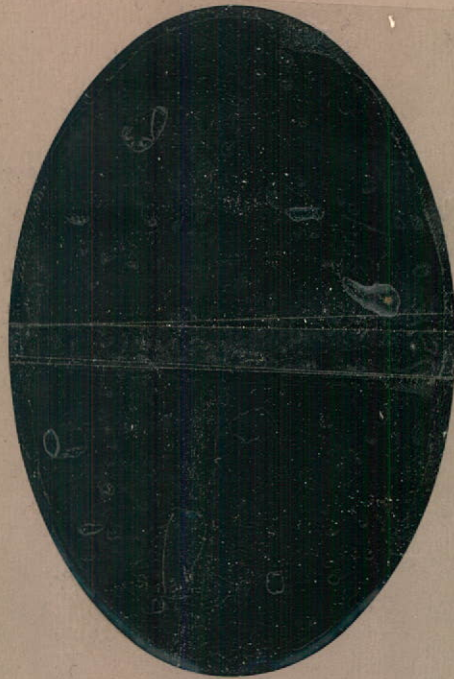


1984
Annual Report
NEWFOUNDLAND
LIGHT & POWER CO.
LIMITED



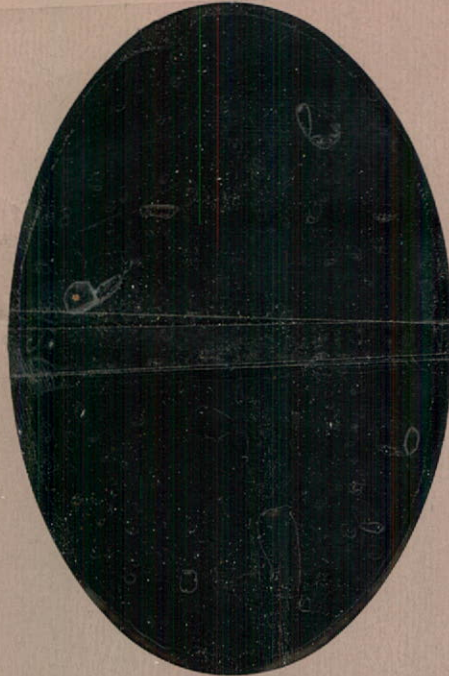
1885
1985

The first
one hundred years



table of contents

Financial Highlights	1
Report to Shareholders	2
Operations Report	4
Regulation	7
Financial Review	8
Financial Information	10
Supplementary Information	19
Shareholder Information	21
10-Year Summary	22
Corporate Directory	24
One Hundredth Anniversary Supplement	Cover



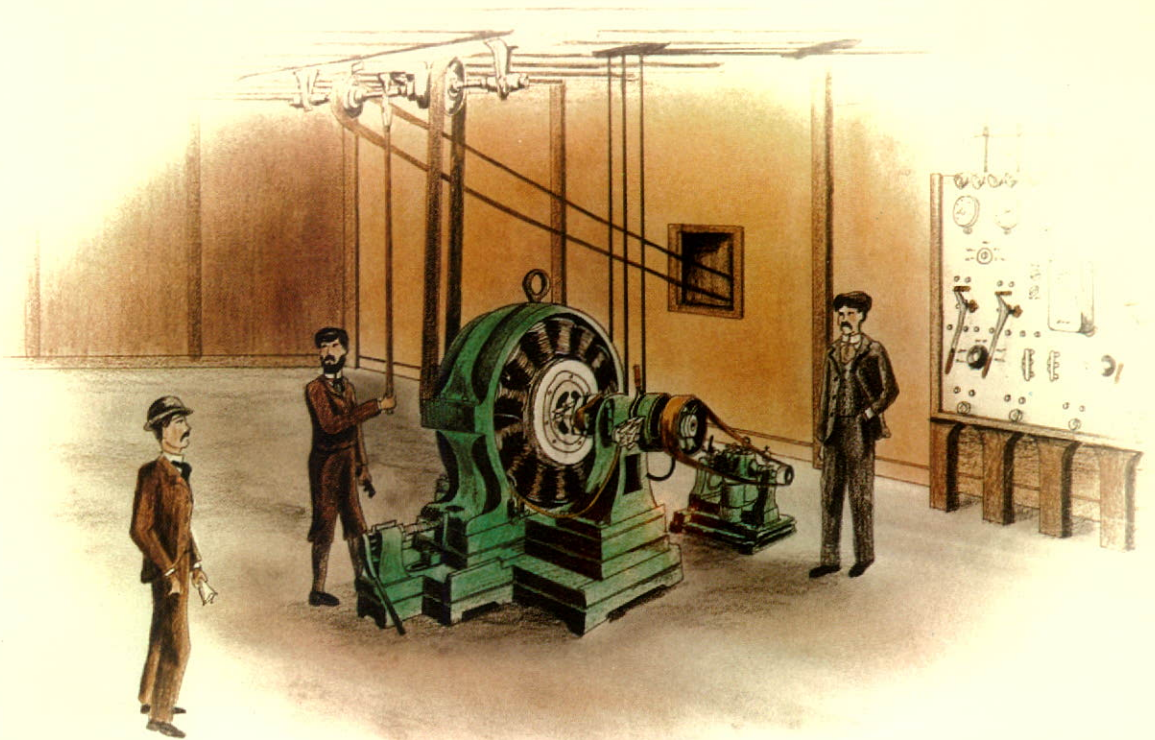
the company

Electrical service was made available to the general public of Newfoundland for the first time on October 17, 1885. Power was supplied from steam driven generators located in a bakery warehouse on Flavin's Lane, St. John's. The system was operated by the St. John's Electric Light Company, the forerunner of Newfoundland Light and Power Company Limited which amalgamated with United Towns Electric Company Limited and Union Electric Light and Power Company in 1966 to form the present Newfoundland Light & Power Co. Limited.

The present Company is regulated by the board of Commissioners of Public Utilities for Newfoundland. It serves 169,000 customers in over 600 communities in the Province and employs over 900 people.

The Company is celebrating its One Hundredth Anniversary with a number of public events throughout the year. A brief supplement is presented on the back cover of this report. A special booklet highlighting the Company's history from 1885 to the present will be available at mid-year. Copies may be obtained from:-

**Administration Department
Newfoundland Light & Power Co. Limited
P.O. Box 8910, St. John's, Nfld., A1B 3P6**



*An artist's conception of
a 19th century electric
generating station.*

Illustration by George Murphy

Financial Highlights 1984

	1984	1983	% Change
Operating revenue*	\$197,217	\$171,349	15.1
Operating expenses*	149,257	123,031	21.3
Income and other taxes*	18,061	19,282	(6.3)
Net Income*	19,831	19,546	1.5
Earnings per common share	3.90	3.89	.3
Dividends paid per common share	1.97	1.83	7.7
Capital expenditures*	30,615	31,233	(2.0)
Gross fixed assets*	404,600	378,152	7.0
Number of customers	169,071	165,458	2.2
Sales in kilowatt-hours (millions)	3,148	2,957	6.5
Number of Common Shareholders	6,186	6,318	(2.1)

*(in thousands)

QUARTERLY SHARE STATISTICS — 1984

	1st	2nd	3rd	4th
Earnings per share	\$1.37	\$1.53	\$0.71	\$0.29
Dividends paid	0.48	0.48	0.48	0.53
Share price - High	30%	29¼	29½	33¾
Share price - Low	27%	25½	25½	29½

Report to the Shareholders

Faced with the challenges of a sluggish provincial economy and sustained high interest rates and with the need to keep rate increases in 1984 to a minimum, the Company responded by reducing capital and operating expenses to the minimum possible level consistent with maintaining reliable service. Company efforts were ultimately aided by declining interest rates, moderating inflation and higher than forecast sales growth.

Income available to common shareholders increased by 2.4% to \$16.1 million while common shareholder investment increased by 10.2% to \$107.7 million. Earnings per common share were \$3.90, compared to the \$3.89 earned in 1983. Weather adjusted sales increased 4.2% in 1984, generating revenues of \$197.2 million, 15.1% higher than 1983.

The Company's performance is closely linked to the performance of the provincial economy. In 1984 the provincial economy grew by 2.5% in real terms despite several negative factors including a lower level of exports, due to the strong Canadian dollar relative to European currencies and protracted labour disputes in key industries. A number of sectors of the economy posted encouraging results.

The three paper mills in the province operated at near capacity levels during the year as markets and prices improved. Abitibi-Price has announced a \$35 million modernization programme for the Grand Falls mill and Kruger Inc. of Montreal, which recently purchased the mill at Corner Brook, has

announced a 5-year, \$165 million modernization programme. These programmes should help ensure the viability of these operations and stabilize the local economies.

The overall indications from the mining sector were positive. Iron ore, which accounts for 87% of total mineral production, increased in value by 22% over 1983, to \$867 million. Other developments include progress toward the reopening of the fluorspar mine at St. Lawrence, the continuing exploration of a gold deposit on the southwest coast of the Island and the announced discovery of a rare-earth deposit in northern Labrador. These results were tempered by the closing of the base metals mine at Buchans and temporary shutdowns being experienced by the asbestos mine in Baie Verte.

The construction industry increased its output to \$450 million during 1984 and is forecast to increase to \$475 million in 1985. Residential housing starts declined to 2720 from 3280 in 1983.

As a result of a Federal Government study, the fishing industry was reorganized and a large, new company called Fishery Products International Ltd. was created. The industry was handicapped in 1984 by a seven month labour dispute involving 800 trawlermen, resulting in the layoff of over 4,000 plant workers. Economic recovery in the Province will depend to a large extent on a revitalized fishery, which provides the largest, single source of employment.

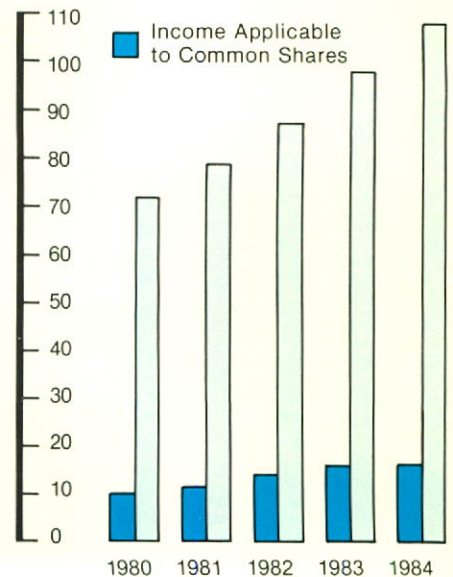
An event of great importance oc-

curred on February 11, 1985 when the Atlantic Accord was signed by Canada and Newfoundland, resolving the dispute over off-shore jurisdictional and management responsibilities. With these uncertainties removed, development and exploration can accelerate and this should have a significant positive impact on the regional economy.

With the off-shore oil agreement, resolution of the fishery labour disputes, forecast stable interest rates and a continued low inflation rate, the general outlook for 1985 could be termed cautiously optimistic.

Newfoundland and Labrador Hydro supplied 87.5% of the Company's power requirements in 1984. Current projections by Hydro indicate that when the Cat Arm hydro-electric project is completed there

COMMON SHAREHOLDERS' INVESTMENT
(Millions of Dollars)





Ultra modern computerized control of its electrical system leads the Company into its second century of service.

will be sufficient capacity to meet the system requirements until 1990. Cat Arm, however, represents the last major hydro development on the Island and the Company is concerned that most of the sales growth between now and 1990 will have to be met by thermal generation. Unless an interconnection with Labrador power is established there will be increasing dependence on oil-fired generation and even with stable oil prices customers will be exposed to continuous cost increases.

Following public hearings the Board of Commissioners of Public Utilities issued an Order in December allowing a return on average rate base in the range of 12.63% to 12.82%, a decrease from the 12.75% to 13.0% previously allowed. The implicit rate of return on average common equity was reduced from 17.0% in 1983 to a range of 15.3% to 15.8%. Primarily as a result of the lower rate of return, \$3.9 million in excess revenue was transferred to the revenue rebate account in 1984.

Dividends declared on common shares during 1984 were \$2.02, an increase of 8.6% over 1983. A dividend of \$0.53 was paid on December 1, 1984.

To improve market liquidity and make the Company's share price more attractive to potential shareholders, your Directors have recommended a two for one stock split. Shareholders will be asked to approve this action at the annual meeting on May 1, 1985.

On April 1, 1984 the Company instituted a registered, funded, contributory retirement income plan. The plan will provide improved benefits for employees, while limiting the growth of, and ultimately eliminating the Company's unfunded liability for pensions.

During 1984, the Company successfully negotiated agreements with two organizations representing 660 employees. A two-year contract was signed with Local No. 1620 of the International Brotherhood of Electrical Workers, and a one-year agreement was signed with the Technical and Clerical Association.

The year 1985 will mark the centenary of the first public use of electricity in Newfoundland. Throughout the year a number of activities have been planned by the Company to celebrate the occasion.

Greater than usual challenges were presented to the management and staff of the Company during

1984. They met these challenges with dedication and hard work, an effort for which your Directors wish to record their thanks.

Submitted on behalf of the Board:

A. Bailey
Chairman of the Board

D. S. Templeton
President

Operations

Customer Services and Distribution

Actual sales in 1984 were 3,148 million kilowatt-hours, an increase of 6.4%. When sales are adjusted for normal weather conditions, the growth is 4.2% in 1984 compared to 3.4% in 1983 and a decline of 0.2% in 1982. The major areas of growth continue to be in the all-electric domestic and all-electric general service sectors. Although there was some improvement in the industrial sector, sales to the major fish plants were down. Sales growth in 1985 is forecast to continue at about the 1984 level.

During the year the total number of customers increased to 169,071 for a gain of 3,613 or 2.2%. Customer growth was 2.9% in the domestic class and 1.7% in the other classes.

Due to conservation efforts, average annual use by domestic all-electric customers continued to decline, although at a lower rate, and was 19,535 kilowatt-hours compared to 19,741 in 1983. Average annual use by domestic customers without electric heat increased slightly from 7,480 in 1983 to 7,577 in 1984.

There were no increases in electric service rates during 1984, but fuel adjustment charges were considerably higher than in 1983. Average revenue per kilowatt-hour, including fuel charges, increased by 8.1%. The cost for electric ser-

vice continues to compare favourably with that in the other Atlantic Provinces and most areas of the United States, but is higher than in the central and western provinces where lower cost energy sources are available.

Electric heating is estimated to have been 40% of total load in 1984. Of the new residential units constructed in 1984, 67% had electric heat compared to 62% in 1983 and 1,361 existing domestic customers converted to electric heat compared to 1,038 in 1983. At year-end approximately 42% of all households in our service area were using electricity as the principal means of heating compared to 40% in 1983 and most new non-

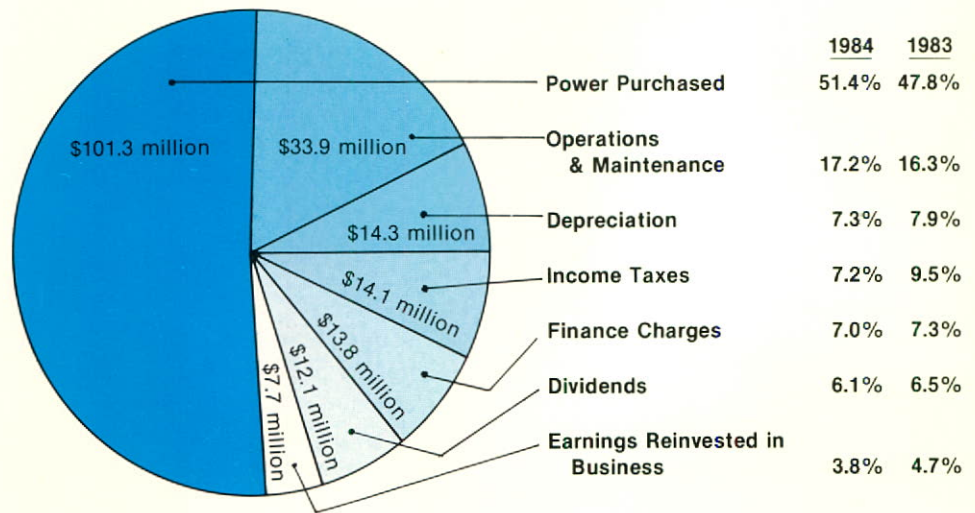
residential buildings connected during the year were electrically heated.

On April 14, the northeast portion of the Avalon Peninsula experienced a severe sleet storm which disrupted service to about 200,000 people for periods ranging from a few hours to several days. The cost of repairs was \$3.5 million, but it is expected that \$1.5 million will be recovered from the Provincial and Federal governments under the Disaster Financial Assistance Arrangements plan.

Power Supply

Energy produced and purchased in 1984 was 3,352 million kilowatt-hours compared to 3,153 in 1983.

DISTRIBUTION OF REVENUE



Of this, 87.5% was purchased from Newfoundland and Labrador Hydro. Hydro-electric sources provided 87% of all energy generated with the balance from thermal generation. A system peak of 869 MW was established, 14.8% higher than the 1983 peak.

The Company produced 5.2% more energy than normal from its hydro plants as a result of above average precipitation for the year, even though the Province experienced a drier than normal Autumn.

Capital

Capital expenditures in 1984 were \$30.6 million, reduced from \$31.2 million in 1983. The Company's 1985 capital budget of \$31.8 million has been approved by the Board of Commissioners of Public Utilities.

Expenditures on distribution plant accounted for \$21 million or 70% of the capital budget. The greater part of these funds was required to extend the system to serve new customers and to improve the performance and reliability of existing plant. A major portion of both the distribution and transmission programmes was the rebuilding of pole lines damaged by the sleet storm, amounting to \$1.6 million in distribution and \$0.6 million in transmission.

New switching equipment and transformer capacity was installed



Dedicated employees worked under adverse conditions to restore service after the devastation of the April sleet storm.

in several substations as part of the continuing programme to upgrade existing equipment. Total expenditure on transmission and substation plant and equipment was \$3.7 million.

During 1984 the new System Control Centre went into full operation. Built at a cost of \$2.2 million, this state-of-the-art facility monitors and controls the eastern part of the Company's system.

During the year title was acquired to the upstream structures on the Sandy Brook development near Grand Falls and dams on Sandy Lake and West Lake were rebuilt at a cost of \$0.5 million, enabling the plant to produce an additional 2,000,000 kilowatt-hours annually. A new penstock was installed at Port Union in 1984 and a project was begun to refurbish the Petty Harbour plant which will permit unattended operation when completed.

The Federal Government announcement to extend indefinitely the accelerated capital cost

allowance for small renewable energy projects, has encouraged the Company to study the feasibility of additional hydro projects. In collaboration with the City of St. John's and the Department of Mines and Energy, the Company is studying the feasibility of constructing a 5 MW plant to generate electricity by burning waste.

Work on upgrading the Company's communications system is continuing. During 1985, new radio equipment will be installed in the Central Region to complete the upgrading of facilities in that area. The new equipment will improve our ability to respond to customer service calls.

During 1984 the Company's computer system operated at almost full capacity as computer applications within the Company were expanded. Currently, proposals to expand the system are being evaluated.

Staff

The number of employees at year-end stood at 935, a decrease of 73 from 1983. The decrease resulted from efforts to more closely match the staffing level to the work load. Fifty-five employees applied for early retirement in 1984 under a special Enhanced Early Retirement Programme.

The reduced construction programme, resulting from the continuing weak economy made it necessary to layoff 50 regular employees during the early part of the year. All were rehired at the start of the construction season in the spring.

On April 1, 1984, the Company introduced a new and improved contributory, funded pension plan covering all regular employees. While benefits to retired former employees were not changed, their retirement income is now being paid from the fund.

Employees continue to maintain a high standard of safety. During the year employees in the Stephenville area achieved the enviable record of six years without a lost time accident.

During the year a formal Perfor-

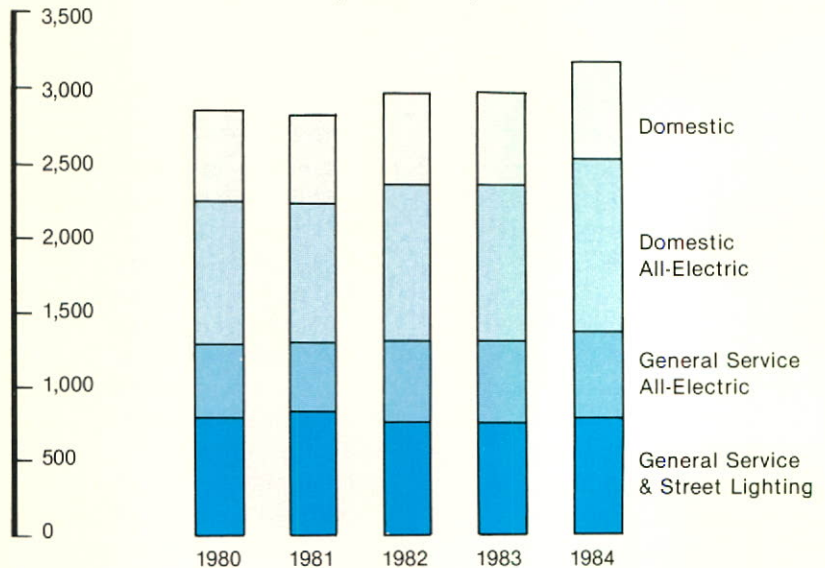


The electrical safety display shown in shopping malls is one of many community services performed by the Company.

mance Review procedure was introduced and initial response appears to be favourable. The procedure will help managers and

employees identify performance strengths and weaknesses and contribute to an improvement in productivity.

ENERGY SALES
(millions kWh)



Regulation

The Company is regulated by The Board of Commissioners of Public Utilities of Newfoundland under The Public Utilities Act. The Board has jurisdiction over, among other things, rates of return, consumer rates, capital expenditures, and the issue of securities. In exercising its mandate, the Board is required to observe the policy set forth by the province in The Electrical Power Control Act.

In compliance with a directive from the Board that the rate of return on rate base be reviewed in 1984, the Company made a general application on September 4, 1984, seeking determination of rate base, rate of return on rate base, an allowance for working capital and an average rate increase of 2.8%. On November 8, due to an increase in sales and forecast lower expenses, the Company was able to submit an amended application in which the request for a general increase in rates was withdrawn. In December, after a public hearing, the Board issued Order No. P.U. 37 (1984) which approved an estimated average rate base of \$265,185,000 for 1984 and determined that a just and reasonable rate of return on rate base is between 12.63% and 12.82%. Implicit in this range, in recognition of improved financial markets, is a rate of return on average common equity in the range of 15.3% to 15.8%. The Board also ordered the Company to remove from its calculation of shareholder's equity and of rate base for regulatory purposes, the \$747,000 gain from the redemption of preferred shares, included in contributed surplus. The Board also approved the expenses connected with the new pension plan



On-going construction programmes to upgrade and expand the system are necessary to maintain reliable electrical service.

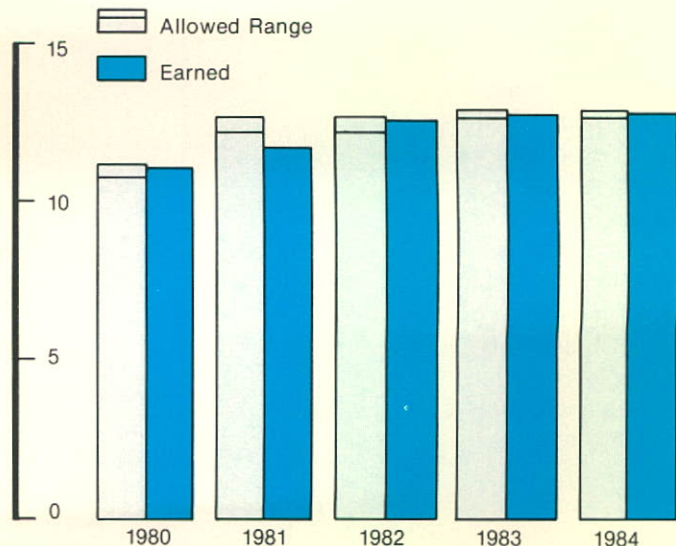
and the rates, rules and regulations set forth in the November 8 application.

1985 revenue to the level allowing the Company to attain its permitted rate of return.

The Board ordered that the apparent excess revenue in 1984, estimated to be \$3.9 million, be set aside in a Revenue Rebate Account. Of this amount \$2.7 million was credited to customers on their January 1985 bills. The balance will in part be used to supplement

In 1983 the Board directed both the Company and Newfoundland Hydro to study the matter of rate structure incorporating marginal cost-based rates. The study proceeded throughout 1984 and is still ongoing.

RATE OF RETURN ON RATE BASE (%)



Financial

Operating revenues increased by 15.1% to \$197.2 million. Three factors, a growth of 6.4% in kilowatt-hour sales, the August 1983 Newfoundland and Labrador Hydro rate change, and increased fuel adjustment revenue contributed to the increase. Fuel adjustment revenue grew by 78.7% to \$18.2 million in 1984. Revenue from fuel adjustment, however, does not contribute to the net income of the Company as it is directly offset by a charge to operating expenses.

Operating expenses totalled \$135.2 million, an increase of 23.2%. The largest component, purchased power which includes fuel adjustment charges of \$18.2 million, increased 23.7% to \$101.3 million. Other operating expenses which include labour and material costs, and administrative and general expenses were \$33.7 million as compared to \$27.7 million in 1983. Apart from general inflation, the major causes of the increase were the introduction of the new pension plan, the April sleet storm, the initial cost of the Enhanced Early Retirement Plan and the growth of municipal taxes.

Declining interest rates and a continued high level of internally generated funds combined with restrained capital expenditures kept net financial charges to \$14.0 million in 1984, an increase of only 10.4%. Depreciation expenses increased by 5.5% to \$14.3 million and provision for income tax was \$14.0 million, 13.8% less than 1983, representing 41.4% of income before taxes and transfers compared to 45.8% in 1983.

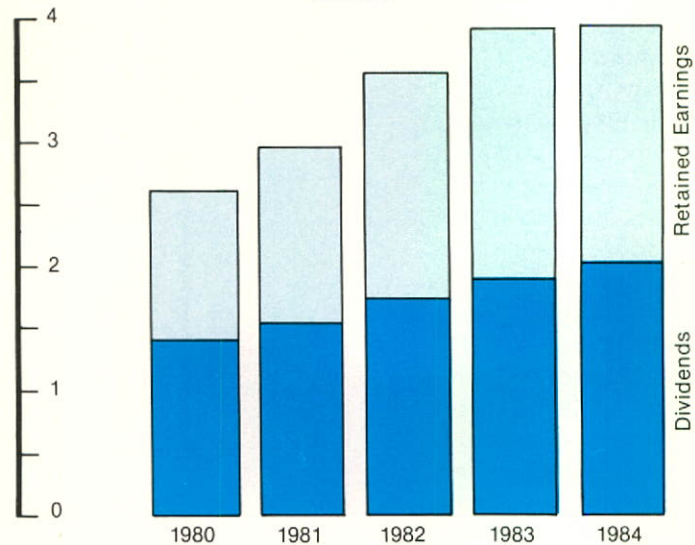
Net income for the year was \$19.8 million, 2.9% higher than 1983. A total of \$3.7 million was required for preference share dividends and the remaining \$16.1 million was applicable to common shares. This amounted to \$3.90 per share on the average common shares outstanding throughout the year. The relatively flat growth, when compared to 1983, arose from the Public Utilities Board's decision to lower the rate of return on a reduced common equity base. During the year \$8.4 million in dividends at \$2.02 per common share were declared resulting in a payout ratio of 52%. \$7.7 million, representing \$1.88 per common share, was retained and reinvested in the business.

The slow growth in the economy and the Company's commitment to minimize expenditures where possible, kept capital expenditure for 1984 to \$30.6 million. Internally generated funds, mainly from re-

tained earnings, depreciation and deferred income tax, provided 76% of funds required for capital expenditures. The balance came from increased bank loans, customer contributions in aid of construction, the sale of common equity through a number of ongoing share issue programmes and the private placement of \$7.5 million 13 7/8% First Mortgage Bonds.

The Company continues to raise equity capital through the Dividend Reinvestment Plan, the Stock Dividend Programme, the Customer Share Purchase Plan and the Employee Share Purchase Plan. Together they resulted in the issue of 83,393 shares for a total investment of \$2.3 million.

EARNINGS PER SHARE
(Dollars)





The Company's modern Head Office in St. John's contributes to efficient management of its operations.

The success of the various common share plans, plus a restrained capital expenditure programme has led to a situation where the common equity portion of the Company's capital structure is approaching the upper limit of the Company's objective. To maintain the equity ratio at an appropriate level the Company is modifying the Dividend Reinvestment Plan, Stock Dividend Programme, and Customer Share Purchase Plan by eliminating the 5% discount from market price for the reinvestment of dividends. The limits for optional cash investments under the Dividend Reinvestment Plan have been changed from a minimum of \$10 and a maximum of \$3,000 per quarter to a minimum of \$100 and a maximum of \$4,000 aggregate in any calendar year.

counting, the Company has included a table of selected financial data for the years 1980 to 1984 on page 20 of this report. The values

shown are in 1984 dollars arrived at through the use of the December 31, 1984 Consumer Price Index of Canada.

At year-end the Company's capital structure was 46.5% debt, 14.1% preference shares and 39.4% common equity. Interest coverage on total debt was 3.4 times while coverage on total debt interest and preference dividends was 2.3 times.

The introduction of the new pension plan, in addition to enhancing benefits to employees, represents a major step to limit the growth of, and ultimately eliminate the Company's unfunded liability for pensions.

In addition to complying with the disclosure guidelines established by the Canadian Institute of Chartered Accountants (CICA) on the presentation of current cost ac-

COMMON SHARE PURCHASE PLANS

	Number of Participants	Common Shareholders (%)	Investment
1980			
Dividend Reinvestment	925	17.5	442,400
Stock Dividend	73	—	95,700
Employee Shares	148	—	80,600
1981			
Dividend Reinvestment	976	18.2	512,800
Stock Dividend	81	—	194,100
Employee Shares	172	—	107,200
1982			
Dividend Reinvestment	1,116	21.1	640,800
Stock Dividend	84	—	247,600
Employee Shares	185	—	123,000
1983			
Dividend Reinvestment	1,094	17.3	1,173,500
Stock Dividend	98	—	318,600
Employee Shares	179	—	134,500
Customer Shares	1,105	—	889,900
1984			
Dividend Reinvestment	1,096	17.7	1,351,900
Stock Dividend	105	—	402,600
Employee Shares	153	—	120,000
Customer Shares	1,147	—	407,400

NEWFOUNDLAND LIGHT & POWER CO. LIMITED
(Incorporated under the laws of the Province of Newfoundland)

Balance Sheet

December 31

1984 1983

(in thousands)

Assets

PROPERTY ACCOUNT

Property, plant and equipment	\$ 404,600	\$ 378,152
Accumulated depreciation	109,306	98,155
	<u>295,294</u>	<u>279,997</u>

DEFERRED CHARGES

Unamortized debt discount and expense	1,241	1,321
Unamortized capital stock issue expense	1,388	1,542
	<u>2,629</u>	<u>2,863</u>

CURRENT ASSETS

Cash	224	86
Accounts receivable	22,839	19,828
Income tax receivable	1,823	
Inventories of material and supplies		
at average cost	5,488	5,345
Prepaid expenses	1,835	218
Deferred fuel account	5,380	2,776
	<u>37,589</u>	<u>28,253</u>

Approved on Behalf of the Board:

D.S. Templeton Director

Geoffrey R. Parsons Director

\$ 335,512 \$ 311,113

		December 31	
		<u>1984</u>	<u>1983</u>
		(in thousands)	
Shareholders' Equity	SHAREHOLDERS' EQUITY		
	Common shares (Note 1)	\$ 31,610	\$ 29,329
	Contributed surplus	2,147	2,147
	The Capital Redemption Reserve Fund (Note 1)	7,509	6,429
	Earnings retained and invested in the business	<u>66,466</u>	<u>59,838</u>
	Common shareholders' equity	107,732	97,743
	Preference shares (Note 1)	<u>38,491</u>	<u>39,571</u>
		<u>146,223</u>	<u>137,314</u>
Liabilities	LONG TERM DEBT (Note 2)	<u>111,998</u>	<u>107,031</u>
	DEFERRED CREDITS		
	Contributions in aid of construction	7,292	6,839
	Contributions — government	9,242	8,879
	Deferred income taxes	8,688	7,648
	Weather normalization account	<u>1,394</u>	<u>1,367</u>
		<u>26,616</u>	<u>24,733</u>
	CURRENT LIABILITIES		
	Bank loans	12,650	10,275
	Accounts payable and accrued charges	25,665	19,408
	Interest accrued on long term debt	2,795	2,668
	Current installments of long term debt	2,567	3,867
	Income taxes payable		1,428
	Dividends payable	3,138	2,914
	Revenue rebate account (Note 5)	<u>3,860</u>	<u>1,475</u>
		<u>50,675</u>	<u>42,035</u>
		<u>\$ 335,512</u>	<u>\$ 311,113</u>

See accompanying notes to financial statements.

Statement of Income

	1984	1983
	(in thousands)	
OPERATING REVENUES (Note 5)	\$ 197,217	\$ 171,349
OPERATING EXPENSES		
Purchased power	101,307	81,854
Other expenses	33,681	27,658
Depreciation	14,269	13,519
	<u>149,257</u>	<u>123,031</u>
OPERATING INCOME	47,960	48,318
FINANCE CHARGES (Note 3)	14,053	12,728
INCOME BEFORE INCOME TAXES AND TRANSFERS	33,907	35,590
INCOME TAXES	14,049	16,302
	<u>19,858</u>	<u>19,288</u>
WEATHER NORMALIZATION ACCOUNT TRANSFERS	(27)	258
NET INCOME	19,831	19,546
DIVIDENDS ON PREFERENCE SHARES	3,763	3,847
EARNINGS APPLICABLE TO COMMON SHARES	<u>\$ 16,068</u>	<u>\$ 15,699</u>
AVERAGE COMMON SHARES OUTSTANDING	4,120,013	4,031,844
EARNINGS PER COMMON SHARE	\$3.90	\$3.89

Statement of Retained Earnings

	1984	1983
	(in thousands)	
BALANCE AT BEGINNING OF YEAR	\$ 59,838	\$ 52,793
Net income for the year	19,831	19,546
	<u>79,669</u>	<u>72,339</u>
DIVIDENDS		
Preference shares	3,763	3,847
Common shares	8,360	7,532
	<u>12,123</u>	<u>11,379</u>
Transfer to The Capital Redemption Reserve Fund	1,080	1,122
	<u>13,203</u>	<u>12,501</u>
BALANCE AT END OF YEAR	<u>\$ 66,466</u>	<u>\$ 59,838</u>

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year Ended December 31

1984	1983
------	------

(in thousands)

Source of Funds	From Operations		
	Net income	\$ 19,831	\$ 19,546
	Non cash items		
	Depreciation	14,269	13,519
	Amortization of deferred charges	312	311
	Deferred income taxes	1,040	399
	Weather normalization account transfers	27	(258)
		15,648	13,971
		35,479	33,517
	Contributions in aid of construction	1,892	1,062
	Net proceeds of bond issues	7,422	
	Proceeds from issue of common shares	2,281	2,516
	Increase in bank loans	2,375	8,525
		49,449	45,620
	Application of Funds	Property, plant and equipment	30,615
Salvage net of dismantling costs and related income taxes		27	(87)
		30,642	31,146
Increase in deferred charges			30
Dividends			
Preference shares		3,763	3,847
Common shares		8,360	7,532
Reduction of long term debt		2,533	3,996
Redemption of preference shares		1,080	1,025
		46,378	47,576
CHANGE IN WORKING CAPITAL		3,071	(1,956)
WORKING CAPITAL AT BEGINNING OF YEAR		(3,507)	(1,551)
WORKING CAPITAL AT END OF YEAR		\$ (436)	\$ (3,507)

See accompanying notes to financial statements.

Summary of Accounting Policies

GENERAL	Accounting policies conform to generally accepted accounting principles and to accounting requirements established from time to time by the Board of Commissioners of Public Utilities of the Province of Newfoundland ("The Board").
REVENUE	The Company's revenue is derived from the sale of electricity in the Province of Newfoundland. Revenue recognition follows an accepted practice in the utility industry whereby monthly sales are recorded on the basis of meter readings made throughout the month. Although each fiscal year includes twelve months electricity sales and costs, at the end of each accounting period there are sales, the cost of which was charged to expense, while the related revenue is not recorded until the following period.
PROPERTY, PLANT AND EQUIPMENT	Utility property, plant and equipment is stated at values approved by The Board as at June 30, 1966 with subsequent additions at cost. Maintenance and repairs are charged against revenue, while renewals and betterments are capitalized. The cost of plant and equipment retired, less net salvage, is charged to accumulated depreciation.
DEPRECIATION	Depreciation is provided in the accounts at classified rates varying from 1.8% to 13.7% on the straight line method based on estimated service life of plant and equipment, as approved by The Board. The composite rate is approximately 3.9% (1983 - 3.9%) before reduction for the amortization of contribution in aid of construction and contributions — government.
INTEREST CHARGED TO CONSTRUCTION	On certain construction projects interest at varying rates as set out by The Board is capitalized and included as a cost in the appropriate property accounts.
DEFERRED CHARGES	Deferred charges are amortized as follows: Debt discount and expenses — over the life of each issue. Capital stock issue expense — over a 20 year period from date of issue except Series I preference shares which is amortized over 7 years ending October 1, 1989.
DEFERRED FUEL ACCOUNT	The Company's rate schedule includes a fuel adjustment clause which permits the recovery of differences between actual fuel cost and a cost calculated by using a fixed base unit price. There is, however, a time lag between the periods where these differences occur and the periods in which they are billed to customers and they are deferred until that time to achieve a proper matching between cost and revenue.
FOREIGN CURRENCY TRANSLATION	Debt obligations in foreign currencies are recorded at the Canadian exchange rate prevailing when incurred. Unrealized exchange gains and losses are not recorded. Realized gains and losses will be accounted for as directed by The Board.
CUSTOMER AND GOVERNMENT CONTRIBUTIONS	Contributions represent the cost of property, plant and equipment contributed by customers and governments. Certain contributions by the Province of Newfoundland carry conditional options allowing the Province to reacquire the plant so contributed. These accounts are being reduced annually by an amount equal to the charge for depreciation provided on the contributed portion of the cost of the assets involved.
DEFERRED INCOME TAXES	The Board by regulation specifies the method of accounting for income taxes. Commencing January 1, 1981, The Board allowed the tax allocation method with respect to the timing difference between depreciation and capital cost allowances for all depreciable assets. If the full tax allocation method of accounting had always been followed the cumulative amount of the deferred income tax credit would have been increased by approximately \$33.1 million to December 31, 1984 (1983 - \$29.5 million).
WEATHER NORMALIZATION ACCOUNT	The Board has ordered provision of a weather normalization account to adjust for the effect of variations in temperature and streamflow when measured against long term averages. The balance in the weather normalization account as at December 31, 1984 and the underlying calculations have been approved by The Board.
CHANGES IN FINANCIAL POSITION	The Company's unsecured demand bank loans are considered as non-current liabilities in the statement of changes in financial position.

Notes to Financial Statements

1. CAPITAL STOCK

Authorized	
Common shares without nominal or par value	
Class A convertible	15,000,000
Class B convertible	15,000,000
Cumulative redeemable voting first preference shares of a par value of \$10 each, issuable in series	4,600,000
Cumulative redeemable first preference shares with a par value and voting rights as may be attached to each series at time of issue, issuable in series	5,400,000
Cumulative redeemable second preference shares with par value and voting rights as may be attached to each series at time of issue, issuable in series	1,000,000

The Company's common shares are designated as 15,000,000 Class A convertible common shares without nominal or par value and 15,000,000 Class B convertible common shares without nominal or par value. However, the total issued Class A and Class B shares outstanding at any time cannot exceed in the aggregate 15,000,000 shares. The shares of each class are inter-convertible on a share for share basis and rank equally in all respects including dividends.

Issued and outstanding	(in thousands)	
Common Shares		
3,938,676 Class A shares	December	December
226,945 Class B shares	31, 1984	31, 1983
4,165,621 common shares (4,082,228		
common shares December 31, 1983)	<u>\$ 31,610</u>	<u>\$ 29,329</u>

First preference shares

192,300	5 1/2%	Series A	\$ 1,923	\$ 1,923
339,000	5 1/4%	Series B	3,390	3,390
18,667	6%	Series C	187	187
328,470	7 1/4%	Series D	3,285	3,384
380,800	9%	Series E	3,808	4,009
659,850	9.84%	Series F	6,598	6,998
510,000	7.60%	Series G	5,100	5,280
420,000	9 1/8%	Series H	4,200	4,400
1,000,000	14 1/4%	Series I	10,000	10,000
		(3,957,137 preference shares		
3,849,087		December 31, 1983)	<u>\$ 38,491</u>	<u>\$ 39,571</u>

Common shares were issued during the year as follows:

	Shares	(in thousands)
Dividend reinvestment plan	49,538	\$ 1,409
Stock dividends on Class B	14,812	402
Employee share purchase plan	4,455	120
Customer share purchase plan	14,588	350
	<u>83,393</u>	<u>\$ 2,281</u>

Each series of first preference shares is redeemable at the option of the Company at a premium not in excess of the annual dividend rate, except that certain series may not be redeemed prior to designated dates. The Company is required to redeem on October 1, 1989 any Series I First Preference Shares tendered on or before August 31, 1989, at a price of \$10 per share plus all accrued and unpaid dividends to October 1, 1989. Certain series of first preference shares are subject to the operation of purchase and/or sinking funds. The Company has the right to purchase limited amounts of Series D, E, F, G, H, and I at or below par and call limited amounts of Series F and H at par to satisfy the conditions of these funds.

Changes in preference shares during the year were as follows:

	Shares	(in thousands)
Redeemed	108,050	\$ 1,080

Effective January 1, 1984 gains on redemption of preference shares are included in miscellaneous revenue. (1984 - \$58,000).

The par value of preference shares purchased to date in the amount of \$7,509,000 has been set aside from Retained Earnings to The Capital Redemption Reserve Fund in accordance with Section 49 of the Newfoundland Companies Act.

2. LONG TERM DEBT

	1984	1983
	(in thousands)	
First mortgage sinking fund bonds:		
5 3/4% Series E, due 1984	\$	\$ 2,675
7% Series K, due 1985	1,318	1,318
6 1/2% Series L, due 1986	736	776
7% Series R, due 1986	4,274	4,274
7 3/4% Series S, due 1988	2,215	2,254
8% Series T, due 1991	4,752	4,752
11 1/4% Series V, due 1996	17,889	18,345
11 1/2% Series W, due 1999	5,000	5,000
14 1/4% Series X, due 1987	7,000	7,000
18 1/4% Series Y, due 1988	9,800	9,900
17 3/4% Series Z, due 1990	7,350	7,425
13 7/8% Series AA, due 1995	7,500	
	67,834	63,719
5 3/8% Series M, due 1990 (U.S. \$2,050,000)	2,214	2,241
8 1/4% Series U, due 1992 (U.S. \$8,000,000)	7,974	7,974
	78,022	73,934
General mortgage sinking fund bonds:		
9 1/2% Series D, due 1990	3,272	3,437
11 1/4% Series F, due 1994	14,669	14,669
10 1/2% Series G, due 1997	18,490	18,725
	36,431	36,831
11% First mortgage on real property	112	133
	114,565	110,898
Less: Current installments	2,567	3,867
	\$ 111,998	\$ 107,031

The first mortgage bonds are secured by a first fixed and specific charge on property, plant and equipment owned or to be acquired by the Company and by a floating charge on all other assets.

As at December 31, 1984 \$13.3 million Canadian was required to translate foreign currency carried at \$10.2 million. As at December 31, 1983 \$12.5 million was required to translate foreign currency obligations carried at \$10.2 million.

The annual requirements to meet sinking fund payments, installments and maturing issues of long term debt outstanding as at December 31, 1984 for each of the years to 1989 are as follows:

	1985	1986	1987	1988	1989
	(in thousands)				
Sinking fund payments and installments	\$ 1,250	\$ 1,242	\$ 1,125	\$ 1,099	\$ 972
Maturing issues	1,318	4,900	6,860	11,525	
	<u>\$ 2,568</u>	<u>\$ 6,142</u>	<u>\$ 7,985</u>	<u>\$12,624</u>	<u>\$ 972</u>

The trust deeds securing the first mortgage and general mortgage bonds contain conditions precedent which if not met restrict the payment of dividends. At December 31, 1984 these conditions had been met.

3. FINANCE CHARGES

	1984	1983
	(in thousands)	
Interest — long-term debt	\$ 13,442	\$ 12,986
— other	714	252
	<u>14,156</u>	<u>13,238</u>
Amortization — debt discount and expense	158	158
— capital stock issue expense	153	153
	<u>311</u>	<u>311</u>
	<u>14,467</u>	<u>13,549</u>
Less: Interest charged to construction	233	651
Discount on bonds purchased for sinking fund	117	80
Interest earned	64	90
	<u>414</u>	<u>821</u>
	<u>\$ 14,053</u>	<u>\$ 12,728</u>

4. INCOME TAX RATE

Taxes on income vary from the amount that would be determined by applying the combined statutory Canadian federal and Newfoundland provincial income tax rates to earnings. The following is a reconciliation of the combined statutory rates to the effective income tax rate.

	1984	1983
	%	%
Statutory income tax rate	52.0	52.9
General expenses capital	(10.3)	(6.2)
Plant dismantling costs	(1.7)	(1.5)
Other	1.4	0.6
	<u>41.4</u>	<u>45.8</u>

5. REVENUE REBATE ACCOUNT

The Board has by order determined that during 1984 there was excess revenue of \$3,860,000 and has directed that this amount be taken from 1984 revenue and that \$2,700,000 be credited to customers in January, 1985 and the balance be used as part of the Company's 1985 revenue requirement.

6. PENSIONS

On April 1, 1984 the income supplements paid to retired employees were replaced with a contributory, funded retirement income plan covering employees.

Based on a 1984 actuarial assessment, the Company has at year end an unfunded past service obligation of \$45 million which will be amortized to income over the next 24 years.

Management Report

The management and the Board of Directors of Newfoundland Light & Power Co. Limited are responsible for the accompanying financial statements and other information in this annual report. The financial statements have been prepared in accordance with appropriate generally accepted accounting principles and all other information is consistent with the financial statements.

The Company's system of internal accounting controls is designed to provide reasonable assurance of the reliability of the financial information in this report. These controls are monitored and checked by an internal audit programme.

The financial statements have been examined by the external auditors, Touche Ross & Co. Their role is to render an independent professional opinion on the fairness with which the financial statements, as prepared by management, present the financial position, results of operations, and changes in financial position of the Company. This opinion is based on examinations conducted in accordance with generally accepted auditing standards.

The Audit Committee of the Board of Directors meets with the internal and external auditors, with and without management being present, to discuss auditing, financial reporting and matters concerning internal controls.

President

Vice-President Finance

Auditors' Report

The Shareholders,
Newfoundland Light & Power Co. Limited

We have examined the balance sheet of Newfoundland Light & Power Co. Limited as at December 31, 1984 and the statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

St. John's, Newfoundland,
February 25, 1985.

Chartered Accountants

SUPPLEMENTARY INFORMATION CONCERNING THE EFFECTS OF CHANGING PRICES

The Canadian Institute of Chartered Accountants (CICA) recently issued guidelines on disclosure of the effects changing prices have on corporate earnings and financial condition. The guidelines and accompanying recommendations allow considerable flexibility in content and format and encourage a degree of experimentation.

The unaudited supplementary information which follows has been prepared in accordance with the CICA guidelines and sets forth income applicable to common shares using the operating capability of capital concept. Under this concept the Company must be able to replace property, plant and equipment and inventory as required in the future and still maintain the level of service without impairing the interests of its shareholders. The information includes, by way of annotated footnotes, descriptions of the bases used in arriving at the current cost of the various captions within the statements. The current cost restatement of property, plant and equipment leads to a larger depreciation expense to allow for eventual replacement. The portion of increase in the current cost of assets that is provided by debt holders is not a charge against the shareholder and hence is added back to Net Income as "Financing Adjustment."

The Company considers the information presented to be a reasonable estimate of the effects of inflation on financial performance. It should, however, be pointed out that finance charges and income taxes have been left at their historic costs and that some of the assumptions that underlie the current cost restatements could be considered judgmental. This supplementary information should, therefore be interpreted and used with caution.

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1984 (Unaudited)

Historic Cost Basis		Current Cost Basis (in thousands)		
		Operating Capability Concept		
		1984	1983	(1)
\$ 197,217	Operating Revenues	\$ 197,217	\$ 178,932	
	Operating Expenses			
101,307	Purchased Power	101,307	85,476	
33,681	Other expenses	33,681	29,100	
14,269	Depreciation	27,983	28,383	(2)
149,257		162,971	142,959	
47,960	Operating Income	34,246	35,973	
14,053	Finance Charges	14,053	13,073	
33,907	Income Before Income Taxes and Transfer	20,193	22,900	
14,049	Income Taxes	14,049	17,023	
19,858		6,144	5,877	
(27)	Transfer for Weather Normalization	(27)	269	
19,831	Net Income	6,117	6,146	
—	Financing Adjustment	4,539	4,750	(3)
(3,763)	Dividends on Preference Shares	(3,763)	(4,018)	
\$ 16,068	Earnings Applicable to Common Shares	\$ 6,893	\$ 6,878	

Schedule of assets as at December 31, 1984

\$ 5,488	Fuel, material and supplies	\$ 6,125	\$ 6,336	(4)
	Property, Plant and Equipment (Net of accumulated depreciation and contributions in aid of construction)	\$ 505,941	\$ 515,921	(4)
\$ 278,759		\$ 335,551	\$ 344,921	
\$ 107,732	Net Assets (Common Shareholders' Equity)			

- (1) Restated to 1984 dollars.
- (2) Depreciation expense was based on the current cost value of the property, plant and equipment and the methodology normally used in preparation of historical cost financial statements.
- (3) The financing adjustment was calculated by applying the Company's current cost debt ratio to current cost adjustments made to income during the year. The financing adjustment based on current cost increases in property, plant and equipment and inventory for the year would be \$2,701 in 1984 and \$4,272 for 1983.
- (4) The current replacement cost for major plant categories was determined by restating historical costs with appropriate indices.

Other Supplementary Information

The following illustrates general price level changes and reflects the allowances required to maintain the invested capital of the business, i.e. the financial concept of capital maintenance.

	Current Cost 1984	Current Cost (1) 1983	
	(in thousands)		
Increase in the Cost of Property, Plant & Equipment and Inventory due to - Specific Price Changes	\$ 8,160	\$ 12,830	
- General Inflation	3,328	18,982	
Excess of Specific Price Changes over the Effect of General Inflation	<u>\$ 4,832</u>	<u>\$ (6,152)</u>	(2)
Gain in Purchasing Power from Net Monetary Items	<u>\$ 6,133</u>	<u>\$ 7,434</u>	(3)

- (1) Restated to 1984 dollars.
- (2) Increases in current costs due to specific price changes tended to be less than increases due to general inflation in 1983.
- (3) The purchasing power gain of \$6,133,000 represents the benefit to the Company of being in a net monetary liability position during a period of general inflation.

Statistics Canada's Consumer Price Index and GNE Implicit Price Deflator were used in the constant dollar calculations.

SELECTED FINANCIAL DATA CPI ADJUSTED

Since 1981 the Company has presented selected financial data for a five year period adjusted to a current dollars base by the use of the year-end Consumer Price Index for Canada. This material, which is not covered by the CICA guidelines, is meant to give some historical perspective to the ongoing effects of inflation on the company's performance.

	1984	1983	1982	1981	1980
* Operating Revenue	\$197,217	\$177,796	\$177,338	\$155,604	\$163,197
* Operating Expenses	\$149,257	\$127,877	\$128,314	\$112,198	\$117,099
* Common Shareholders Equity	\$107,732	\$101,421	\$ 94,342	\$ 92,850	\$ 95,239
* Net Income	\$ 19,831	\$ 20,281	\$ 19,553	\$ 17,183	\$ 16,871
Earnings per Share	\$ 3.90	\$ 4.04	\$ 3.85	\$ 3.51	\$ 3.46
Dividends Paid per Common Share	\$ 1.97	\$ 1.90	\$ 1.80	\$ 1.75	\$ 1.86
Share Price-Close December 31	\$ 31.625	\$ 30.01	\$ 26.03	\$ 23.71	\$ 29.89
Book Value per Share	\$ 25.86	\$ 24.84	\$ 23.67	\$ 23.63	\$ 24.50
*(thousands of dollars)					
Consumer Price Index Canada December 31	124.1	119.6	114.4	104.7	93.4

The foregoing inflation accounting information is new and in large measure experimental. The Company would appreciate and indeed welcome any comment, criticism and suggestions for improvement that readers care to make. Such correspondence should be addressed to: The Secretary, Newfoundland Light & Power Co. Limited, P. O. Box 8910, St. John's, Newfoundland, A1B 3P6

Shareholder Information

		1984				1983			
		Shares	%	Shareholders	%	Shares	%	Shareholders	%
COMMON SHARE GEOGRAPHIC DISTRIBUTION	Newfoundland	517,456	12.3	2,085	33.7	502,851	12.3	2,087	33.0
	Maritimes	1,092,530	25.9	2,142	34.6	1,082,769	26.5	2,165	34.3
	Quebec	553,550	13.2	574	9.3	540,114	13.2	612	9.7
	Ontario	1,667,951	39.6	908	14.7	1,578,395	38.7	979	15.5
	Western	354,313	8.4	411	6.6	350,327	8.6	405	6.4
	Total Canada	4,185,800	99.4	6120	98.9	4,054,456	99.3	6,248	98.9
	Non-Resident	23,760	0.6	66	1.1	27,772	0.7	70	1.1
Total	4,209,560	100.0	6,186	100.0	4,082,228	100.0	6,318	100.0	

The Dividend Reinvestment Plan and stock dividend programme provide a simple and cost free way for holders of common shares in the Company to invest dividends and optional cash payments for the purchase of additional Class A and Class B common shares. Shares issued from reinvested dividends are priced at the average share price on the Toronto Stock Exchange. Shares issued for optional cash payments (\$4,000/year) are also at the average share price. During 1984, about 1,200 shareholders participated in this plan and invested approximately \$1.7 million.

COMMON SHARE DIVIDENDS

	1984	1983	1982	1981	1980
Class A & B Common Shares					
Dividends Declared	\$2.02	\$1.86	\$1.70	\$1.525	\$1.40
Dividends Paid	\$1.97	\$1.83	\$1.65	\$1.48	\$1.40

Common share dividends are payable on the first days of March, June, September and December. The Company paid a dividend of \$0.53 per Class A Common Share and equivalent stock dividend per Class B Common Share on December 1, 1984 for an indicated dividend of \$2.12.

SHARE TRADING SUMMARY (TSE)

	Book Value Per Share	High Market Price	Low Market Price	Volume	
1978	\$15.99	\$18 5/8	\$15 1/4	288,600	
1979	17.19	21 1/2	16 3/4	199,600	
1980	18.44	26 1/2	17 1/4	326,900	
1981	19.93	23 1/2	16 1/2	287,700	
1982	21.82	24	17	447,749	
1983	23.94	30 3/4	24	446,400	
1984	First quarter	24.85	30 7/8	27 5/8	130,100
	Second quarter	25.91	29 1/4	25 1/2	63,600
	Third quarter	26.09	29 1/2	25 1/2	123,200
	Fourth quarter	25.86	33 3/8	29 1/8	280,700

HEAD OFFICE

Kenmount Road, P. O. Box 8910, St. John's, Newfoundland, A1B 3P6

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company, St. John's, Halifax, Montreal, Toronto, Calgary and Vancouver

1985 ANNUAL MEETING

Garrison Room, Hotel Newfoundland, St. John's, Newfoundland on Wednesday, May 1, 1985 at 11:00 a.m.

	1984	1983	1982
INCOME AND EXPENDITURE			
(thousands of dollars)			
Operating revenue	\$197,217	\$171,349	\$163,477
Operating expenses	134,988	109,512	106,524
Finance charges	14,053	12,727	11,419
Depreciation	14,269	13,519	11,760
Income taxes	14,049	16,302	15,602
Balance after preference dividends	16,068	15,699	14,056
Dividend on common shares	8,360	7,532	6,746
Retained in the business	7,708	8,167	7,310
Number of common shares at year end (thousands)	4,166	4,082	3,986
Earnings per common share (\$)	3.90	3.89	3.55
Dividends declared per common share (\$)	2.02	1.86	1.70
Return on Common Equity (%)	15.64	17.0	17.01
BALANCE SHEET DATA			
(thousands of dollars)			
Property, plant and equipment	404,600	378,152	349,875
Accumulated depreciation	109,306	98,155	86,468
Net fixed assets	<u>295,294</u>	<u>279,997</u>	<u>263,407</u>
First mortgage bonds	75,877	70,487	74,063
Other long term debt, bank loans and notes payable	48,771	46,819	38,714
Total debt	<u>124,648</u>	<u>117,306</u>	<u>112,777</u>
Preference shares	38,491	39,571	40,693
Common equity	107,732	97,743	86,964
Total capital	<u>270,871</u>	<u>254,620</u>	<u>240,434</u>
OPERATING STATISTICS			
Sources of Energy (millions of kWh)			
Purchased	2,933	2,756	2,778
Generated	419	397	383
Total	<u>3,352</u>	<u>3,153</u>	<u>3,161</u>
Sales (millions of kWh)			
Domestic	636	626	626
Domestic all-electric	1,139	1,035	1,050
General service all-electric	593	542	554
General service and street lighting	780	754	741
Total	<u>3,148</u>	<u>2,957</u>	<u>2,971</u>
Customers (year-end)			
Domestic	83,279	84,393	85,050
Domestic all-electric	60,428	56,275	52,226
General service all-electric	5,227	4,910	4,634
General service and street lighting	20,137	19,880	19,752
Total	<u>169,071</u>	<u>165,458</u>	<u>161,662</u>
Annual degree days — St. John's (Celsius)	4,740	4,601	5,031

POWER CO. LIMITED

Summary

<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>	<u>1975</u>
\$131,281	\$122,826	\$108,204	\$92,233	\$73,469	\$60,259	\$45,022
84,252	78,739	69,760	57,960	46,037	37,541	28,214
10,973	9,923	8,574	7,845	8,668	6,945	5,173
10,408	9,393	8,574	7,845	6,702	5,582	4,695
11,052	11,188	8,230	5,803	3,076	2,434	1,533
11,566	10,075	9,644	9,098	7,338	6,093	4,546
5,973	5,428	5,105	4,788	3,819	2,777	2,237
5,593	4,647	4,539	3,540	3,402	3,055	2,152
3,931	3,888	3,861	3,837	3,817	3,057	2,775
2.96	2.60	2.51	2.38	2.35	2.17	1.81
1.525	1.40	1.325	1.25	1.10	0.95	0.85
15.42	14.60	15.10	15.41	14.95	15.92	14.01
<u>324,690</u>	<u>294,950</u>	<u>272,585</u>	<u>254,760</u>	<u>238,008</u>	<u>210,611</u>	<u>181,178</u>
<u>77,132</u>	<u>68,943</u>	<u>61,513</u>	<u>53,921</u>	<u>48,608</u>	<u>42,251</u>	<u>40,240</u>
<u>247,558</u>	<u>226,007</u>	<u>211,072</u>	<u>200,839</u>	<u>189,400</u>	<u>167,360</u>	<u>140,938</u>
<u>68,373</u>	<u>53,404</u>	<u>55,317</u>	<u>50,838</u>	<u>53,623</u>	<u>54,337</u>	<u>34,916</u>
<u>40,745</u>	<u>49,052</u>	<u>48,834</u>	<u>51,714</u>	<u>43,062</u>	<u>32,807</u>	<u>43,383</u>
<u>109,118</u>	<u>102,456</u>	<u>104,151</u>	<u>102,552</u>	<u>96,685</u>	<u>87,144</u>	<u>77,299</u>
<u>41,873</u>	<u>33,041</u>	<u>28,844</u>	<u>23,601</u>	<u>24,371</u>	<u>24,488</u>	<u>14,749</u>
<u>78,335</u>	<u>73,058</u>	<u>66,754</u>	<u>61,852</u>	<u>57,382</u>	<u>42,298</u>	<u>35,998</u>
<u>229,326</u>	<u>208,555</u>	<u>199,749</u>	<u>188,005</u>	<u>178,438</u>	<u>153,930</u>	<u>128,046</u>
<u>2,574</u>	<u>2,597</u>	<u>2,503</u>	<u>2,446</u>	<u>2,286</u>	<u>2,077</u>	<u>1,870</u>
<u>427</u>	<u>462</u>	<u>359</u>	<u>378</u>	<u>332</u>	<u>380</u>	<u>340</u>
<u>3,001</u>	<u>3,059</u>	<u>2,862</u>	<u>2,824</u>	<u>2,618</u>	<u>2,457</u>	<u>2,210</u>
<u>607</u>	<u>608</u>	<u>589</u>	<u>591</u>	<u>598</u>	<u>611</u>	<u>619</u>
<u>941</u>	<u>966</u>	<u>881</u>	<u>878</u>	<u>801</u>	<u>715</u>	<u>526</u>
<u>465</u>	<u>464</u>	<u>463</u>	<u>430</u>	<u>386</u>	<u>385</u>	<u>313</u>
<u>819</u>	<u>810</u>	<u>757</u>	<u>723</u>	<u>684</u>	<u>587</u>	<u>535</u>
<u>2,832</u>	<u>2,848</u>	<u>2,690</u>	<u>2,622</u>	<u>2,469</u>	<u>2,278</u>	<u>1,993</u>
<u>86,120</u>	<u>86,655</u>	<u>86,468</u>	<u>86,506</u>	<u>87,493</u>	<u>87,722</u>	<u>90,155</u>
<u>49,012</u>	<u>45,365</u>	<u>42,312</u>	<u>39,215</u>	<u>35,377</u>	<u>30,571</u>	<u>23,001</u>
<u>4,416</u>	<u>4,090</u>	<u>3,813</u>	<u>3,484</u>	<u>3,096</u>	<u>2,674</u>	<u>2,203</u>
<u>19,828</u>	<u>19,631</u>	<u>19,443</u>	<u>19,344</u>	<u>19,036</u>	<u>18,694</u>	<u>18,037</u>
<u>159,376</u>	<u>155,741</u>	<u>152,036</u>	<u>148,549</u>	<u>145,002</u>	<u>139,661</u>	<u>133,396</u>
<u>4,428</u>	<u>5,095</u>	<u>4,641</u>	<u>5,088</u>	<u>4,808</u>	<u>4,805</u>	<u>5,099</u>

A TEN YEAR FINANCIAL STATISTICAL SUMMARY
 CONTAINING ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST FROM:
 THE SECRETARY
 NEWFOUNDLAND LIGHT & POWER CO. LIMITED
 P. O. BOX 8910, ST. JOHN'S, NEWFOUNDLAND A1B 3P6

Corporate Directory

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Montreal, Quebec
Senior Consultant,
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JOHN B. FOOTE

Grand Bank, Newfoundland
Senior Executive Officer,
J. B. Foote & Sons, Ltd.

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EWART A. PRATT

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Steers Limited

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* Audit Committee

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President,
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Calgary, Alberta
Chairman of the Board and
President and
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TransAlta Utilities Corporation

Officers

AARON BAILEY

Chairman of the Board

DAVID S. TEMPLETON

President

AIDAN F. RYAN

Vice-President and General Manager

GEORGE J. ADAMS

Vice-President Finance

JOHN G. EVANS

Vice-President Planning and
Construction

CHARLES W. HENRY

Vice-President Operations

MICHAEL A. PAVEY

Vice-President Corporate Planning

CECIL R. VIVIAN

Vice-President Rates and
Customer Services

KEVIN S. WARR

Vice-President-Treasurer

RAYMOND F. GOSINE

Secretary

H. BARRIE CURTIS

Assistant Secretary-Treasurer

October 17 1885

...the beginning of a century of service

"Hundreds, aye thousands, saw the electric light for the first time on Monday evening, and crowds in front of the business places where it shone stopped to gaze and admire the new wonder."

*The Evening Telegram
St. John's
October 21, 1885*

This year we proudly mark the one hundredth anniversary of electrical service to the public of Newfoundland. Through our predecessor companies, we have progressed from a small "lighting" company to one of the province's major service industries.

ST. JOHN'S ELECTRIC LIGHT COMPANY — On October 17, 1885, the St. John's Electric Light Company first produced power to supply carbon arc lighting for the shops and streets of St. John's. The steam-driven generators used to supply these early lights were located in a bakery warehouse on Flavin's Lane. The plant was burned in the great fire of 1892 but was rebuilt close to its original location and was back in production within a few months of the disaster.

ST. JOHN'S STREET RAILWAY COMPANY — On April 19, 1900, the first street cars began operation in St. John's. The system was owned by the St. John's Street Railway Company and was supplied from a new hydro generating plant at nearby Petty Harbour. Surplus power was sold to homes and businesses in the city and Petty Harbour and soon the Street Railway Company purchased the assets of the St. John's Electric Light Company. The Street Railway Company went through several phases of evolution, emerging in 1924 as the Newfoundland Light and Power Company Limited.

NEWFOUNDLAND LIGHT AND POWER COMPANY LIMITED — The Company built several generating plants along the Southern Shore and in Central Newfoundland. It acquired the electrical distribution systems in Corner Brook, Deer Lake and the Bay of Islands in 1951, in Grand Falls - Botwood in 1956, in Gander and Lewisporte in 1958 and in Springdale in 1965.

UNITED TOWNS ELECTRIC COMPANY LIMITED — In 1902 a group of businessmen from Harbour Grace, Carbonear and Hearts Content incorporated the United Towns Electrical Company. Work began immediately on the construction of a hydro electric plant at Victoria and distribution lines to the three major centres. On November 7, 1904, the new plant commenced operation. United Towns expanded throughout the Avalon Peninsula, outside of St. John's, and to the Burin Peninsula in 1929. In 1931, it acquired the shares of Wabana Light and Power (which it liquidated in 1959). In 1932, it acquired the shares of Public Service Electric Company and in 1944, set up the West Coast Power Company.

UNION ELECTRIC LIGHT AND POWER COMPANY — In 1916, three prominent members of the Fishermen's Protective Union incorporated the Union Electric Light and Power Company to supply electricity to Trinity, Catalina, Bonavista and adjacent communities. On February 17, 1918, its first generating station, a hydro plant at Port Union, began operating. The Company was affiliated with the Fishermen's Protective Union and provided lighting and motive power for the industrial activities of its sister companies, in addition to domestic and other commercial needs. In 1920, the capacity of the Port Union plant was increased and the distribution system was extended to the Bonavista area. In 1954, the Company purchased the Clarenville Light and Power Company Limited.

AMALGAMATION - 1966 — With the imminent availability of power from Baie d'Espoir, and an improved network of highways throughout the island, the interconnection of all the separate electric systems became a practical consideration. In 1966, decisions were taken by the shareholders of the separate utilities to form one company under the name Newfoundland Light & Power Co. Limited. In the ensuing years, the Company expanded and improved its facilities and adopted modern and efficient methods to meet the growing needs of customers. We begin another era with the same commitment to service.

The power company operated a street railway in St. John's from 1900 to 1949. A carbon arc street lamp can be seen on the pole at the centre of the photograph.



The port city of St. John's around the time that the first electric utility began operations in Newfoundland.



Newfoundland's first hydroelectric power plant, completed at Petty Harbour, just south of St. John's, on April 19, 1900.



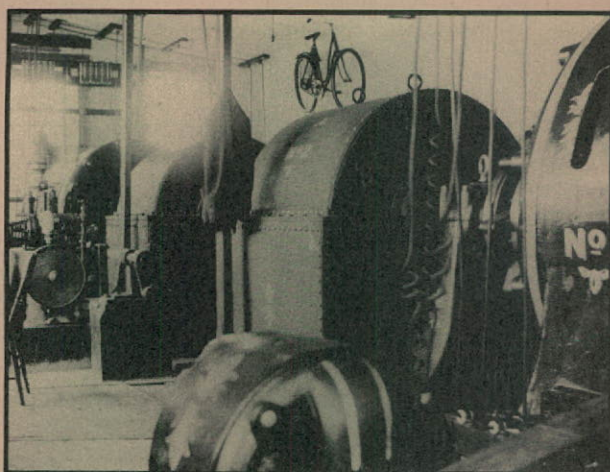
Port Union welcomes a visit from the Governor with an arch made of fish casks, shortly after electrification of the community.

Highlights from the First 100 Years

A long association - John Halley (on the left) worked with various predecessor companies from 1885 until his retirement in 1943. He was a pensioner until his death in 1963 and his widow, Mary Halley, continued the association as a surviving spouse until her death in 1975 - in all, 90 years.



Operating staff of the St. John's Electric Light Co. Ltd., Sept 1885 left to right: J.H. Halley, J.E. Worrall; Mathew M. Dunne



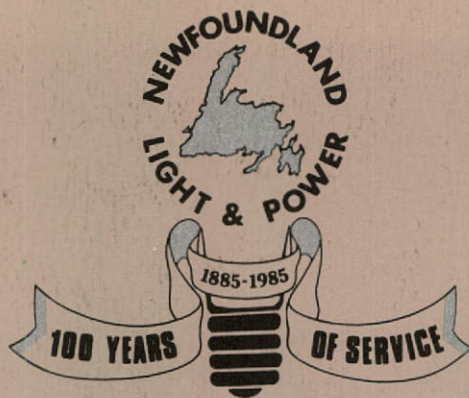
Inside view of Victoria hydro plant which was completed in 1904 to serve the communities Harbour Grace, Carbonear and Hearts Content. This section of the plant with its original equipment, is now a Company museum.



Street scene in Carbonear shortly after electrical service was made available.



The Port Union plant was completed in 1918. It served the communities of the Bonavista Peninsula and the expanding operations of the Fishermen's Protective Union.



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