The New Brunswick Electric Power Commission
1984/85 Annual Report

Highlights

In-province energy usage grew by 8.8% over the previous year during which sales grew by 15.9%.

Net income for the year rose to $18.6 million from $2.0 million in the previous year.

The Point Lepreau Generating Station achieved a capacity factor of 89.9% during the fiscal year making the unit one of the world performance leaders.

The major capital project for the year was the completion of the 345 kV transmission line associated with the second interconnection with Hydro-Québec.

Construction began on a circulating fluidized bed boiler at the Chatham Generating Station; and engineering design started on the conversion from oil to coal fuelling at the Coleson Cove Generating Station.

Contents

Cover
Tower symbolizing the new 345 kV transmission line associated with the second major interconnection with Hydro-Québec. The completion of this interconnection was NB Power's major capital project for the year.

24 June 1985

To His Honour G.F. Stanley
Lieutenant Governor of New Brunswick

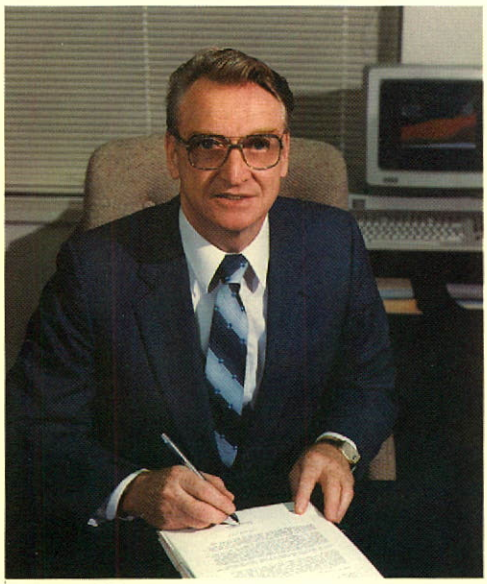
May it please your Honour:

The New Brunswick Electric Power Commission begs leave to submit, in accordance with the Electric Power Act, Chapter E-5, of the revised Statutes of New Brunswick 1973, the following report for the twelve month period ended 31 March 1985.

Respectfully submitted,

Leland W. McGaw, Chairman
The New Brunswick Electric Power Commission

Hon. Leland W. McGaw
Chairman



Arthur J. O'Connor
General Manager

Comments

A continued high level of load growth, improved financial results, exemplary performance by the Point Lepreau Generating Station, a new interconnection with Hydro-Québec and continued efforts to reduce the impact of oil in the electricity cost equation highlighted fiscal year 1984/85.

For the past two years, New Brunswick has experienced the highest rate of growth in Canada for in-province electrical energy usage. During 1984/85 over 12 000 conversions to electric space heating were recorded. In January 1985 an appliance saturation survey showed that electricity has surpassed oil and is now the principal source of energy in New Brunswick for residential space heating.

During the year, NB Power continued to expand its interconnection system. The major capital project for the year was the completion of the 345 kV transmission line associated with the second major interconnection with Hydro-Québec. This new interconnection provides an added dimension to the import of energy from Hydro-Québec to the region. The transfer capacity of the New England interconnection was also increased. Benefits from the purchase and sale of power with interconnected utilities are keeping electric power rates for provincial customers considerably lower than would otherwise be possible.

The Point Lepreau Generating Station operated at an average capacity factor of 89.9% during the fiscal year making the unit one of the world performance leaders among the nearly 200 reactors 500 000 kW or larger.

Following the completion of a technical and economic feasibility study, the federal government approved the required $33 million of funding for construction of a circulating fluidized bed boiler at the Chatham Generating Station. The objective of the fluidized bed demonstration program is to prove the use of the technology for the concurrent combustion of New Brunswick coal and oil shale in an economical and environmentally acceptable manner. The third phase of the study to evaluate the conversion of the oil-fired Coleson Cove Generating Station to burn coal was completed and engineering design was started during the fiscal year.

NB Power is making determined efforts to improve productivity and customer service. During the fiscal year the company successfully negotiated three collective agreements with its unionized employees. While staffing levels are being kept to the lowest practical level by making the best use of the company's human resources, computerized business and management information systems are helping to make productivity gains possible and, at the same time, are enabling the utility to upgrade the level of service to its customers.

Efficient generating equipment commissioned during the last decade represents about 80% of the system's thermal and nuclear generating capacity. These up-to-date facilities coupled with a new 345 kV transmission grid can be expected, with modest additions, to provide a secure and stable energy supply well into the next century. The efforts of the management and staff of NB Power to achieve this enviable position are to be commended.

Operations

In-province energy sales increased by 8.8% over the previous year. The continuation of the economic recovery and the full impact of recent load additions in the pulp and paper and mining sectors led to a 10.7% increase in sales to industrial customers. Residential sales grew by 9.1% reflecting the conversion of over 12 000 homes from oil to electric space heating and the addition of some 4 000 new customers. Sales grew by 4.5% in the general service classification and by 5.4% to wholesale customers. At 31 March 1985 NB Power was directly serving 240 797 customers, an increase of 4 920 over last year, and indirectly serving an additional 37 669 customers. In-province loads were supplied from the following sources: hydro 24.9%, nuclear 31.0%, purchases 31.6%, coal 6.1% and oil 6.4%.

A record peak demand of 1 833 800 kW by in-province customers occurred on 6 February 1985, 7.7% higher than the previous record set in 1983/84. A new gross peak demand, including exports, of 2 838 500 kW was reached on 7 January 1985, a 7.9% increase over the previous year.

Firm and economy interconnection sales totalled 5 994 million kW.h, a 4.4% decrease from the previous year, reflecting lower sales to Nova Scotia primarily as a result of their additional coal burning capability. Total firm energy sales—principally from Point Lepreau and Coleson Cove—were 2 390 million kW.h, essentially the same as in the previous year. Economy energy sales to utilities in New England were 2 779 million kW.h, an increase of 4.3%; to Prince Edward Island 419 million kW.h, an increase of 4.8%; and to Nova Scotia 406 million kW.h, a decrease of 47.3%.

On 23 August 1984 the National Energy Board approved an agreement for the supply of 30 000 kW of system power and associated energy to Bangor Hydro Electric Company between 1 December 1984 and 31 October 1991. Following application by Maritime Electric Company Limited of Prince Edward Island, on 20 February 1985 the NEB ordered NB Power to offer the Canadian utility energy at a price no higher than the price offered to United States utilities. NB Power subsequently won the right to appeal this decision and is scheduled to appear before the Federal Court of Appeal in July 1985.

Major additions to the transmission grid, which increased NB Power's ability to benefit from interconnection transactions, were completed in the last half of the fiscal year. In November 1984 the radial feed portion of the new interconnection with Hydro-Québec—Madawaska to Edmundston—became operational at 315 kV providing 150 000 kW of supply to northwestern New Brunswick directly from the Québec system. The 345 kV transmission line associated with the new interconnection was energized in March 1985. The 345 kV line to New England was upgraded in February 1985, increasing the capacity to 700 000 from 600 000 kW.

To meet interconnection sales and increased in-province requirements, total generation and purchases of energy from all sources was 16 767 million kW.h, an increase of 2.9% from the previous year and a record for NB Power. Purchases of energy totalled 5 009 million kW.h, an increase of 13.3% over last year. Hydro-Québec was the major supplier with the balance coming from other interconnected utilities and some in-province industries. Hydro generation capabilities were increased by raising the Mactaquac headpond by 3 feet during the spring of 1984. Hydro energy production, while near the long-term average, was 7.5% lower than the previous year. Thermal generation increased 6.6% over last year reflecting low hydro conditions during the high demand period. Nuclear generation was 5 355 million kW.h, representing a Point Lepreau annual capacity factor of 89.9%.

Bob Bradley, Sussex District Manager, chats to Bill Henderson, General Maintenance Foreman — Surface Operations, Potash Company of America, while 100-ton hopper cars are being filled with potash. This shipment is bound for the port of Saint John, N.B. only 80 km (50 miles) away, for overseas export.

At Dairytown Products Ltd. this mechanical vapour recompression heat pump is used in the evaporation stage of the milk powder-making process.

The Potash Company of America mine near Sussex is one of three potash developments in the area.

Potash Company of America and Dairytown Products Ltd. are two industrial customers in the Sussex District using electricity-driven turbo-compressors to benefit from energy savings over conventional evaporation methods.

Finance

Total revenue amounted to $834.2 million, an increase of $65.5 million from the previous year. In-province revenue increased $48.7 million to $484.5 million due to an 8.8% rise in energy sales and a 6.0% average rate increase at the beginning of the period. Interconnection revenues rose $16.8 million to $349.7 million despite a 4.4% decline in energy sales volumes from the record levels of the previous year. Miscellaneous revenues declined $6.6 million reflecting the fact that $6.7 million of surplus fuel oil had been sold last year.

The total cost of fuel and purchased power increased by $57.0 million to $347.8 million. This increase was attributable to a 2.9% overall increase in gross generation and power purchases, somewhat lower hydro generation than in the previous year, and the impact of higher oil prices on thermal generation costs and, more importantly, on purchased power costs. Operations, maintenance and general expenses increased $20.8 million to $156.0 million due largely to increased maintenance and reduced capital-related activities at major operating facilities. Depreciation expense increased $2.3 million to $71.8 million and, due to weakness of the Canadian dollar compared with its American counterpart, net financial charges increased $5.5 million to $242.4 million.

A continuing strong performance from the nuclear unit was the major factor in an addition of $18.8 million to the Generation Equalization Reserve and a corresponding charge against income. This represents a decline of $14.2 million from the previous year due to a longer planned maintenance outage at Point Lepreau and reduced water flows compared with the previous year.

Earnings from economy sales to neighbouring utilities fell short of record budgeted levels by $6.3 million during the year. Amortization of unanticipated higher earnings from economy sales for previous years amounted to $14.9 million. The combined result was a transfer of $21.2 million from the Economy Sales Stabilization Account to income during the year.

Net Income for the year rose to $18.6 million from $2.0 million in the previous year. Earnings invested in the Business increased to $94.6 million after an appropriation of $13.0 million to the Generation Equalization Reserve. Appropriations are made to ensure that the reserve is sufficient to cover the cost of replacement power in the event of unfavourable water flow conditions and nuclear operating performance for an extended period. Accumulated appropriations to this reserve now amount to $125.0 million.

Total capital expenditures for the year rose to $88.1 million from $74.4 million in the prior year. The largest project under construction during the current period was the second transmission interconnection with the Hydro-Québec system which was completed ahead of schedule.

To provide funds to repay maturing indebtedness and for the capital construction program, the following borrowing was completed: $100 million 20-year 13¼% sinking fund debentures dated November 1, 1984 issued publicly in Canada.

The approval of a new standard governing 125 amp service entrances made conversion more affordable for many home-owners by reducing the cost of revamping their existing service entrances. NB Power marketing representative Heather Connors-Dunphy stands in front of a 125 amp service entrance.

A portable micro-computer for meter reading. Only the size of a large calculator, it contains a keyboard to enter information from the meter, and a small display screen to view entries and to receive programmed instructions. Each day customer billing information obtained by the meter reader is transferred to NB Power's main computer which checks the data and calculates customers' power bills.

Aerial view of Fredericton showing a downtown residential section in the foreground. During 1984/85 over 12 000 conversions to electric space heating were recorded in the province. The utility's goal is to convert most of the remaining oil-heated residential customers to electricity by 1990.

Directions

NB Power has successfully weathered both the oil and nuclear traumas of the 1970's and early 1980's. The utility has a strong generating base and interconnection system to meet the needs of its customers well into the future. The company has a highly skilled work force and is benefitting from many innovative concepts and research and development projects to reduce the impact of oil in the electricity cost equation.

NB Power's Chatham Generating Station is the site of a major research and development project which could significantly benefit New Brunswick's coal and oil shale mining industries. Funded by the federal government, a new circulating fluidized bed boiler is now under construction. Circulating fluidized bed combustion is an advanced technology in which fuel is burned with limestone. During combustion the limestone captures acid gases which if released into the atmosphere would produce acid rain. The object of the Chatham project is to demonstrate that high-sulphur New Brunswick coal and oil shale which contains limestone can be burned together in a circulating fluidized bed boiler in an economical and environmentally acceptable manner. The Chatham project establishes a Canadian demonstration facility and could lead to a commercial scale unit in the province by the early 1990's.

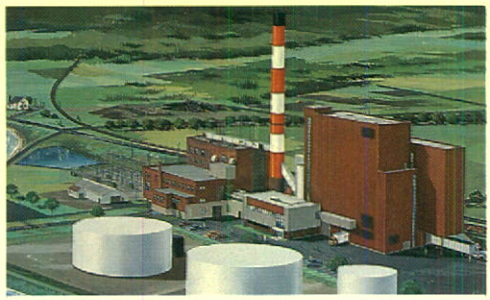
The Coleson Cove Coal Conversion study jointly funded by the federal government and NB Power was completed in March 1985. This study confirmed the technical and economic feasibility of modifying the existing oil-burning boilers. The conversion would also offer the opportunity to reduce the emission of sulphur dioxide from the plant if a coal with a low sulphur content is burned. NB Power is assessing the suitability of a variety of coal sources with this objective in mind. An Environmental Impact Assessment has been done and public hearings on the environmental implications of the project are planned for mid-1985.

With the completion of Hydro-Québec's 350 000 kW High Voltage Direct Current converter station in mid-1985 the interconnection capacity with Hydro-Québec will increase to 1 000 000 kW, and will provide additional energy for in-province and export sales. During the current fiscal year the existing interconnection with New England utilities was upgraded from 600 000 kW to 700 000 kW. Discussions and environmental studies are underway with respect to a second 345 kV interconnection with New England.

NB Power will continue to seek new markets for in-province and export sales. Revenues from energy transactions with adjacent utilities have been increasing dramatically in recent years and now are over 40% of the total utility revenue. NB Power will be intensifying its efforts to remove as much as possible the uncertainty currently associated with the interruptible type of energy transactions by developing firm capacity and energy packages when market conditions permit.

NB Power is actively continuing its marketing efforts to sell the concept of a second nuclear unit at Point Lepreau for export purposes. Regulatory problems in New England are making it very difficult for American utilities to commit themselves to a Lepreau II purchase, notwithstanding the significant benefits they would expect to achieve from the project. As the project would also bring significant benefits to New Brunswick and Canada, NB Power is now focusing its efforts on developing mechanisms to accommodate the adverse U.S. regulatory situation and allow the project to proceed.

In-province marketing activities and the announcement in November 1984 that the federal government's Canada Oil Substitution Program (COSP) would end in March 1985 were contributing factors to the high level of growth in the current fiscal year. During 1984/85 over 12 000 conversions to electric space heating were recorded. This was more than double the number of conversions in each of the previous two years. As well, 26% of these 12 000 conversions were on existing service entrances, reducing



Artist's impression of Chatham Generating Station showing the building now under construction which will house the new circulating fluidized bed boiler.

Artist's impression of a second nuclear unit at Point Lepreau.

Coleson Cove, on the Bay of Fundy, is NB Power's largest generating station. A study jointly funded by the federal government and NB Power confirmed the technical and economic feasibility of converting this plant to coal.

the cost of conversion for the customer and for the utility. Customer responses to an appliance saturation survey indicated that conversion to electric heating will continue at a high rate because of significant cost savings, even though COSP has ended. The utility's goal is to convert most of the remaining oil-heated residential customers to electricity by 1990 in a cost-effective manner.

Market research has also identified potential in the industrial sector for new electrotechnologies such as industrial heat pumps. Several industries have already adopted this electrotechnology: the Potash Company of America, Dairytown Products Ltd., and Fraser's have installed mechanical vapor recompression equipment. These electricity-driven turbocompressors or "open-cycle" heat pumps are offering such firms considerable energy savings over conventional evaporation methods.

In accordance with long-range plans for computer systems development, several new information systems were put in service in 1984/85. A new purchasing system has reduced the spare parts purchasing cycle by three to four weeks. Computer Aided Design has improved engineering design productivity and the maintenance of engineering drawings. A new on-line drawing registry has been put in place to track drawing changes. In the fall of 1984, NB Power introduced the use of portable microcomputers for meter reading. This offers the potential for on-site, same-day billing. An automated system for handling customer service requests is another example of increased efficiency in the customer service area. The implementation of these systems has not only improved productivity but also provides a base of data for management information. During the coming year plans have been made for expanding and enhancing the management information system and for the introduction of office information technology. This will integrate word processing, communications, management information, and end-user computing to improve productivity at all levels of the company.

In the three major fossil-fired stations an on-line heat rate monitoring system has been successful in improving plant operating efficiency, resulting in fuel savings. As well, a Maintenance Management System has been implemented in all the generating stations in the province. This computer-based system, which was designed and developed by NB Power employees, has resulted in substantial productivity improvements in the major plants. Enhancements to the Maintenance Management System, which include equipment history modules, are scheduled for 1985/86.

Confident of its highly-skilled work force and its strong generating base and interconnection system, NB Power looks forward to the year 2 000 with optimism.

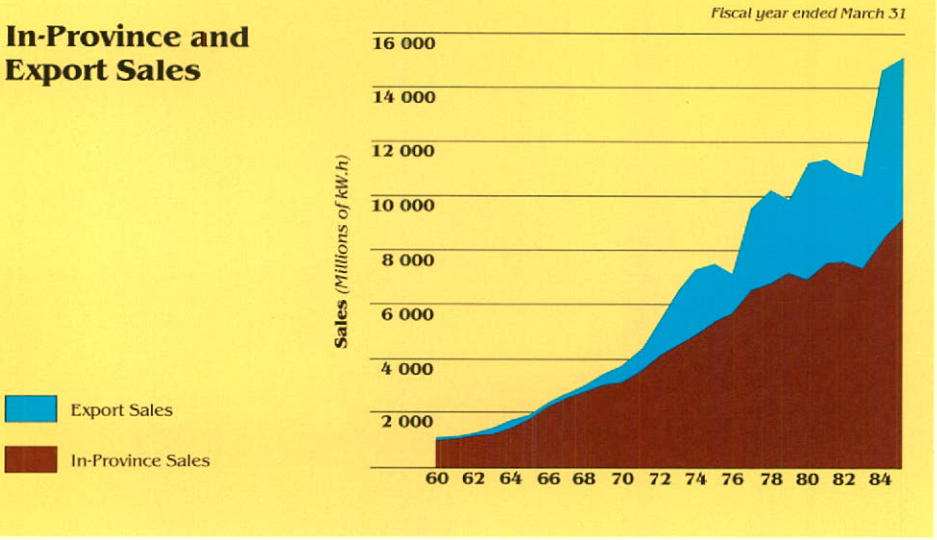
Dorothy Theriault, assistant power plant operator training at Point Lepreau, is the first woman in this position in Canada at a nuclear generating station.

Leland W. McGaw
Chairman

Arthur J. O'Connor
General Manager

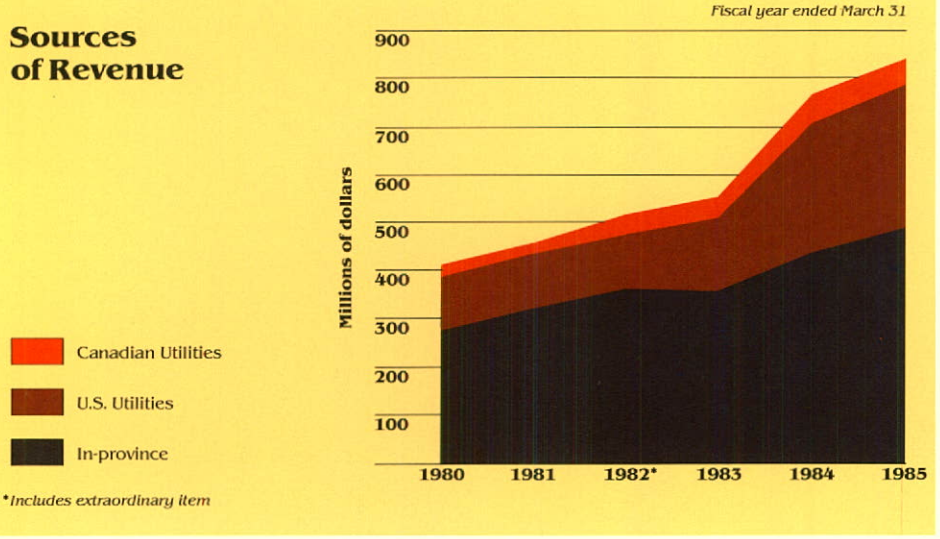
1st Class Linemen Randy Gass and Ron Johnston. Linemen are the vital link between the production and the consumption of electricity.

In-Province and Export Sales



Export sales have continued to increase in importance to NB Power over the past 25 years.

Sources of Revenue

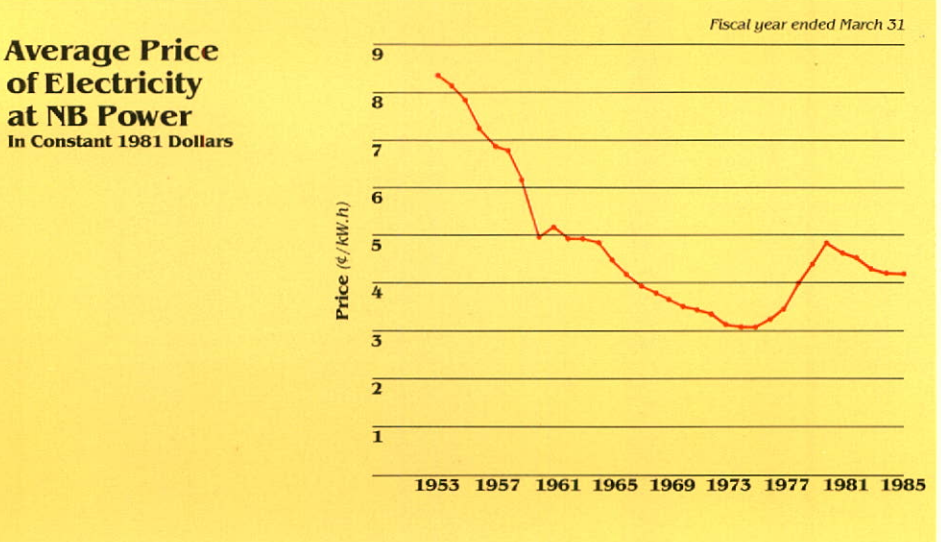


*Includes extraordinary item

Revenue from electricity exports to Canadian and U.S. utilities is now over 40% of total revenue.

Average Price of Electricity at NB Power

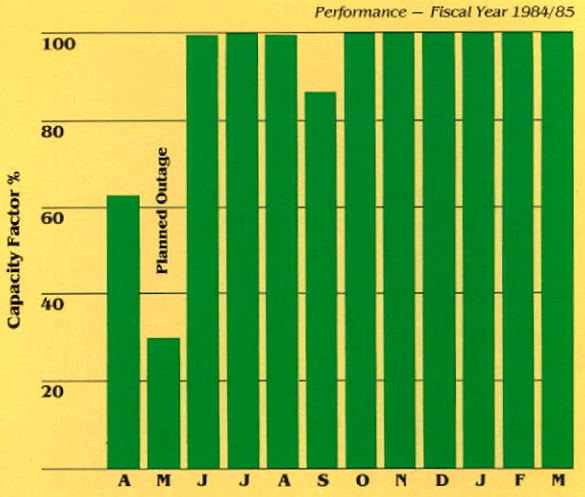
In Constant 1981 Dollars



Following the trauma of the oil crises of the 1970's and early 1980's, electricity prices in New Brunswick are again declining in real terms.

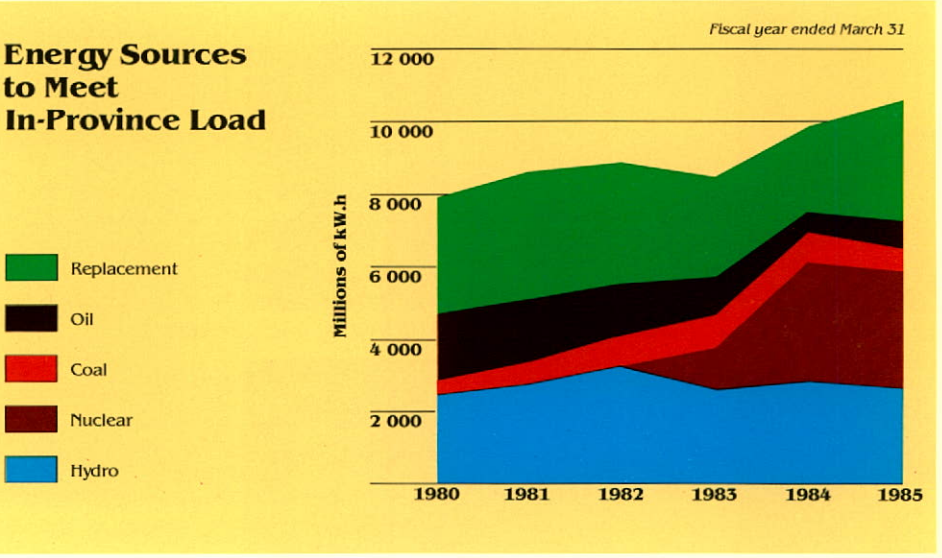
The Point Lepreau Generating Station achieved a capacity factor of 89.9% during the fiscal year making the unit one of the world performance leaders.

Point Lepreau Performance



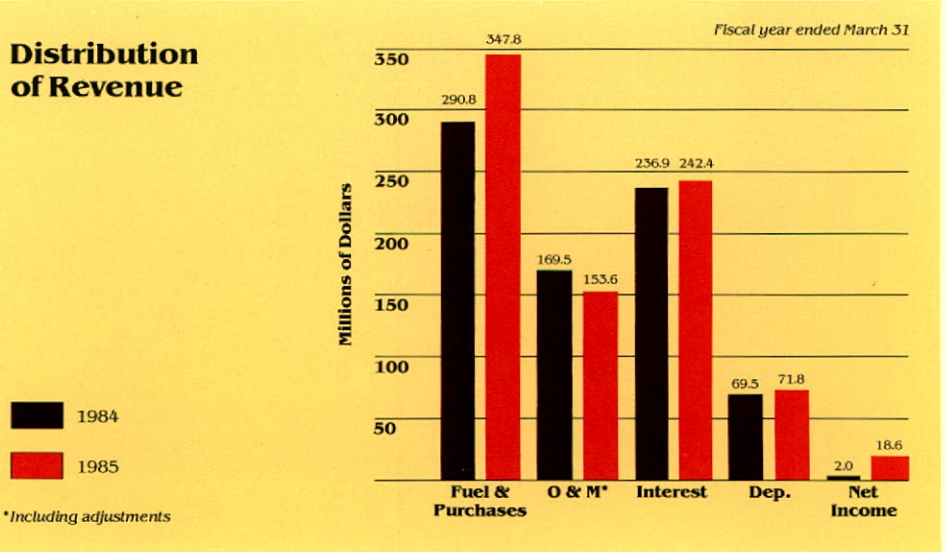
Hydro, nuclear and purchased power continue to supply most of the energy required to serve in-province customers.

Energy Sources to Meet In-Province Load



While higher domestic oil prices had a negative effect on costs during the year, income increased from $2.0 million to $18.6 million.

Distribution of Revenue



Corporate Information

Commission

Hon. Leland W. McGaw, Chairman

Louis E. Landry, Vice-Chairman

Gaétan Bossé

Jean C. Chiasson

William K. Cleghorn

Peter J. Dykeman, Q.C.

Eric C. Garland

Harry Williston

Donna K. Young

Managing Officers

Arthur J. O'Connor,
General Manager

Frank C. MacLoon,
Assistant General Manager,
Engineering & Operations

Richard A. Toner,
Assistant General Manager,
Administration

G. Linwood Titus,
Assistant General Manager,
Planning & Development

Paul S. Creaghan, Q.C.
Secretary & General Counsel

Terrence S. Thompson,
Manager, Public Affairs
& Marketing

Frank H. Ryder,
Manager, Corporate Economic
Studies

Kenneth B. Little,
Manager of Finance & Treasurer

The New Brunswick Electric Power Commission

Financial Statements

Balance Sheet

as at 31 March 1985

Assets

	1985	1984
Fixed assets		
Land, buildings, plant and equipment, at cost, less accumulated depreciation, and construction in progress (Note 2)	**$2,372,897,446**	$2,359,378,894
Current assets		
Cash and short-term investments	**4,584,810**	20,750,231
Accounts receivable	**104,626,570**	90,267,239
Material, supplies and fuel, at cost	**78,457,920**	64,455,755
Prepaid expenses	**2,440,333**	2,418,695
	190,109,633	177,891,920
Deferred charges		
Unrealized foreign exchange differences, less amounts amortized (Note 3)	**160,367,728**	129,445,496
Nuclear unit decommissioning	**68,100,000**	69,900,000
Debenture and note discount and issue expenses, less amounts amortized	**20,984,635**	22,327,490
Survey, engineering and training expenses in connection with expansion of facilities	**722,336**	1,731,337
Other	**59,659**	138,777
	250,234,358	223,543,100
Funds held for specified purposes		
Insurance fund	**7,731,429**	7,667,312
	$2,820,972,866	$2,768,481,226

On behalf of The New Brunswick Electric Power Commission

Leland W. McGaw, Chairman

Louis E. Landry, Vice-Chairman

Liabilities

	1985	1984
Long-term debt (Note 4)		
Guaranteed by the Province of New Brunswick		
Debentures and notes issued by the Commission	**$1,820,330,193**	$1,818,410,683
Note payable to Atomic Energy of Canada Limited	**346,280,839**	350,000,000
Loans from Northern Canada Power Commission	**45,438,165**	47,072,094
Loan from the Province of New Brunswick	**–**	643,896
Other long-term debt	**7,190,932**	7,325,646
Obligation under capital lease	**11,259,385**	11,259,385
	2,230,499,514	2,234,711,704
Less payments due within one year	**123,507,825**	131,688,357
	2,106,991,689	2,103,023,347
Current liabilities		
Bank indebtedness (Note 5)	**11,198,281**	2,669,516
Accounts payable and accruals	**70,685,019**	51,762,156
Accrued interest on debentures and notes issued by the Commission	**100,743,559**	93,891,273
Accrued interest on loan from the Province of New Brunswick	**–**	9,182
Current portion of long-term debt	**123,507,825**	131,688,357
Holdbacks on contracts in progress	**1,713,347**	2,584,056
Service deposits	**1,150,934**	1,143,205
	308,998,965	283,747,745
Deferred liabilities		
Customers' advances in aid of construction	**–**	464,349
Economy sales stabilization account (Note 6)	**6,204,545**	27,370,000
Irradiated fuel management and nuclear unit decommissioning (Note 7)	**86,996,886**	79,460,930
	93,201,431	107,295,279
Reserves (Note 8)	**217,209,974**	185,450,974
Earnings invested in the business	**94,570,807**	88,963,881
	$2,820,972,866	$2,768,481,226

Statement of Income

For The Year Ended 31 March 1985

	1985	1984
Revenue		
Sales of power (Note 9)	**$818,243,480**	$747,330,838
Sales of steam	**8,109,478**	6,892,843
Miscellaneous (Note 10)	**7,854,305**	14,454,605
	834,207,263	768,678,286
Expenditure		
Purchased power	**169,281,887**	133,239,162
Generated power		
Fuel	**178,508,647**	157,574,972
Other	**80,496,635**	64,281,827
Operations, maintenance, administration and general	**75,529,759**	70,975,289
Depreciation	**71,812,224**	69,532,299
	575,629,152	495,603,549
Income before interest and exchange	**258,578,111**	273,074,737
Interest and exchange	**258,998,214**	247,364,724
Amortization of debenture discount and expense	**3,115,186**	3,144,197
Amortization of unrealized foreign exchange	**16,869,257**	11,086,181
	278,982,657	261,595,102
Less		
Income from sinking funds and other investments	**32,907,192**	22,910,053
Interest capitalized	**3,697,825**	1,758,546
	36,605,017	24,668,599
	242,377,640	236,926,503
Net operating income for the year before the following items	**16,200,471**	36,148,234
Generation equalization adjustment	**(18,759,000)**	(33,000,739)
Transfer from (to) economy sales stabilization account (Note 6)	**21,165,455**	(1,195,000)
	2,406,455	(34,195,739)
Net income for the year	**$ 18,606,926**	$ 1,952,495

Statement of Earnings Invested in The Business

For The Year Ended 31 March 1985

	1985	1984
Balance at beginning of year	**$88,963,881**	$88,011,386
Net income for the year	**18,606,926**	1,952,495
	107,570,807	89,963,881
Appropriation to generation equalization reserve	**13,000,000**	1,000,000
Balance at end of year	**$94,570,807**	$88,963,881

Statement of Changes in Financial Position

For The Year Ended 31 March 1985

	1985	1984
Source of funds		
From operations		
Net income for the year	**$ 18,606,926**	$ 1,952,495
Amounts charged or credited to operations but not requiring an outlay of funds		
Irradiated fuel management and nuclear unit decommissioning	**9,335,956**	7,900,601
Provision for depreciation of buildings, plant and equipment	**71,812,224**	69,532,299
Vehicle depreciation	**1,327,853**	1,511,300
Amortization of debenture discount and expense	**3,115,186**	3,144,197
Amortization of unrealized foreign exchange	**16,869,257**	11,086,181
Transfer to (from) economy sales stabilization account	**(21,165,455)**	1,195,000
Generation equalization adjustment	**18,759,000**	33,000,739
Survey, engineering and training expenses written off	**1,009,001**	182,136
	119,669,948	129,504,948
Proceeds from notes and debentures issued less discount and expense	**98,227,649**	–
Obligation under capital lease	**–**	11,259,385
Contributions in aid of construction	**648,578**	2,798,615
Proceeds from sale of assets	**343,767**	374,154
Decrease in other deferred charges	**79,118**	18,688
Decrease (increase) in working capital exclusive of changes in current portion of long-term debt	**21,214,039**	(5,800,255)
	$240,183,099	$138,155,535
Application of funds		
Expenditure on fixed assets	**$ 88,115,303**	$ 74,387,937
Redemption of Commission debentures (net of available sinking funds)	**95,019,080**	20,486,867
Sinking fund deposits	**51,560,912**	40,628,656
Increase in deferred survey, engineering and training expense	**–**	985,056
Repayment of loan from Northern Canada Power Commission	**1,633,928**	1,543,757
Repayment of loan from Atomic Energy of Canada Limited	**3,719,161**	–
Decrease in other long-term debt	**134,715**	123,262
	$240,183,099	$138,155,535

Notes to Financial Statements

31 March 1985

1. Summary of significant accounting policies

The financial statements, which have been prepared in conformity with generally accepted accounting principles as established in Canada, give effect to the Commission's mandate to set power rates.

a. Fixed asset additions and retirements

The cost of additions to fixed assets is the original cost of contracted services, direct labour and material, interest on funds used during construction and indirect charges for administration and other expenses, less credits for the value of power generated during commissioning. Administration and other expenses are capitalized during construction by applying a portion of such overheads to direct construction costs incurred each month.

Interest during construction is capitalized monthly based on the cost of long-term borrowings.

The cost of repairs and maintenance is charged to income while the cost of improvements is capitalized. For property replaced or renewed, the original cost plus removal cost less salvage and accumulated depreciation is charged or credited to depreciation expense in the statement of income.

Contributions in aid of construction include amounts received from customers as well as government grants in respect of new facilities and are netted against the cost of plant financed thereby. Amounts received from customers are being amortized over the estimated service lives of the related assets, and the resulting credit is offset against the corresponding provision for depreciation.

Depreciation is provided for all assets sufficient to amortize the cost of such assets, less estimated salvage value where applicable, over their estimated service lives. The nuclear generating station is depreciated using an escalating charge method with annual increases based upon a 3% factor. All other assets are depreciated on a straight-line basis. Depreciation is provided on the net cost of fixed assets in respect of which government grants have been provided. The estimated service lives of the main categories of fixed assets, which are reviewed periodically, are currently as follows:

Assets	*Years*
Hydro Generating Stations	68
Thermal Generating Stations	30
Nuclear Generating Station	30
Gas Turbine Generating Station	25
Diesel Generating Station	20
Terminals and Substations	30
Transmission System	40
Distribution System	28
Buildings — general	40
Building under capital lease	50

b. Inventories

Inventories of materials and supplies are valued at average cost. Fuel is valued at cost using the first-in, first-out method.

c. Debenture and note discount and issue expenses

The Commission amortizes debenture and note discounts or premiums and the expenses of issues over the lives of the issues to which they pertain.

d. Survey, engineering and training expenses in connection with expansion of facilities

Survey and engineering expenses relating to construction projects being considered are deferred until a project is authorized for construction by the Commission. Such costs together with certain training costs are then amortized against future income either directly or by annual depreciation charges resulting from certain of the items being capitalized. If a project is discontinued, all applicable costs are charged to income in that year.

e. Foreign exchange transactions
Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at rates of exchange prevailing at the balance sheet date except where such items have been hedged by the acquisition of a forward exchange contract, in which case the rate established by the terms of the contract is used in the translation. Unrealized losses or gains arising on translation of long-term items are amortized to income on a straight-line basis over the remaining life of the related monetary assets or liabilities, except that amounts associated with the financing of major construction projects still in progress are deferred until the project is completed before being amortized over the then remaining life of the related monetary liabilities. The unamortized balance of the deferred exchange gains or losses is accumulated in an unrealized foreign exchange account which is shown on the balance sheet under deferred charges.

Exchange gains or losses resulting from transactions affecting current operations are reflected in income as realized.

f. Revenue
Billings to residential and general service customers are rendered monthly on a cyclical basis. All other customers are billed at the end of each month. The Commission does not accrue revenue in respect of items not billed at the end of a fiscal period.

g. Deferred costs or revenues
The Commission's power rates are established annually to recover its operating costs and a return on its investment consistent with prudent financial management. Each year certain factors, relating to water flow conditions, nuclear operating performance and economy sales transactions, which are largely outside the control of the Commission, may result in costs or revenues which vary from those originally included in the calculation of revenue requirements. The Commission accounts for such variations through a Generation Equalization Adjustment and an Economy Sales Stabilization Account.

Generation Equalization Adjustment

In order to equalize the fluctuations in generating costs caused by variations from average water flow conditions and nuclear operating performance, the Commission annually charges or credits income with an amount calculated to adjust such costs to an average value. The offsetting debit or credit is included in the generation equalization reserve account. The calculation of the adjustment is based on historical water flow data compiled over a period of 35 years and on the performance expectations of the nuclear generating station developed from comparable industry statistics and the operating experience of the nuclear unit itself.

Economy Sales Stabilization Account

The Commission annually charges or credits income with the difference between actual and forecast earnings on economy sales transactions with neighbouring utilities. The offsetting debit or credit is included in the Economy Sales Stabilization Account. Amounts so deferred are brought into the calculation of future revenue requirements in equal amounts over a period of three years and are amortized to the income statement on this basis.

h. Irradiated fuel management and nuclear unit decommissioning
In order to provide for the estimated future costs of permanently disposing of irradiated nuclear fuel and decommissioning the nuclear generating station to return the site to a state of unrestricted use, the Commission annually charges income with amounts calculated to be adequate, when accumulated with interest, to cover the total cost of these future activities as they occur. The calculations of the anticipated future costs are based on a detailed study which takes into account various assumptions regarding the method and timing of dismantlement of the nuclear facility, the cost of transportation of nuclear material to permanent disposal facilities, and estimates of interest and inflation rates in the future. With respect to irradiated nuclear fuel, the annual charge is related to the amount of nuclear fuel consumed while the decommissioning requirements are on the basis of equal annual amounts over the life of the unit.

The Commission is accounting for these transactions through means of deferred asset and deferred liability accounts. The total amount required to be collected over the life of the unit to cover decommissioning activities was recorded in these accounts as of the date the nuclear unit was placed in service. The deferred asset account is reduced annually by the amount collected from customers for decommissioning. The deferred liability account is increased each year by the amount collected from customers to cover disposal of irradiated nuclear

fuel consumed during the year and by interest, compounded annually, on the accumulated amounts collected. Interest is calculated at the Commission's long-term borrowing rate and is charged to income annually.

In view of potential developments in the technology of decommissioning and irradiated fuel management, and because of the various assumptions and estimates inherent in the calculations, the Commission intends to review such calculations periodically, making adjustments as necessary on a prospective basis.

2. Fixed assets

	1985	1984
Land, buildings, plant and equipment, at cost		
Power generating stations	**$2,200,308,479**	$2,180,325,984
Transmission system	**152,961,274**	130,465,066
Substations	**183,230,878**	170,304,020
Distribution system	**269,407,464**	244,668,915
Other properties*	**25,925,236**	25,719,692
Communications equipment	**4,398,565**	4,320,123
Motor vehicles and miscellaneous equipment	**28,052,308**	26,481,894
	2,864,284,204	2,782,285,694
Less contributions in aid of construction	**12,035,639**	10,922,712
Government grants — Mactaquac and HVDC facility	**22,500,000**	22,500,000
	34,535,639	33,422,712
	2,829,748,565	2,748,862,982
Less accumulated depreciation	**484,942,575**	415,100,166
	2,344,805,990	2,333,762,816
Construction-in-progress	**28,091,456**	25,616,078
	$2,372,897,446	$2,359,378,894

* Includes $11,259,385 being the gross amount of assets under capital lease. Accumulated depreciation includes $225,188 with respect to these assets.

3. Unrealized foreign exchange differences, less amounts amortized

	1985	1984
Exchange adjustment at balance sheet date on debentures and notes issued by the Commission		
Payable in Swiss francs	**$ 10,681,229**	$ 27,447,900
Payable in United States dollars	**243,034,698**	168,079,919
Exchange adjustment at balance sheet date on loan from the Province of New Brunswick	**–**	283,412
Exchange premium on assets denominated in foreign currencies held in sinking funds maintained by the Province of New Brunswick		
Sinking fund for debentures and notes issued by the Commission	**(43,619,756)**	(31,288,323)
Sinking fund for loan from the Province of New Brunswick	**–**	(25,726)
Exchange premium on assets held in the insurance fund	**(231,429)**	(167,312)
	209,864,742	164,329,870
Less accumulated amortization	**49,497,014**	34,884,374
	$ 160,367,728	$ 129,445,496

4. Long-term debt

Debentures and notes issued by the Commission

Date of maturity	*Interest rate %*	**1985**	1984
Payable in Canadian dollars			
1985 17 March	13¼	**$ –**	$ 75,000,000
1985 15 May	13¾	**1,883,000**	75,000,000
1987 15 March	5½	**2,650,000**	2,650,000
1988 1 November	5½	**2,000,000**	2,000,000
1989 15 October	8½	**228,000**	228,000
1990 10 January	11¼	**50,000,000**	50,000,000
1990 15 May	13¾	**73,117,000**	–
1990 1 August	9	**293,000**	293,000
1991 1 July	5¾	**5,000,000**	5,000,000
1992 15 March	5½	**7,350,000**	7,350,000
1993 8 February	11¾	**100,000,000**	100,000,000
1993 1 November	5½	**6,000,000**	6,000,000
1994 15 June	5½	**10,000,000**	10,000,000
1994 31 December	5½	**3,790,000**	3,790,000
1995 1 May	6¼	**15,000,000**	15,000,000
1995 15 May	10⅜	**20,000,000**	20,000,000
1995 15 October	5¾	**7,500,000**	7,500,000
1996 1 January	6	**13,800,000**	13,800,000
1996 1 March	6	**4,000,000**	4,000,000
1996 1 October	6½	**6,100,000**	6,100,000
1996 15 November	7⅞	**20,000,000**	20,000,000
1997 15 October	8⅜	**20,000,000**	20,000,000
1998 15 November	8½	**25,000,000**	25,000,000
1999 1 October	11	**24,674,000**	24,674,000
1999 31 December	5½	**8,210,000**	8,210,000
2000 1 March	10	**50,000,000**	50,000,000
2000 25 August	11⅞	**35,000,000**	35,000,000
2003 21 December	10¼	**75,000,000**	75,000,000
2004 1 November	13¼	**100,000,000**	–
2005 10 January	11¼	**50,000,000**	50,000,000
		736,595,000	711,595,000
Payable in Swiss francs			
1985 20 April (SFr100,000,000)	4¼	**60,815,000**	60,815,000
1991 28 September (SFr76,000,000)	6	**29,761,600**	29,761,600
1992 30 August (SFr73,770,000)	5¼	**33,203,877**	33,532,450
1993 30 March (SFr85,000,000)	3¾	**48,546,050**	51,401,700
Canadian dollars at date of issue		**172,326,527**	175,510,750
Exchange adjustment at balance sheet date		**10,681,229**	27,447,900
		183,007,756	202,958,650

Date of maturity	*Interest rate %*		**1985**		1984
Payable in United States dollars					
1986 2 January	5¼	**US$**	**1,082,000**	US$	2,110,000
1986 1 November	5¼		**865,000**		1,265,000
1987 1 September	5¼		**1,778,000**		1,778,000
1988 1 October	17		**60,000,000**		60,000,000
1989 1 March	16¼		**75,000,000**		75,000,000
1990 15 April	5		**7,300,000**		8,041,000
1991 1 May	5½		**8,593,000**		9,259,000
1991 1 May	15		**100,000,000**		100,000,000
1991 15 November	6		**17,500,000**		17,500,000
1992 15 October	6½		**15,000,000**		15,000,000
1993 15 February	6⅞		**15,000,000**		15,000,000
1994 1 February	7¾		**10,000,000**		10,000,000
1994 1 March	9¾		**55,900,000**		58,900,000
1995 1 October	10½		**75,000,000**		75,000,000
1997 15 February	9		**81,250,000**		87,500,000
1998 1 April	7⅞		**35,550,000**		37,125,000
2001 1 May	9⅜		**100,000,000**		100,000,000
2004 1 April	8¾		**50,000,000**		50,000,000
2005 15 January	10		**75,000,000**		75,000,000
2007 1 August	8¾		**75,000,000**		75,000,000
United States dollars			**859,818,000**		873,478,000
Exchange premium at date of issue		**CDN$**	**72,518,508**	CDN$	73,436,748
Exchange adjustment at balance sheet date			**243,034,698**		168,079,919
			1,175,371,206		1,114,994,667
			2,094,973,962		2,029,548,317
Less sinking fund assets held in trust by the Province of New Brunswick					
Book value			**231,024,013**		179,849,311
Exchange premium on assets denominated in foreign currencies			**43,619,756**		31,288,323
			274,643,769		211,137,634
			$1,820,330,193		$1,818,410,683
Atomic Energy of Canada Limited					
Note payable in 25 equal annual instalments of principal and interest at 9.7064% per annum to the year 2008			**$346,280,839**		$350,000,000
Northern Canada Power Commission					
Loans repayable in annual instalments of principal and interest at rates varying from 4½% to 8½% per annum to the year 2011			**$ 45,438,165**		$ 47,072,094

		1985		1984
Province of New Brunswick				
Loan for which debentures have been issued by the Province to provide funds for the Commission (payable in United States dollars)	$	–	US$	1,025,000
Exchange adjustment at balance sheet date		–	CDN$	283,412
		–		1,308,412
Less sinking fund assets held by the Province relating to such debentures				
Book value		–		638,790
Exchange premium on assets denominated in foreign currencies		–		25,726
		–		664,516
	$	–	$	643,896
Other long-term debt				
City of Campbellton – in respect of the purchase of distribution system; payable, together with interest at 9¼% per annum, in equal annual instalments to the year 1993	$	**931,888**	$	1,008,557
Government of Canada – in respect of the construction of a transmission line from Coleson Cove to Salisbury; payable, together with interest at rates varying from 9¼% to 9⅝% per annum, in equal annual instalments of principal and interest to the year 2011		**6,259,044**		6,317,089
	$	**7,190,932**	$	7,325,646

Obligation under capital lease

The Commission has entered into a 50-year lease arrangement with respect to its head office building in Fredericton. The lease requires sharing of capital and operating costs in general proportion to floor space occupied by the tenants. Interest charges vary with bank prime rate, and amortization of the lease obligation is on a sinking fund basis over 45 years beginning in the sixth year. The Commission has options to purchase the building at specified times and prices during the term of the lease. The principal amount of capital lease obligation outstanding amounts to $11,259,385, of which the first repayments under the sinking fund arrangement, amounting to $14,565, become due in the year ending 31 March 1989, and $30,347 is due in the year ending 31 March 1990.

Long-term debt payments

Long-term debt maturities (after deducting available sinking funds) and sinking fund requirements in respect of debt outstanding at 31 March 1985, excluding payments under capital lease, are as follows for the five years ending 31 March 1990:

	Canadian dollars	U.S. dollars	Swiss francs
Year ending 31 March 1986	$18,477,101	$ 27,772,000	SFr 113,000,000
Year ending 31 March 1987	18,910,254	26,819,000	13,000,000
Year ending 31 March 1988	18,889,688	26,489,000	13,000,000
Year ending 31 March 1989	19,896,841	160,950,000	13,000,000
Year ending 31 March 1990	64,168,449	23,043,000	13,000,000

Sinking funds
The Minister of Finance of the Province of New Brunswick, as Trustee for the Commission, maintains a sinking fund for all debenture issues requiring same. Sinking fund earnings are reflected in the Commission's income. Commission debentures held in the fund are not cancelled until maturity.

Issues of debentures of the Commission requiring annual redemption provide that the Commission may satisfy its obligation by purchasing outstanding debentures of the respective issues at any time at prices not exceeding 100% of the principal amount thereof. The debentures so used to satisfy sinking fund obligations are cancelled with notification to the Minister of Finance and are not reissued. Any profit or loss resulting from such transactions is reflected in income.

5. Short-term line of credit

The Commission has bank lines of credit guaranteed by the Province of New Brunswick for short-term borrowings totalling $130,000,000. The amount of such short-term borrowings at 31 March 1985 was $975,000 (1984 – $200,000) and is reflected on the balance sheet, together with outstanding cheques, under the caption "Bank indebtedness".

6. Economy Sales Stabilization Account

	1985	1984
Balance at beginning of year	**$27,370,000**	$26,175,000
Excess (deficiency) of actual over forecast earnings from economy sales for year	**(6,270,000)**	14,393,000
	21,100,000	40,568,000
Less amount amortized	**14,895,455**	13,198,000
Balance at end of year	**$ 6,204,545**	$27,370,000

7. Irradiated fuel management and nuclear unit decommissioning

	1985	1984
Balance at beginning of year	**$79,460,930**	$73,360,329
Amounts collected from customers to cover cost of disposal of nuclear fuel consumed during the year	**5,761,714**	5,475,283
Interest	**1,774,242**	625,318
Balance at end of year	**$86,996,886**	$79,460,930

Charges for irradiated fuel management and nuclear unit decommissioning, including interest, are brought into the calculation of revenue requirements each year and collected from in-province and interconnected customers through sales of power. The total amount so collected is represented by the net of the liability account and the deferred asset account for nuclear unit decommissioning. This amount is currently being utilized by the Commission as a source of funds.

	1985	1984
Deferred liability account for irradiated fuel management and nuclear unit decommissioning	**$86,996,886**	$79,460,930
Less deferred asset account for nuclear unit decommissioning	**68,100,000**	69,900,000
Total amount collected from customers	**$18,896,886**	$ 9,560,930

8. Reserves

	1985	1984
Generation equalization	**$209,709,974**	$177,950,974
Insurance	**7,500,000**	7,500,000
	$217,209,974	$185,450,974

Generation equalization reserve
In addition to the annual adjustment to generation cost described in Note 1.g., the Commission, as it deems advisable, increases the generation equalization reserve by appropriations from earnings invested in the business. Total appropriations to the reserve amounted to $125,000,000 at 31 March 1985 (1984 – $112,000,000). Appropriations are made to ensure that the reserve is sufficient to cover the cost of replacement power in the event of unfavourable water flow conditions and nuclear operating performance for an extended period.

Insurance reserve
This reserve has been established by appropriations from earnings invested in the business and serves as a self-insurance fund to complement the insurance coverage maintained with insurance companies.

9. Sales of power

Sales of power include $297,533,080 (1984 – $269,349,529) to utilities in the United States. The price of these sales includes incremental fuel and operating costs plus a margin of net benefit to the Commission.

10. Miscellaneous revenue

For the fiscal year ended 31 March 1984, miscellaneous revenue includes $6,717,515, being the proceeds on sale of surplus heavy fuel oil, less the cost of acquisition of this oil.

11. Capital commitments

The Commission's capital budget for the fiscal year ending 31 March 1986 amounts to $103,225,000. Of this, $24,781,000 relates to the conversion of the Coleson Cove generating station, which project has not yet been committed.

12. Contingent liability

The Commission, to be assured of an adequate supply of coal, has guaranteed payments of N. B. Coal Limited, a corporation controlled and owned by the Crown in right of the Province, under a loan obligation and lease agreement for the acquisition of a dragline for use in mining coal. The maximum potential exposure over the 15-year remaining life of the lease is $31,067,369. In exchange for its guarantee, the Commission is entitled to the total coal production at cost and to an assignment of the dragline and associated mining rights should N. B. Coal Limited default under any terms of the lease agreement. During the fiscal year ended 31 March 1985, total coal purchases from N. B. Coal Limited amounted to $30,591,007 (1984 — $30,595,112). At 31 March 1985, the Commission owed N. B. Coal Limited $2,327,566 (1984 — $2,628,319) with respect to current shipments.

13. Subsequent event

On 1 May 1985, the Commission issued $75,000,000 of 12½% debentures maturing on 1 May 2005, payable in Canadian dollars.

Auditors' Report

Touche Ross & Co.
Chartered Accountants

The Honourable Richard B. Hatfield,
Premier of the Province of New Brunswick,
Fredericton, New Brunswick.

Sir:

We have examined the balance sheet of The New Brunswick Electric Power Commission as at 31 March 1985 and the related statements of income, earnings invested in the business, 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 Commission as at 31 March 1985 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.

Touche Ross & Co.
Chartered Accountants

Fredericton, N.B.
June 24, 1985.

CARLETON PLACE — 520 KING STREET — SUITE 860 — FREDERICTON, NEW BRUNSWICK E3B 6G3
TELEPHONE (506) 455-0340

Statement of Generation and Sales

For Fiscal Year Ended 31 March 1985

	1985 Kilowatt Hours	1984 Kilowatt Hours	Increase/ (Decrease) Kilowatt Hours	% +
Generation				
Hydro				
Thermal				
Nuclear				
Diesel				
Purchases				
Gross Generation and Purchases				
Station Service				
Net Generation and Purchases				
Losses — Transmission and Distribution				
Losses % of Net Generation and Purchases				
Total Energy Distribution				
Sales				
Wholesale				
Industrial Power				
General Service				
Residential				
Average Annual KWh per Residential Customer				
Street Lights				
Total In-Province Sales				
Interconnections				
Grand Total				
Netting and Internal Use				
Total Losses				
Gross Generation and Purchases				

Statement of Operating and Physical Statistics

	31 March 1985	31 March 1984	31 March 1983	31 March 1982	31 March 1981
Peak Demand plate Current — kW					
Gross Generation — Income — kWh					
Total Energy Distributed — kWh					
Total Income					
Total Expenditures and Appropriations					
Fixed Assets					
Current Assets					
Current Liabilities					
Investments					
Long Term Debt — Net					
Sinking Funds Assets					
Accumulated Depreciation					
Other Reserves and Earnings Retained					
In The Business					
Reserves Earning Rate On The					
Business and Accumulated Depreciation					
Total Reserves Earning Rate On The					
Business As Percentage of Fixed Assets					
Telephones Transmission Lines					
Telephones Distribution Circuits					
Number Residential Customers					
Number Industrial Customers					
Number General Service Customers					
Number Street Light Customers					
Total Direct Customers					

* Includes extraordinary item ** Restated

Statement of Generation and Sales *For Fiscal Year Ended 31 March 1985*

	1985 Kilowatt Hours	1984 Kilowatt Hours	Difference Kilowatt Hours	% + −
Generation				
Hydro	**2 638 410 700**	2 852 627 800	− 214 217 100	− 7.5%
Thermal	**3 765 477 000**	3 532 076 000	+ 233 401 000	+ 6.6%
Nuclear	**5 354 641 000**	5 493 774 000	− 139 133 000	− 2.5%
Diesel	**32 700**	78 700	− 46 000	− 58.5%
Purchases	**5 008 654 900**	4 420 656 545	+ 587 998 355	+ 13.3%
Gross Generation and Purchases	**16 767 216 300**	16 299 213 045	+ 468 003 255	+ 2.9%
Station Service	**770 156 400**	766 165 909	+ 3 990 491	+ 0.5%
Net Generation and Purchases	**15 997 059 900**	15 533 047 136	+ 464 012 764	+ 3.0%
Losses — Transformer and Transmission	**623 697 644**	654 228 150	− 30 530 506	− 4.7%
Losses % of Net Generation and Purchases	**3.9%**	4.2%		
Total Energy Distribution	**15 373 362 256**	14 878 818 986	+ 494 543 270	+ 3.3%
Sales				
Wholesale	**784 073 518**	743 584 814	+ 40 488 704	+ 5.4%
Industrial Power	**4 278 219 656**	3 865 386 058	+ 412 833 598	+ 10.7%
General Service	**1 282 741 407**	1 227 162 254	+ 55 579 153	+ 4.5%
Residential	**2 712 798 310**	2 485 627 752	+ 227 170 558	+ 9.1%
Average Annual kW.h per Residential Customer	**12 396**	11 589		
Street Lights	**54 753 549**	53 372 110	+ 1 381 439	+ 2.6%
Total In-Province Sales	**9 112 586 440**	8 375 132 988	+ 737 453 452	+ 8.8%
Interconnections	**5 994 218 000**	6 272 884 000	− 278 666 000	− 4.4%
Grand Total	**15 106 804 440**	14 648 016 988	+ 458 787 452	+ 3.1%
Station and Internal Use	**770 522 059**	766 539 234	+ 3 982 825	+ 0.5%
Total Losses	**889 889 801**	884 656 823	+ 5 232 978	+ 0.6%
Gross Generation and Purchases	**16 767 216 300**	16 299 213 045	+ 468 003 255	+ 2.9%

Statement of Operating and Physical Statistics

	31 March 1985	31 March 1984	31 March 1983	31 March 1982	31 March 1981
Plant Nameplate Capacity—kW	**3 189 976**	3 136 576	3 136 576	2 506 576	2 526 576
Gross Generation—Purchases kW.h	**16 767 216 300**	16 299 213 045	12 161 686 535	12 288 083 650	12 543 699 255
Total Energy Distributed—kW.h	**15 373 362 256**	14 878 818 986	10 995 271 349	11 210 412 580	11 523 189 151
Total Revenue	**$ 834 207 263**	$ 768 678 286	$ 545 636 447	$ 514 640 146*	$ 453 031 722**
Total Expenditures and Appropriations	**$ 828 600 337**	$ 767 725 791	$ 534 257 771	$ 502 186 714	$ 449 247 252**
Fixed Assets, Including Work in Progress	**$2 857 840 021**	$2 774 479 060	$2 705 614 539	$2 511 221 676	$2 344 262 161
Current Assets	**$ 190 109 633**	$ 177 891 920	$ 161 419 544	$ 273 381 451	$ 154 761 706
Current Liabilities	**$ 308 998 965**	$ 283 747 745	$ 190 535 732	$ 221 093 012	$ 230 849 430**
Inventories	**$ 78 457 920**	$ 64 455 755	$ 68 584 572	$ 33 621 120	$ 42 626 242
Long Term Debt—Net	**$2 106 991 689**	$2 103 023 347	$2 213 530 056	$2 190 964 432	$1 961 663 406
Sinking Funds Assets	**$ 274 643 769**	$ 211 802 150	$ 158 452 216	$ 122 889 965	$ 94 797 121
Accumulated Depreciation	**$ 484 942 575**	$ 415 100 166	$ 346 407 214	$ 303 841 039	$ 269 119 450
Other Reserves and Earnings Retained In The Business	**$ 311 780 781**	$ 274 414 855	$ 239 461 621	$ 214 510 701	$ 169 462 349**
Reserves, Earnings Retained In The Business and Accumulated Depreciation	**$ 796 723 356**	$ 689 515 021	$ 585 868 835	$ 518 351 740	$ 438 581 799**
Total Reserves, Earnings Retained In The Business As Percentage of Fixed Assets	**27.9%**	24.9%	21.7%	20.6%	18.7%
Kilometres Transmission Lines	**6 033**	5 805	5 721	5 714	5 702
Kilometres Distribution Circuits	**23 255**	22 986	22 236	21 718	21 168
Number Residential Customers	**218 837**	214 478	209 731	206 410	204 134
Number Industrial Customers	**1 478**	1 450	1 413	1 373	1 377
Number General Service Customers	**18 283**	17 804	17 506	17 268	17 088
Number Street Light Customers	**2 199**	2 145	2 099	2 079	2 045
Total Direct Customers	**240 797**	235 877	230 749	227 130	224 644

* Includes extraordinary item ** Restated

Business of NB Power

The New Brunswick Electric Power Commission is a publicly owned Provincial Crown Corporation established in 1920 under the Electric Power Act of the Provincial Legislature.

NB Power directly provides electricity for 240 797 customers and indirectly serves an additional 37 669 customers through sales to municipal utilities. The utility employs about 2 500 regular and temporary staff at various locations throughout the province. Total assets of over $2.8 billion include 3 190 MW of installed capacity at fourteen generating facilities and related transmission and distribution equipment.

NB Power is electrically interconnected with neighbouring utilities in Quebec, Nova Scotia, Prince Edward Island and New England. Interconnections provide significant business opportunities with participating utilities while strengthening the security of supply for all NB Power customers. Benefits derived from the purchase and sale of large amounts of energy over these interconnections enable NB Power to keep electric power rates in New Brunswick considerably lower than would otherwise be possible.

For English copies of this report contact:
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La Commission d'énergie électrique du Nouveau-Brunswick
Affaires publiques
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Fredericton (N.-B.)
E3B 4X1

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Generating Station Data

	No. of Units	Nameplate Capacity kW
Hydro		
Mactaquac	6	653 400*
Beechwood	3	115 000
Grand Falls	4	63 000
Tobique	2	20 000
Sisson	1	10 000
Milltown	7	3 900
Total Hydro	23	865 300
Nuclear		
Point Lepreau	1	630 000
Total Nuclear	1	630 000
Oil/Coal		
Coleson Cove (Oil)	3	1 005 000
Courtenay Bay (Oil)	4	263 365
Dalhousie (Oil/Coal)	2	280 000
Grand Lake 2 (Coal)	4	85 000
Chatham (Coal/Oil)	2	32 500
Total Oil/Coal	15	1 665 865
Gas Turbine		
Moncton	1	25 000
Total Gas Turbine	1	25 000
Diesel		
Grand Manan	5	3 811
Total Diesel	5	3 811
Grand Total	45	3 189 976

*The Nameplate Capacity has been increased to its full rating, based upon the performance of the six units, since increasing the headpond elevation in 1984.

Legend

Transmission Lines

- 345 KV
- 230 KV
- 138 KV
- 138 KV *(Operating at 69 KV)*

System Map


Quebec
Ties to
Hydro-Quebec
Dalhousie
Caraquet
Eel River
Edmundston
Bathurst
Sisson
Grand
Falls
New Brunswick
Chatham
Tobique
Maine
Beechwood
Buctouche
Tie to
Prince Edward Island
P.E.I.
Moncton
Grand Lake
Fredericton
Mactaquac
Ties to
New England Utilities
Tie to Nova Scotia
Power Corporation
Saint John
Milltown
Point
Lepreau
Courtenay Bay
Coleson
Cove
Nova Scotia
Grand Manan
Island