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A N N U A L
R E P O R T



The New Brunswick Electric Power Commission

Highlights

Revenue from record economy sales to interconnected utilities totalled \$117.8 million.

Net income amounted to \$25.5 million including a gain of \$5.0 million from the sale of 10% ownership in Dalhousie Unit No. 2.

Agreement was reached with Hydro-Québec to proceed with a second major interconnection.

Hydro generation reached a new high, totalling over 3.2 billion kilowatt hours (kW.h).

Coal-fired generation established a new record, contributing 9.9% of in-province supply.

Construction was completed at the 630 000 kilowatt (kW) Point Lepreau nuclear plant.

The Commission received the first approval in Canada to export nuclear-generated power.

Contents

Chairman's Comments	5
Operations	5
Construction	7
Finance	8
Human Resources	11
Communications	11
Development	11
Statement of Generation and Sales	14
Corporate Information	15
Financial Statements	17
Interconnection Map	33

Cover:

The Commission's CANDU nuclear generating station at Point Lepreau, scheduled for commercial operation in late 1982, will supply approximately 20% of New Brunswick's electric energy in the 1980's.



June 24, 1982

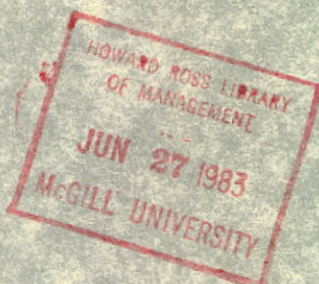
To His Honour G. F. Stanley
Lieutenant Governor of
New Brunswick

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 March 31, 1982.

Respectfully submitted,

G.W.N. Cockburn, Q.C., Chairman
The New Brunswick
Electric Power Commission





1901

To the Honorable
The Secretary of
the Treasury

Washington, D.C.

I have the honor to acknowledge the receipt of your letter of the 14th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

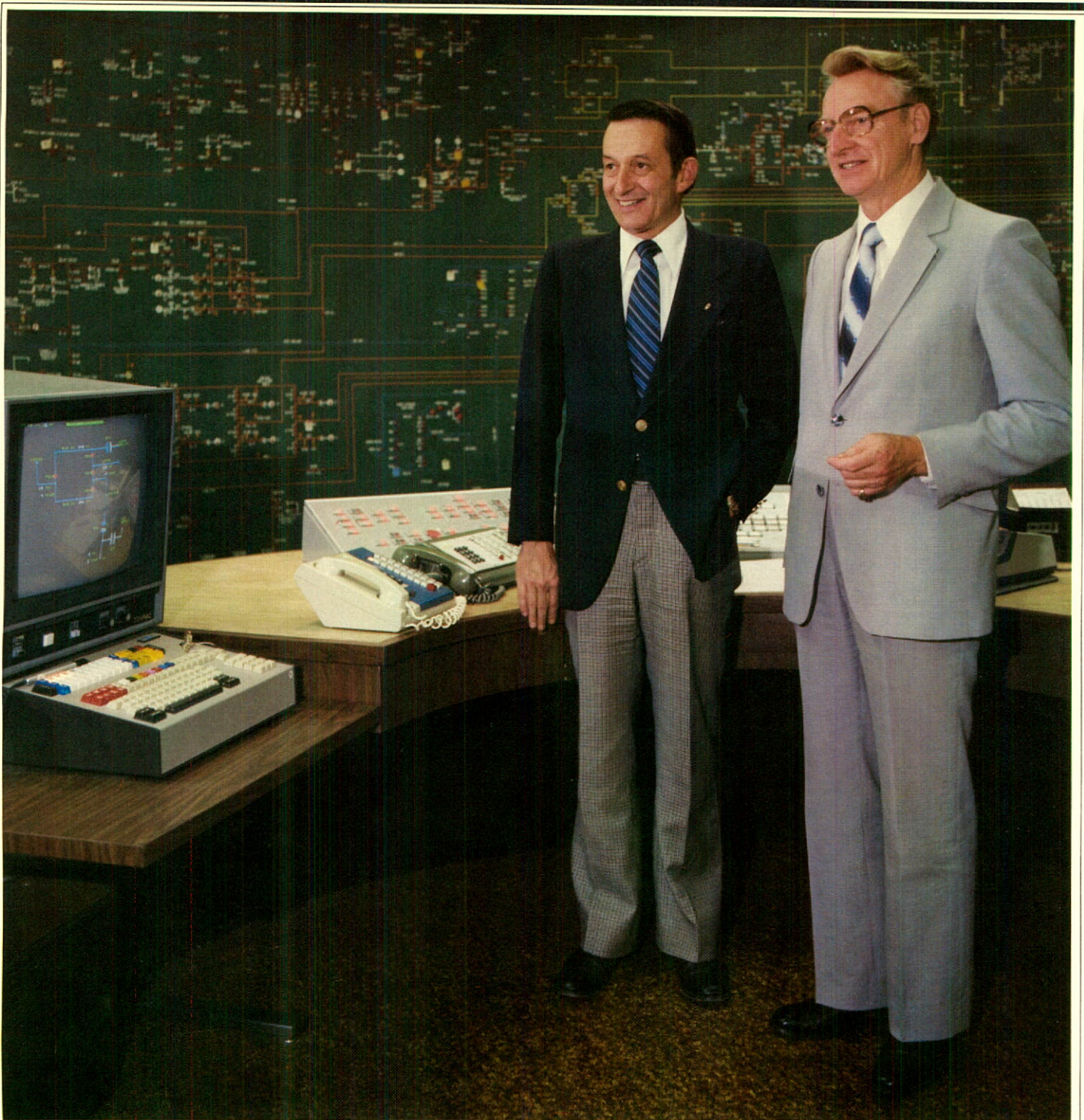
Very respectfully,
J. W. Foster

[Handwritten signature]

J. W. Foster
The New York
York City







Commission Chairman G. W. N. Cockburn and General Manager A. J. O'Connor inspect a new telemetering system during a visit to the Energy Control Centre in Fredericton. The system enables operators to remotely control transmission terminals.

Chairman's Comments

Accelerated national and international interconnection activities, together with completion of construction, major commissioning progress and first loading of nuclear fuel at the Point Lepreau Generating Station highlighted the year.

Revenue for the year from operations increased by \$56.6 million to \$509.6 million due principally to favourable in-province and export sales, and a rate increase of 9.8% implemented in May, 1981. Net income for the year, including a gain on the sale of ownership interest in Dalhousie Unit No. 2, amounted to \$25.5 million.

During 1982, the Commission adopted a new accounting policy to level out the effect of unpredictable annual fluctuations in earnings from economy sales to neighbouring utilities. In addition, because of anticipated fluctuations in the Commission's earnings pattern over the next few years, the establishment of a Rate Stabilization Reserve is under active consideration.

The Commission appeared before the National Energy Board (NEB) seeking a number of authorizations to export power to the United States including part of the output of the Point Lepreau nuclear plant. Subsequent to the year-end, the NEB approved all non-nuclear exports and in a precedent-setting ruling, approved export of 205 000 kW from the Point Lepreau Generating Station.

Since installation of the submarine cable interconnection with Prince Edward Island, the Commission has supplied nearly all of the province's electricity. In August, 1981, Maritime Electric (P.E.I.) Limited purchased a 10% ownership in the Commission's Dalhousie Unit No. 2. This partial ownership of a generating facility by a utility of a neighbouring province is a Canadian first.

Several major milestones preceded nuclear fuel loading in March of this year at Point Lepreau. In accordance with licensing requirements, all safety systems were fully commissioned and the required process systems tested.

The Atomic Energy Control Board is expected to consider the application for an Operating Licence on July 19, 1982.*

The second of a three-phase study to evaluate the feasibility of converting the oil-fired Coleson Cove Generating Station to coal was completed during the year. The Commission also obtained agreement in principle from the provincial Department of the Environment on a strategy for reducing air emissions on a system-wide basis.

The completion of the Commission's "off oil" generation program announced in 1974, which included Mactaquac Units 5 and 6, Dalhousie Unit No. 2 and Point Lepreau, has added 1 030 000 kW of generating capacity with over eight million barrels of oil displacement capability. Agreement has been reached with Hydro-Québec to proceed with a second major interconnection which will provide a large new source of hydro power purchases for New Brunswick. These achievements have put the Commission on a very sound long-term footing and allow for a clear focus on the future.

The initiative, planning and dedication of the management team and staff of the provincially-owned utility has set the stage for New Brunswick to take full advantage of the several interesting opportunities that are now available. I commend their efforts on behalf of the people of the province.



G.W.N. Cockburn, Q.C., Chairman
The New Brunswick
Electric Power Commission

*The Atomic Energy Control Board granted the Operating Licence on July 20, 1982. First criticality was achieved on July 25, 1982.

Operations

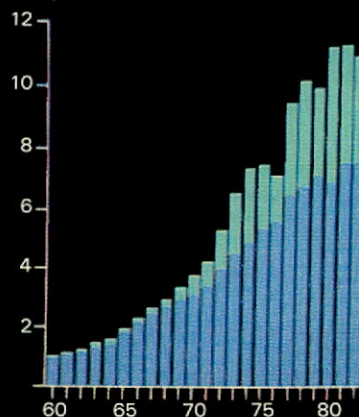
The demand for electricity by in-province customers increased during the year with the peak demand of 1 586 800 kW occurring on January 18, 1982. This represents a 6.5% increase from the previous high which was reached on December 22, 1980. The previous high system gross demand, which includes exports, of 2 315 300 kW experienced on December 15, 1980 was not exceeded in this period.

Generation of energy by the Commission's thermal and hydro units amounted to 5 036 372 000 kW.h and 3 246 152 500 kW.h respectively, representing a decrease of 12.8% for thermal and an increase of 15.8% for hydro. Energy production from hydro resources established an all-time record as the consequence of having six generators in service at Mactaquac combined with water flows that were significantly above average.

Purchases of energy increased by 1.0% for the year totalling 4 005 397 250 kW.h and establishing a new record volume for imported energy. Principal sources were Hydro-Québec, which supplied 95.3%, and Nova Scotia Power Corporation, which supplied 2.0% of the total purchases. These purchases were on an interruptible basis under Interconnection Agreements between the Commission and the respective utilities.

Sales

(in billions of kilowatt hours)



Export
In-province



Manual loading of the first charge of nuclear fuel at Point Lepreau. During operation, fuelling will be performed

automatically using CANDU's unique 'on-power' refuelling system.

Total generation and purchases of energy from all sources was 12 288 083 650 kW.h, a decrease of 2.0% from the previous year. This decrease was principally due to the reduction in entitlement from 400 000 to 133 000 kW in the Maine Electric Power Company's (MEPCO) Coleson Cove Unit Participation Agreement for the full fiscal year.

Sales of energy to interconnected utilities totalled 3 430 710 000 kW.h, a decrease of 9.4% from the previous year. The decrease reflects the revision in MEPCO entitlement from the Coleson Cove plant and the sale to Maritime Electric (P.E.I.) Limited of a 10% ownership in Dalhousie Unit No. 2.

Export sales of interruptible economy energy to Prince Edward Island and New England utilities exceeded all previous annual levels and contributed to the 47% increase in this class of export. These exceptional results were achieved when above average water flow conditions and continued large purchases of energy from Hydro-Québec made efficient generation sources available for such sales over and above the generation required to meet in-province loads.

Improvements continued to be made during the year in the availability of key generating units, particularly coal-fired units. Actions taken to improve generating efficiency resulted in substantial upgrading of unit performance and fuel cost savings in the major thermal plants.

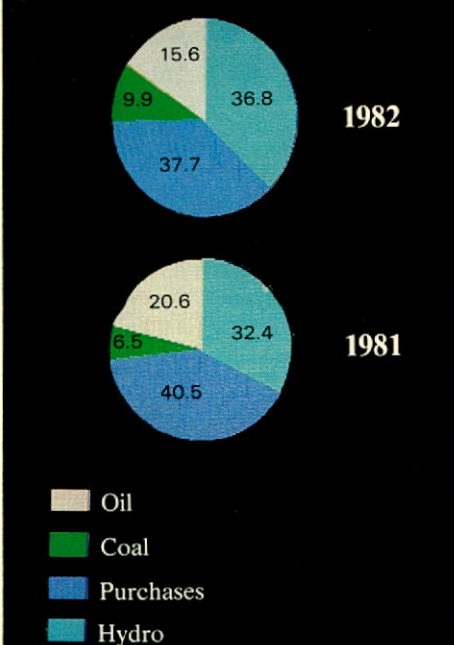
On October 27, 1981, a fire occurred at the Commission's Central Stores Warehouse in Marysville causing damage in excess of \$6 million. The building and contents were fully insured.

At March 31, 1982, the Commission was serving 227 130 customers, an increase of 2 486 during the year. Average annual electrical consumption per residential customer was 10 265 kW.h compared with 10 077 kW.h the year before.

Sales to residential customers increased by 3.0% during the year, reflecting the conversion of nearly 3 000 housing units to electricity for heating under the Federal Government's Canada Oil Substitution Program. Total in-province sales were virtually identical to the previous year, the result of a depressed forest industry and a continuing emphasis on energy conservation.

In-province Supply

(percent)



In-province energy was supplied from the following sources: purchases 37.7%, hydro generation 36.8%, oil-fired generation 15.6% and coal-fired generation 9.9%.

The Commission revised its Home Wiring Improvement Plan during the year to provide assistance to homeowners in upgrading or installing permanent electric space heating systems or in upgrading service entrances and wiring. Loans of up to \$2,000 are available at competitive interest rates under the terms of the plan.

Construction

Construction of the Point Lepreau Generating Station was essentially complete by December, 1981. Commissioning activities continued at a very high level and by the end of the fiscal year virtually all systems had been accepted and turned over to the Nuclear Operations Group. Major milestones reached during the year included completion of the formal air pressure test of the Reactor Building in April, 1981, the loading of heavy water in the moderator system in December, 1981 and the loading of the first charge of fuel in March, 1982. Subsequently, permission was given by the Atomic Energy Control Board to load heavy

water into the heat transport system and this was completed in April.

By March 31, 1982, the plant's electrical power, cooling and ventilation systems were operational, all nuclear systems had been tested using ordinary water and the fuel handling equipment had been commissioned.

Licensing activities associated with various phases of Point Lepreau start-up continued throughout the year with Nuclear Operations Group staff taking an expanding role in association with Atomic Energy of Canada Limited. Two major areas of endeavor constituted the bulk of the ongoing licensing work: documentation associated with commissioning, start-up and post-start-up activities and completion of the safety analysis and final safety report. Atomic Energy Control Board requirements resulted in substantial additional work in the safety analysis area.

A commissioning Quality Assurance Program (the first at any Canadian nuclear power project) was implemented during the year and is being used to provide commissioning completion assurances for licensing purposes.

The Health Physics Department made considerable progress during the year in preparing for the operation of Point Lepreau. At year-end, the Environmental Laboratory and the station Health Physics Laboratory were fully equipped, staffed and operating to serve the needs of the station. The Pre-operational Environmental Radiation Monitoring Program was completed to provide five years of radiation background data; this data will identify to what extent, if any, future radiation levels found in the environment of Point Lepreau are due to operation of the station rather than natural sources.

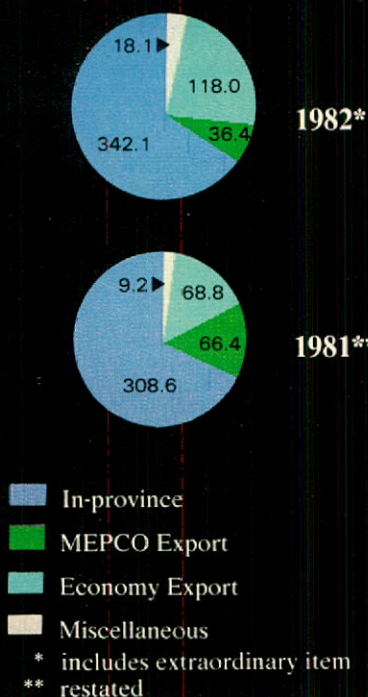
During the year, new substations were built and existing substations upgraded at 20 locations throughout the province and a new 9.2 km 230 kV transmission line was completed and energized between Eel River Terminal Station and the New Brunswick International Paper Company mill in Dalhousie.

Finance

Revenue from operations amounted to \$509.6 million, an increase of \$56.6 million over the previous year. In-province revenue accounted for \$37.4 million of the increase, while interconnection revenue contributed \$19.2 million.

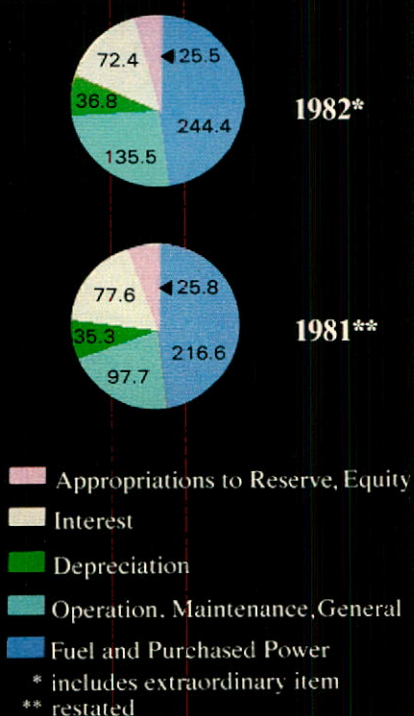
Revenue

(in millions of dollars)



Distribution of Revenue

(in millions of dollars)

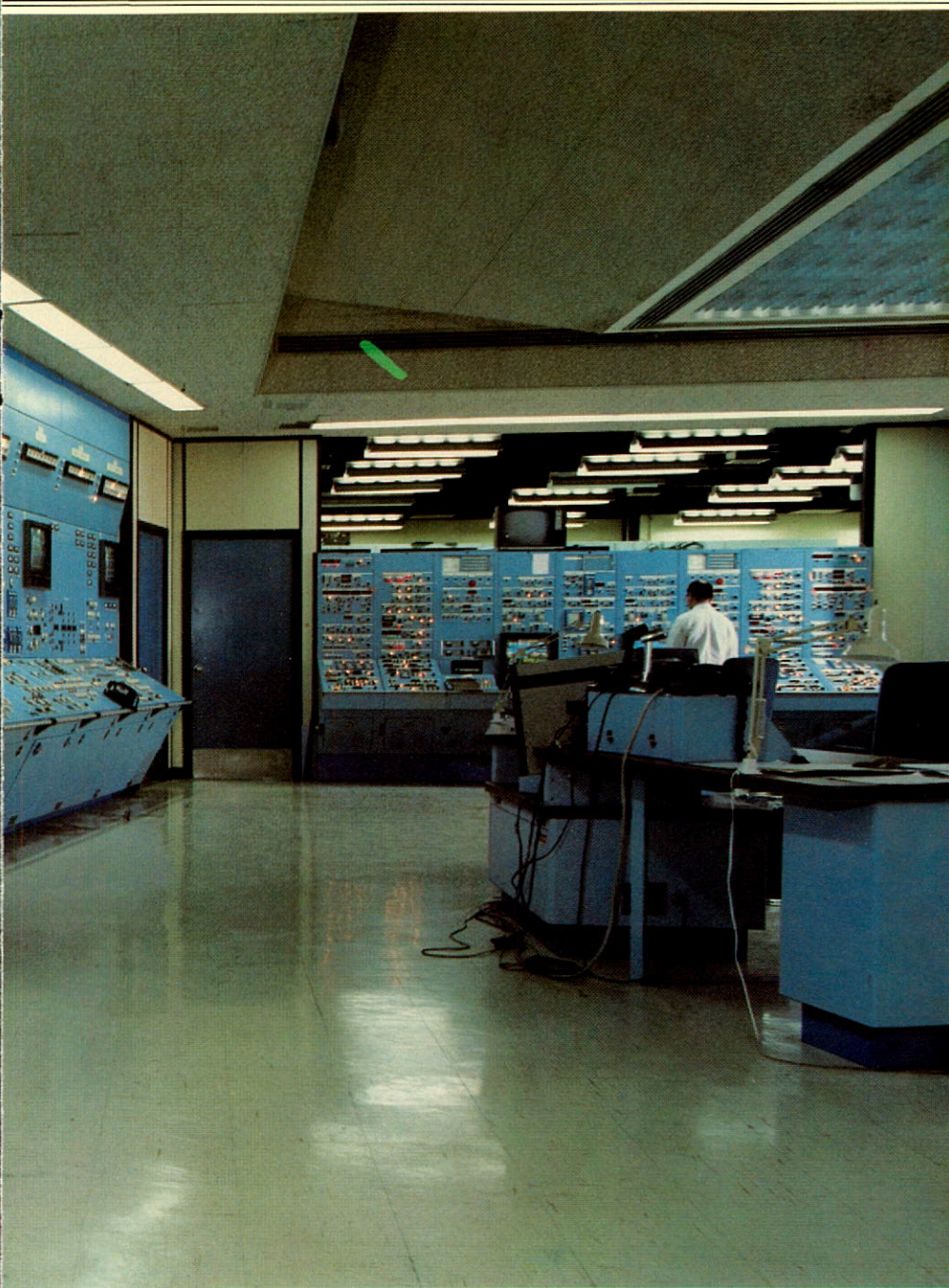


The cost of fuel and purchased power increased by \$27.8 million to \$244.4 million. Operations, maintenance and general expenses increased \$17.3 million to \$100.4 million due to increased labour and material costs. Depreciation increased \$1.5 million to \$36.8 million while net interest expense decreased \$5.2 million to \$72.4 million. The decline in net interest expense was due largely to favourable short-term investment rates and increased sinking fund earnings.

River flows for the year were substantially above normal and an amount of \$19.6 million,

compared to \$8.5 million for the previous year, was charged to operations and credited to the Water Equalization Reserve.

In recent years, the net benefits to New Brunswick customers from interruptible or economy power sales to neighbouring utilities have become increasingly difficult to predict. As a result, the Commission has adopted a new accounting policy involving an Economy Sales Stabilization Account. See Notes 1g, 2 and 7 of Notes to the Financial Statements. Under the new policy, being applied retroactively, unanticipated increases or decreases in economy sales



Control Room at the Point Lepreau Generating Station.

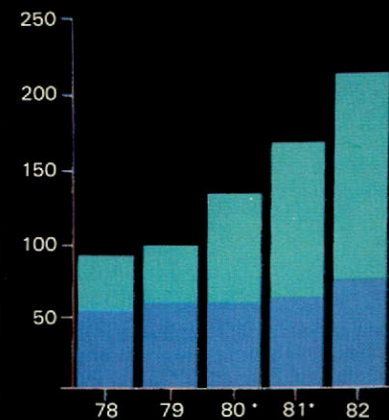
are deferred and reflected in operating figures in equal installments over a three-year period. This new policy will enable the Commission to better reflect actual results of economy sales in setting rates to be charged for in-province service.

Net income for the year amounted to \$25.5 million, \$0.3 million lower than the previous year after restatement to reflect the accounting policy change noted above. The results for the current year reflect a gain of \$5.0 million arising from the sale proceeds of \$19.3 million from the sale of a 10% ownership interest in the 200 000

kW coal/oil-fired Dalhousie Unit No. 2 to Maritime Electric (P.E.I.) Limited of Prince Edward Island. Earnings Invested in the Business increased to \$76.6 million after an appropriation of \$13.0 million to the Water Equalization Reserve. The accumulated appropriations, amounting to \$101.0 million, represent an amount calculated to be adequate, on the basis of present day fuel costs, to cover the cost of replacing hydro generation should the lowest water flow conditions on record for a consecutive three-year period recur.

Reserves and Earnings Retained

(in millions of dollars)



* restated

Reserves

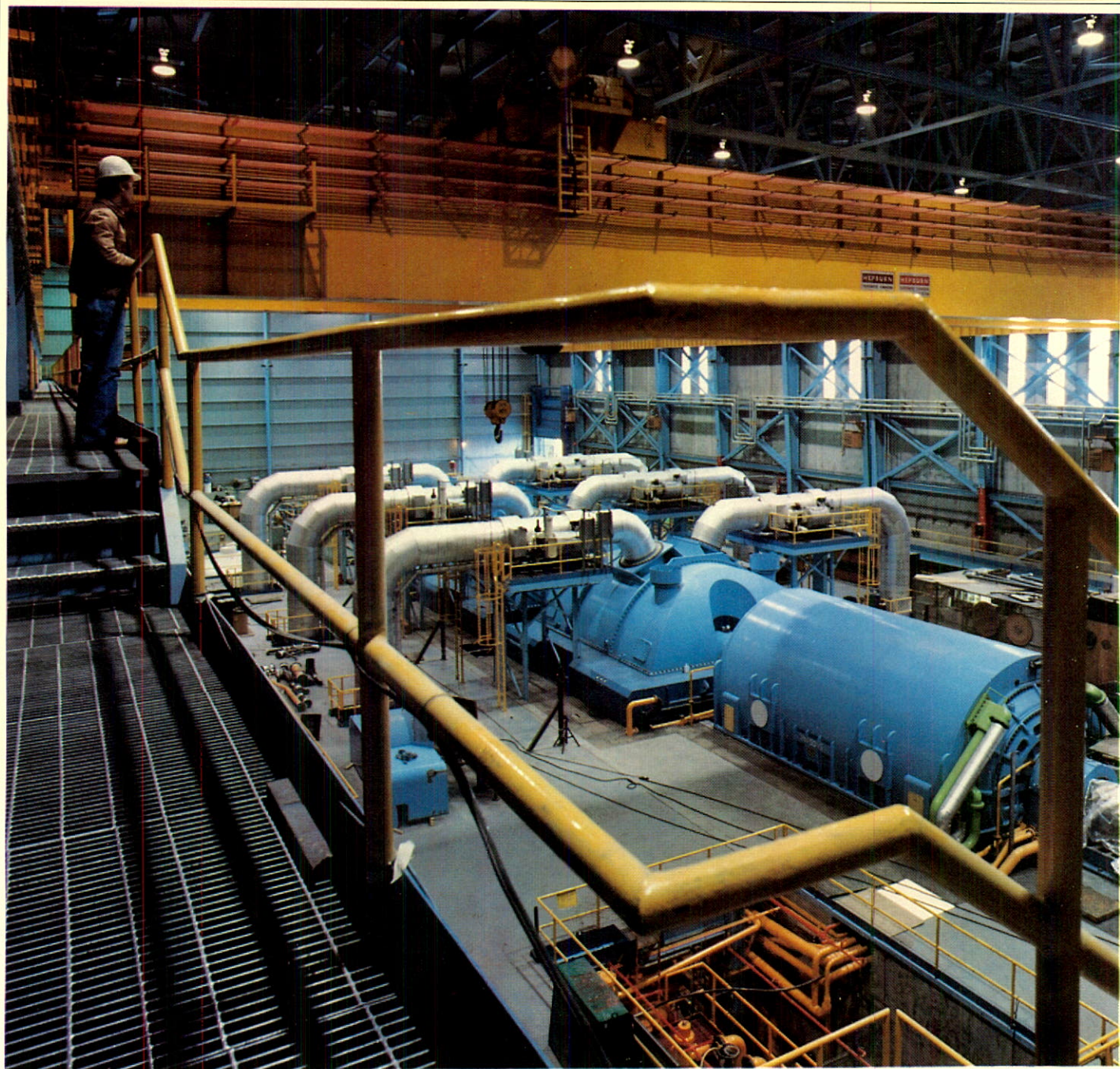
Earnings Retained

Total capital expenditures for the fiscal year were \$185.7 million of which \$158.3 million was applicable to the Point Lepreau Generating Station with the balance of \$27.4 million being spent on other asset additions and modifications.

To provide funds for the continuing capital construction program, the following borrowings were completed: U.S. \$100,000,000 ten-year 15% notes dated May 1, 1981, issued publicly in the United States; U.S. \$60,000,000 seven-year 17% notes dated October 1, 1981, issued publicly in Europe; and U.S. \$75,000,000 seven-year 16 1/4% notes dated March 1, 1982, issued publicly in Europe.

An agreement was negotiated with the Government of Canada which provides for the interest on the \$350.0 million loan from Atomic Energy of Canada Limited to be proportionately reduced in relationship to the net output of the Point Lepreau Generating Station until the earlier of the in-service date or October, 1982. To March 31, 1982, \$84.1 million has been forgiven.

The Commission increased its bank lines of credit for short-term borrowing by \$10 million to \$130 million. These lines of credit are maintained to allow greater flexibility for the Commission in managing its cash flow and financing its construction program. At March 31, 1982, actual short-term borrowings by the Commission totalled \$1.6 million.



Point Lepreau Turbine Hall.

Above the Point Lepreau reactor core, a technician inspects one of the components of a safety system designed to shut down the nuclear reactor. Commissioning of all safety-related systems and equipment was completed during the year.

Human Resources

At March 31, 1982, the Commission had 2 617 regular and temporary employees, an increase of 2.2% over the previous year.

During the year, the Commission placed major emphasis on developing and training its human resources and extending more comprehensive personnel services to all employees. A new Clerical Certification Program was implemented and a series of training seminars for supervisors were conducted in various locations throughout the province. An Employee Assistance Program was developed by the Commission's Labour Management Committee which will be fully implemented during 1982. The voluntary program offers assistance and counselling to employees in the areas of financial management, and alcohol and drug dependency.

An Affirmative Action group was created in the reporting period so that emphasis could be placed more specifically on the matters of equal opportunity and human rights.

Staff training at Point Lepreau Generating Station continued as a top priority throughout the year, particularly in the areas of Shift Supervisor and Senior Operator licensing. Internal training staff were supplemented by external training specialists to provide basic and advanced systems training.

By year-end about 250 employees had received advanced training in radiation protection and more specialized and specific training had been given to senior operating staff. In all, this represents an investment of approximately 75 000 man-hours in the safe operation of the Point Lepreau Generating Station.

Communications

Several programs and forums enhanced communication between the Commission and its various publics during the year. Conventional information programs were adapted to meet changing needs and new communications opportunities were realized in response to the particular demands of legislative and regulatory bodies, special interest group and media publics.

While the Commission does not appear before a regulatory body for rate setting, its operations and results are reviewed annually in hearings held by the Standing Committee on Energy of the Provincial Legislature. Leading authorities have appeared before, and extensive media coverage has been given to, this public forum. Although the Energy Committee hearings require a considerable yearly investment in human and other resources, this process helps to ensure a high degree of public accountability.

Greater public access to information is integral to the increasingly more open regulatory process of recent years. Once again, the Commission responded to a number of requests for information under the province's Right to Information Act introduced on January 1, 1980. This Act complements and supplements the Public Information Policy of the Atomic Energy Control Board introduced in 1979. And, in response to its new information-access responsibilities, the Commission established a Reference Centre in its Head Office lobby during the year.

The Commission worked closely with the provincial Emergency Measures Organization with respect to the now completed Off-Site Emergency Plan for Point Lepreau. Public meetings were held in local communities, the demographic survey updated and a planning exercise conducted in October. An Emergency Response Guide was prepared and will be distributed to area residents in the early summer of 1982.

A special tour program and open house in early 1982 highlighted information activities at Point Lepreau. Some 25 000 visitors have toured the plant since construction began.

Special publication, advertising, display and bill insert programs were developed and used effectively during the year to inform the public about energy matters including the safe and efficient use of electricity. Excellent progress was made in the area of energy education. Demonstrations using electrical hazard simulators were well received by the school system and several energy-related curriculum supplement programs were initiated with educators.

Development

In November 1981, the Commission appeared before the National Energy Board (NEB) seeking ten licences to export power to the United States. Six licences represent a continuation of the Commission's international power sales and cross-border accommodations, which have gone on for years between New Brunswick and New England, and the other four relate to the export sale of 335 000 kW of the 630 000 kW output of the Point Lepreau nuclear plant.

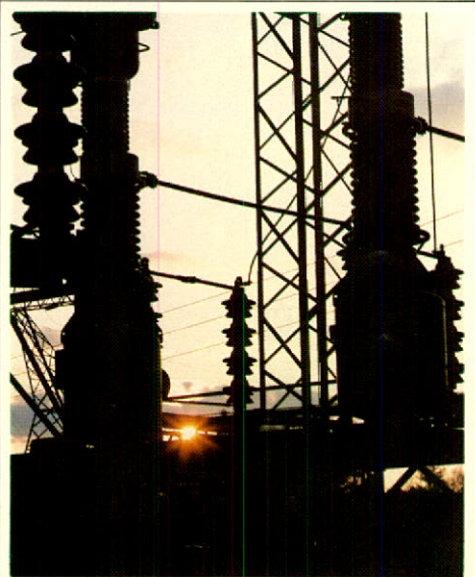
Entitlement agreements signed during the year with Boston Edison Company and Eastern Maine Electric Co-operative Inc., in addition to one signed previously with Massachusetts Municipal Wholesale Electric Company, increased firm contracted sales from the Point Lepreau plant to 205 000 kW. Another entitlement agreement with Commonwealth Electric Company for 25 000 kW was executed subject to obtaining transmission agreements and regulatory approval in the United States. Negotiations are on-going for the sale of the remaining 105 000 kW.

These agreements commence on the in-service date of Point Lepreau and terminate in 1987 with options for extensions to 1990. The agreements are being undertaken to reduce the financial risk to the Commission of a large generating unit in the early years of operation.

Subsequent to the year-end, in addition to the approval of all export applications not involving Point Lepreau sales, the NEB, in a precedent-setting ruling, approved the export of the 205 000 kW from the Point Lepreau nuclear plant for which contracts had been signed at the time of the NEB hearing. The Commission has made application to the Board to review its decision with



Switchyard at the Energy Control Centre.



respect to the remaining 130 000 kW of export sales.

The Co-ordinating Committee of Maritime Utilities established by the three Maritime Premiers in 1980 was active during the year and presented its first annual report to the Council of Maritime Premiers on February 8, 1982. The report deals with the regional operations, planning, and research and development activities within the three Maritime utilities during the year.

Total in-province energy sales were only slightly more than the previous year. The real total value of shipments from all the manufacturing industries in the province dropped by some 3%, and this was reflected in a decrease of 2.3% in industrial electric energy use. Non-industrial energy use was up 2.2% compared to the fiscal year ended March 31, 1981. This moderate growth is consistent with the trend in the last five years and reflects many factors including conservation, lower population growth rates and slower economic growth.

Major modernization and expansion programs in progress at the New Brunswick International Paper Company and the Consolidated Bathurst Company will result in an additional load of approximately 100 000 kW and a significant increase in industrial energy use over the next two years. The proposed zinc smelter at Belledune would result in an additional 60 000 kW load. Resource-based and high-technology loads are scheduled for operation in the 1983 fiscal year including the Potash Company of America development in Sussex and the Mitel Corporation industry to be located in Buctouche.

The addition of the Point Lepreau Generating Station and the return of the Coleson Cove entitlement will enable the Commission to meet presently forecast load growth until the mid 1990's. Growth in demand on the system is forecast to increase at a compound rate of 3.7% per year over the next decade.

Interconnections have played an important role in the economic operation of the Commission's system and its "off-oil" program and will continue to do so in the future. The Commission is proceeding to establish a second interconnection with Hydro-Québec and is actively studying the possibility of strengthening the existing interconnection with New England.

During the fiscal year, work continued on the second phase of a study to evaluate the technical and economic feasibility of converting the Coleson Cove Generating Station from residual oil to coal fuel. The project, identified in the National Energy Program, is being carried out in co-operation with the Federal Department of Energy, Mines and Resources under a cost-sharing agreement whereby the Federal Government contributes 75% of the total costs. A report on the Phase II findings was presented to Energy, Mines and Resources in February, 1982, and, subject to the agreement of both parties, the final phase of study could commence early in the 1983 fiscal year.

In conjunction with the Coleson Cove conversion study, the Commission presented a policy paper to the provincial Department of the Environment outlining an approach for reducing air emissions from its fossil-fired generating stations. While the problem of acid rain has been recognized as a global issue, the current trend in regulation is designed to place stringent controls on individual new sources of air pollution. This approach, however, often overlooks alternative control strategies which may offer greater

total acid-gas emission reduction potential at lower costs. The Commission's approach suggests a system-based concept for the assessment of current and projected fossil-fired power station effects on air quality. This approach has been accepted in principle by the Department of the Environment and is aimed at achieving reductions in acid-gas emissions through the most cost-effective, system-wide means available.

The Commission participated actively during the year in all aspects of the Canadian Electrical Association's research and development program. This involvement included the time of senior staff members spent in committee work as well as a financial contribution to the overall program. The Commission was also active in seeking CEA support for unique R & D projects and was successful in gaining funding support for projects to evaluate a catalytic process for flue gas desulfurization and to rear salmon and trout in the warm water discharge of the Grand Lake Generating Station.

During the year the Commission made formal application to the provincial Cabinet Committee on Natural Gas Distribution offering to distribute gas in New Brunswick. The application was made on the basis of evidence which supported the Commission's contention that it could provide gas service more efficiently and at lower cost than other applicants. Subsequent to the end of the reporting period, Inter-City Gas New Brunswick was officially designated as the distributor of natural gas in the province.



G.W.N. Cockburn, Q.C.
Chairman



A.J. O'Connor
General Manager

Statement of Generation and Sales

for fiscal year ended 31 March, 1982

	1982 Kilowatt hours	1981 Kilowatt hours	Difference Kilowatt hours	% + —
Generation				
Hydro	3 246 152 500	2 802 158 600	+ 443 993 900	+ 15.8
Thermal	5 036 372 000	5 777 426 160	— 741 054 160	— 12.8
Diesel	161 900	49 000	+ 112 900	+ 230.4
Purchases	4 005 397 250	3 964 065 495	+ 41 331 755	+ 1.0
Gross Generation and Purchases	12 288 083 650	12 543 699 255	— 255 615 605	— 2.0
Station Service	482 325 861	496 464 767	— 14 138 906	— 2.8
Net Generation and Purchases	11 805 757 789	12 047 234 488	— 241 476 699	— 2.0
Losses — Transformer and Transmission	595 345 209	524 045 337	+ 71 299 872	+ 13.6
Losses % of Net Generation and Purchases	5.0%	4.3%		
Total Energy Distribution	11 210 412 580	11 523 189 151	— 312 776 571	— 2.7
Sales				
Wholesale	658 741 280	639 610 943	+ 19 130 337	+ 3.0
Industrial Power	3 539 995 609	3 621 974 673	— 81 979 064	— 2.3
General Service	1 169 144 162	1 164 968 392	+ 4 175 770	+ 0.4
Residential	2 118 865 019	2 057 249 633	+ 61 615 386	+ 3.0
Average Annual kW.h per Residential Customer	(10 265)	(10 077)		
Street Lights	51 211 520	50 369 501	+ 842 019	+ 1.7
TOTAL IN-PROVINCE SALES	7 537 957 590	7 534 173 142	+ 3 784 448	+ 0.1
Interconnections	3 430 710 000	3 786 354 600	— 355 644 600	— 9.4
GRAND TOTAL	10 968 667 590	11 320 527 742	— 351 860 152	— 3.1
Station and Internal Use	482 702 178	496 852 800	— 14 150 622	— 2.8
TOTAL LOSSES	836 713 882	726 318 713	+ 110 395 169	+ 15.2
GROSS GENERATION AND PURCHASES	12 288 083 650	12 543 699 255	— 255 615 605	— 2.0

Statement of Operating and Physical Statistics

	31 March 1982	31 March 1981*	31 March 1977	31 March 1974	31 March 1972
Plant Nameplate Capacity — kW	2 506 576 **	2 526 576	2 140 326	1 151 326	1 050 326
Gross Generation —					
Purchases kW.h	12 288 083 650	12 543 699 255	10 675 945 320	8 214 704 599	5 894 230 858
Total Energy Distributed — kW.h	11 210 412 580	11 523 189 151	9 674 483 382	7 526 291 245	5 481 760 526
Total Revenue	\$ 514,640,146 ***	\$ 453,031,722	\$ 199,958,827	\$ 94,356,286	\$ 68,797,638
Total Expenditures And					
Appropriations	\$ 502,186,714	\$ 449,247,252	\$ 190,901,664	\$ 91,855,805	\$ 68,190,854
Fixed Assets, Including					
Work In Progress	\$ 2,511,221,676	\$ 2,344,262,161	\$ 1,088,693,318	\$ 550,039,208	\$ 452,397,516
Current Assets	\$ 273,381,451	\$ 154,761,706	\$ 179,702,985	\$ 40,054,510	\$ 21,015,284
Current Liabilities	\$ 221,093,012	\$ 230,849,430	\$ 121,138,869	\$ 38,851,061	\$ 20,159,798
Inventories	\$ 33,621,120	\$ 42,626,242	\$ 22,201,798	\$ 6,649,480	\$ 3,113,785
Long Term Debt — Net	2,190,964,432	\$ 1,961,663,406	\$ 953,503,692	\$ 415,845,386	\$ 340,728,100
Sinking Fund Assets	\$ 122,889,965	\$ 94,797,121	\$ 39,035,767	\$ 30,578,855	\$ 23,466,748
Accumulated Depreciation	\$ 303,841,039	\$ 269,119,450	\$ 152,365,358	\$ 107,707,569	\$ 85,889,983
Other Reserves And Earnings					
Retained In The Business	\$ 214,510,701	\$ 169,462,349	\$ 77,675,808	\$ 45,247,054	\$ 36,220,609
Reserves, Earnings Retained In					
The Business And Accumulated					
Depreciation	\$ 518,351,740	\$ 438,581,799	\$ 230,041,166	\$ 152,954,623	\$ 122,110,592
Total Reserves, Earnings Retained					
In The Business As Percentage					
Of Fixed Assets	20.6%	18.7%	21.1%	27.8%	26.9%
Kilometres Transmission Lines	5 714	5 702	5 160	4 579	4 451
Kilometres Distribution Circuits	21 718	21 168	18 846	17 120	14 430
Number Residential Customers	206 410	204 134	183 557	161 818	144 974
Number Industrial Customers	1 373	1 377	1 042	909	801
Number General Service					
Customers	17 268	17 088	14 200	12 406	11 786
Number Street Light Customers	2 079	2 045	1 840	1 688	1 547
Total Customers	227 130	224 644	200 639	176 821	159 108

* Restated

** Net of 20 000 kilowatts of capacity sold to Maritime Electric (P.E.I.) Limited

*** Includes \$5,024,911 gain on sale of 10% ownership interest in Dalhousie Unit No. 2

Corporate Information

Commission

Hon G.W.N. Cockburn, Q.C.,
Chairman
Louis E. Landry, Vice-Chairman
Gaetan Bossé, Commissioner
Jean C. Chiasson, Commissioner
William K. Cleghorn, Commissioner
Peter J. Dykeman, Commissioner
Eric C. Garland, Commissioner
Harry Williston, Commissioner
Donna K. Young, Commissioner

Managing Officers

Arthur J. O'Connor,
General Manager
Frank C. MacLoon,
Assistant General Manager,
Operations
G. H. Donald Ganong,
Assistant General Manager,
Engineering & Construction
Richard A. Toner,
Assistant General Manager,
Administration
Paul S. Creaghan, Q.C.,
Secretary & General Counsel
Robert D. Brown,
Treasurer
Lloyd M. Totten,
Comptroller
G. Linwood Titus,
Manager, Strategic Development
Terrence S. Thompson,
Manager, Public Affairs
Frank H. Ryder,
Manager, Corporate Economic
Studies

George and Catherine

THEir LIVES AND TIMES

WILLIAM L. GAY

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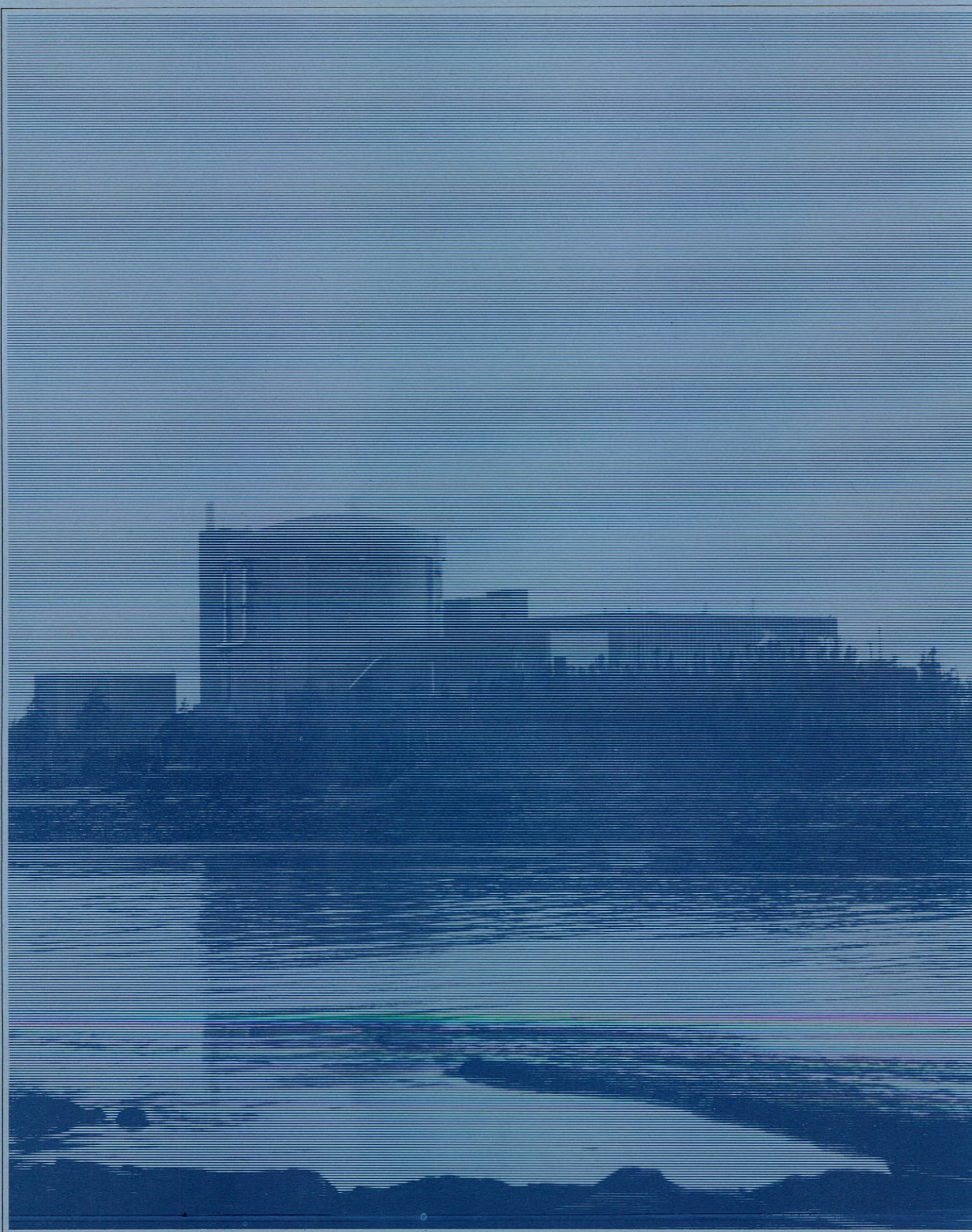
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THEIR LIVES AND TIMES

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The New Brunswick Electric Power Commission

Financial Statements



Balance Sheet

as at 31 March 1982

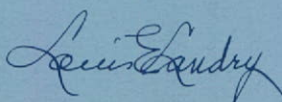
ASSETS

	1982	1981
Fixed assets		
Land, buildings, plant and equipment, at cost, less accumulated depreciation, and construction-in-progress (Note 3)	\$2,207,380,637	\$2,075,142,711
Current assets		
Cash and short-term investments	166,048,562	35,994,134
Accounts receivable	73,591,577	75,947,802
Material, supplies and fuel, at cost	33,621,120	42,626,242
Prepaid expenses	120,192	193,528
	273,381,451	154,761,706
Deferred charges		
Unrealized foreign exchange differences, less amounts amortized (Note 4)	142,035,768	118,208,482
Debenture and note discount and issue expenses, less amounts amortized	26,380,981	20,761,997
Survey, engineering and training expenses in connection with expansion of facilities	977,281	1,006,145
Other	175,994	192,418
	169,570,024	140,169,042
Funds held for specified purposes		
Insurance fund	7,623,382	7,575,075
	<u>\$2,657,955,494</u>	<u>\$2,377,648,534</u>

On behalf of The New Brunswick Electric Power Commission



G.W.N. COCKBURN, Q.C., Chairman



LOUIS E. LANDRY, Vice-Chairman

The New Brunswick Electric Power Commission

LIABILITIES

	1982	1981
		(Restated) (Note 2)
Long-term debt (Note 5)		
Guaranteed by the Province of New Brunswick		
Debentures and notes issued by the Commission	\$1,858,286,922	\$1,596,155,245
Note payable to Atomic Energy of Canada Limited	350,000,000	350,000,000
Loans from Northern Canada Power Commission	50,074,574	51,453,103
Loan from the Province of New Brunswick	2,191,219	3,294,765
Other long-term debt	7,561,691	14,127,988
	<u>2,268,114,406</u>	<u>2,015,031,101</u>
Less payments due within one year	<u>77,149,974</u>	<u>53,367,695</u>
	<u>2,190,964,432</u>	<u>1,961,663,406</u>
Current liabilities		
Bank indebtedness (Note 6)	13,333,849	15,411,893
Accounts payable and accruals	65,099,113	93,553,963
Accrued interest on debentures and notes issued by the Commission	58,786,100	60,555,800
Accrued interest on loan from the Province of New Brunswick	26,741	34,937
Current portion of long-term debt	77,149,974	53,367,695
Holdbacks on contracts in progress	6,046,884	7,420,590
Service deposits	<u>650,351</u>	<u>504,552</u>
	<u>221,093,012</u>	<u>230,849,430</u>
Deferred liabilities		
Customers' advances in aid of construction	464,349	240,349
Economy sales stabilization account (Note 7) ..	<u>30,923,000</u>	<u>15,433,000</u>
	<u>31,387,349</u>	<u>15,673,349</u>
Reserves (Note 8)	<u>137,877,991</u>	<u>105,283,071</u>
Earnings invested in the business	<u>76,632,710</u>	<u>64,179,278</u>
	<u>\$2,657,955,494</u>	<u>\$2,377,648,534</u>

Statement of Income

for the year ended 31 March 1982

	1982	1981
		(Restated) (Note 2)
Revenue		
Sales of power	\$497,778,922	\$444,655,702
Sales of steam	6,107,565	4,289,365
Miscellaneous	5,728,748	4,086,655
	<u>\$509,615,235</u>	<u>\$453,031,722</u>
Expenditure		
Purchased power	94,154,795	78,532,981
Generated power		
Fuel	150,291,428	138,077,131
Other	41,388,798	35,374,839
Operations, maintenance, administration and general	59,002,241	47,713,441
Depreciation	36,814,754	35,250,835
	<u>381,652,016</u>	<u>334,949,227</u>
Income before interest and exchange	127,963,219	118,082,495
Interest and exchange	178,983,092	187,762,504
Amortization of debenture discount and expense	2,545,104	2,007,280
Amortization of unrealized foreign exchange	10,179,979	8,015,928
	<u>191,708,175</u>	<u>197,785,712</u>
Less		
Income from sinking funds and other investments	28,680,306	23,761,516
Interest capitalized	90,578,091	96,430,139
	<u>119,258,397</u>	<u>120,191,655</u>
	<u>72,449,778</u>	<u>77,594,057</u>
Net operating income for the year before the following items	55,513,441	40,488,438
Transfer to economy sales stabilization account (Notes 2 and 7)	15,490,000	6,233,000
Adjustment to equalize generation costs due to fluctuation in water flows (Note 8)	19,594,920	8,470,968
	<u>35,084,920</u>	<u>14,703,968</u>
Net income before extraordinary item	20,428,521	25,784,470
Extraordinary item — gain on sale of 10% ownership interest of Dalhousie Unit No. 2 (Note 9)	5,024,911	—
Net income for the year	<u>\$ 25,453,432</u>	<u>\$ 25,784,470</u>

Statement of Earnings Invested in the Business

for the year ended 31 March 1982

	1982	1981
		(Restated) (Note 2)
Balance at beginning of year, as previously reported		\$69,594,808
Adjustment for accounting policy change (Note 2)		9,200,000
Balance at beginning of year, as restated	\$64,179,278	60,394,808
Net income for the year	25,453,432	25,784,470
	89,632,710	86,179,278
Appropriation to water equalization reserve	13,000,000	22,000,000
Balance at end of year	\$76,632,710	\$64,179,278

Statement of Changes in Financial Position

for the year ended 31 March 1982

	1982	1981
		(Restated) (Note 2)
Source of funds		
From operations		
Net income for the year	\$ 25,453,432	\$ 25,784,470
Amounts charged or credited to operations but not requiring an outlay of funds		
Provision for depreciation of buildings, plant and equipment	36,814,754	35,250,835
Vehicle depreciation	1,658,075	1,709,000
Amortization of debenture discount and expense	2,545,104	2,007,280
Amortization of unrealized foreign exchange	10,179,979	8,015,928
Transfer to economy sales stabilization account	15,490,000	6,233,000
Adjustment to equalize generation costs due to fluctuation in water flows	19,594,920	8,470,968
Gain on sale of 10% ownership interest of Dalhousie Unit No. 2	(5,024,911)	—
Survey, engineering and training expenses written off	28,864	173,352
	106,740,217	87,644,833
Proceeds from notes and debentures issued less discount and expense	275,852,912	108,331,229
Contributions in aid of construction	675,419	50,884
Other loans	—	1,051,677
Proceeds from sale of assets	19,575,468	917,918
Decrease in other deferred charges	16,424	—
Decrease in working capital exclusive of changes in current portion of long-term debt	—	119,171,104
	<u>\$402,860,440</u>	<u>\$317,167,645</u>
Application of funds		
Expenditure on fixed assets	\$185,712,731	\$286,008,144
Redemption of Commission debentures (net of available sinking funds)	33,035,344	11,200,672
Sinking fund deposits	24,009,097	18,478,728
Repayment of loan from Northern Canada Power Commission	1,378,529	1,302,887
Decrease in other long-term debt	6,566,297	—
Increase in deferred survey, engineering and training expense	—	143,391
Increase in other deferred charges	—	33,823
Increase in working capital exclusive of changes in current portion of long-term debt	152,158,442	—
	<u>\$402,860,440</u>	<u>\$317,167,645</u>

Notes to Financial Statements

31 March 1982

1. Summary of significant accounting policies

The financial statements have been prepared in conformity with generally accepted accounting principles as established in Canada.

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 on the basis of the interest costs of borrowings expended on plant under construction.

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, which include government grants in respect of new facilities, 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 credit resulting therefrom is offset against the corresponding provision for depreciation.

Depreciation is provided by the Commission on a straight-line basis sufficient to amortize the cost of fixed assets, less estimated salvage value, over their estimated useful lives. Depreciation is provided on the net cost of fixed assets in respect of which government grants have been provided. The estimated useful lives of the main categories of fixed assets are as follows:

Assets	Years
Hydro Generating Stations	68
Thermal Generating Stations	30
Gas Turbine Generating Station	25
Diesel Generating Station	20
Terminals and Substations	30
Transmission System	40
Distribution System	28
Buildings	40

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

Long-term monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting differences between the translation at the date of the original transaction and at the balance sheet date are accumulated in an unrealized foreign exchange account which is shown on the balance sheet under deferred charges. This account is amortized to income 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.

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 condition and economy sales transactions, which are outside the control of the Commission result in costs or revenues additional to those originally included in the calculation of revenue requirements. The Commission accounts for such additional costs or revenues through an economy sales stabilization account and a water equalization adjustment.

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 included in the calculation of future revenue requirements in equal installments over a period of three years and are amortized to the income statement on this basis.

Water equalization adjustment

In order to equalize the effect on generation cost due to fluctuations in water flows, the Commission annually charges or credits income with an amount calculated to adjust generation costs to an average monthly water condition. The calculation is based on historical water flow data compiled over a period of 35 years. The offsetting debit or credit is included in the water equalization reserve account.

2. Accounting changes — economy sales stabilization account

The Commission in 1982 adopted the accounting policy outlined in Note 1.g. relative to economy sales transactions in order to provide an accounting mechanism to reflect adjustments to power rates in succeeding periods caused by unpredictable levels of economy sales. In the Commission's opinion, retroactive application of the new policy and the restatement of prior periods' financial statements is appropriate since this recognizes the prevailing economic circumstances in operation during those periods.

The New Brunswick Electric Power Commission

3. Fixed assets

	1982	1981
Land, buildings, plant and equipment, at cost		
Power generating stations	\$ 717,302,740	\$ 725,758,632
Transmission system	124,789,897	123,714,399
Substations	159,445,719	158,701,671
Distribution system	202,087,601	189,189,295
Other properties	9,238,496	9,247,810
Communications equipment	4,242,593	3,927,318
Motor vehicles and miscellaneous equipment	22,432,137	20,426,027
	<u>1,239,539,183</u>	<u>1,230,965,152</u>
Less contributions in aid of construction	<u>30,125,034</u>	<u>29,673,615</u>
	<u>1,209,414,149</u>	<u>1,201,291,537</u>
Less accumulated depreciation	<u>303,841,039</u>	<u>269,119,450</u>
	<u>905,573,110</u>	<u>932,172,087</u>
Construction in progress	<u>1,301,807,527</u>	<u>1,142,970,624</u>
	<u>\$2,207,380,637</u>	<u>\$2,075,142,711</u>

4. Unrealized foreign exchange differences, less amounts amortized

	1982	1981
Exchange adjustment at balance sheet date on debentures and notes issued by the Commission		
Payable in Swiss francs	\$ 42,398,000	\$ 38,692,000
Payable in United States dollars	138,410,582	104,254,768
Exchange adjustment at balance sheet date on loan from the Province of New Brunswick	687,446	728,520
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	(14,671,518)	(9,689,796)
Sinking fund for loan from the Province of New Brunswick	(61,852)	(44,827)
Exchange premium on assets held in the insurance fund	<u>(123,382)</u>	<u>(75,075)</u>
	<u>166,639,276</u>	<u>133,865,590</u>
Less accumulated amortization	<u>24,603,508</u>	<u>15,657,108</u>
	<u>\$ 142,035,768</u>	<u>\$ 118,208,482</u>

The New Brunswick Electric Power Commission

5. Long-term debt

Debentures and notes issued by the Commission

Date of maturity	Interest rate %	1982	1981
Payable in Canadian dollars			
1981 15 May	9	\$ —	\$ 20,000,000
1985 17 March	13¼	75,000,000	75,000,000
1985 15 May	13¾	75,000,000	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 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 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	10¾	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	7¾	20,000,000	20,000,000
1997 15 October	8¾	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	11¾	35,000,000	35,000,000
2003 21 December	10¼	75,000,000	75,000,000
2005 10 January	11¼	50,000,000	50,000,000
		611,595,000	631,595,000
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	31,328,000
1992 30 August (SFr80,000,000)	5¼	36,008,000	36,008,000
1993 30 March (SFr100,000,000)	3¾	57,113,000	57,113,000
Canadian dollars at date of issue		183,697,600	185,264,000
Exchange adjustment at balance sheet date		42,398,000	38,692,000
		226,095,600	223,956,000

The New Brunswick Electric Power Commission

Date of maturity	Interest rate %	1982	1981
Payable in United States dollars			
1983 15 January	9	US\$ 28,000,000	US\$ 30,000,000
1986 2 January	5¼	3,086,000	4,014,000
1986 1 November	5¼	1,645,000	2,007,000
1987 1 September	5¼	2,820,000	3,302,000
1988 1 October	17	60,000,000	—
1989 1 March	16¼	75,000,000	—
1990 15 April	5	9,418,000	10,058,000
1991 1 May	5½	10,489,000	11,056,000
1991 1 May	15	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	65,000,000	68,000,000
1995 1 October	10½	75,000,000	75,000,000
1997 15 February	9	100,000,000	100,000,000
1998 1 April	7⅞	40,275,000	41,850,000
2001 1 May	9⅞	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		928,233,000	702,787,000
Exchange premium at date of issue		CDN\$ 75,361,478	CDN\$ 27,025,843
Exchange adjustment at balance sheet date		138,410,582	104,254,768
		1,142,005,060	834,067,611
		1,979,695,660	1,689,618,611
Less sinking fund assets held in trust by the Province of New Brunswick			
Book value		106,737,220	83,773,570
Exchange premium on assets denominated in foreign currencies		14,671,518	9,689,796
		121,408,738	93,463,366
		\$1,858,286,922	\$1,596,155,245
Atomic Energy of Canada Limited			
Note payable in 25 equal annual installments of principal and interest at 9.7064% per annum, commencing one year after the in-service date for the Point Lepreau Generating Station or one year after 1 April 1983, whichever is earlier. Prior to this earlier date, interest alone is payable semi-annually with proportionate reduction in relationship to the net plant output until the earlier of the in-service date or October 1982		\$350,000,000	\$350,000,000

	1982	1981
Loans from Northern Canada Power Commission		
Repayable in annual installments of principal and interest at rates varying from 4 1/2% to 8 1/2% to the year 2011	\$ 50,074,574	\$ 51,453,103
Loan from the Province of New Brunswick		
For which debentures have been issued by the Province to provide funds for the Commission (payable in United States dollars)	US\$ 2,985,000	US\$ 3,900,000
Exchange adjustment at balance sheet date	CDN\$ 687,446	CDN\$ 728,520
	3,672,446	4,628,520
Less sinking fund assets held by the Province relating to such debentures		
Book value	1,419,375	1,288,928
Exchange premium on assets denominated in foreign currencies	61,852	44,827
	1,481,227	1,333,755
	\$ 2,191,219	\$ 3,294,765
Other long-term debt		
City of Campbellton — in respect of the purchase of distribution system; payable, together with interest at 9 1/4% per annum, in equal annual installments to the year 1993	\$ 1,142,981	\$ 1,201,788
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 9 1/4% to 9 5/8% per annum, as to 50% on 1 April 1981 and the remainder in equal annual installments of principal and interest to the year 2011	6,418,710	12,926,200
	\$ 7,561,691	\$14,127,988

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 1982** are as follows for the five years ending 31 March 1987:

	Canadian dollars	U.S. dollars	Swiss francs
Year ending 31 March 1983	\$ 6,208,659	\$50,951,000	SFr 13,000,000
Year ending 31 March 1984	11,523,331	26,430,000	13,000,000
Year ending 31 March 1985	86,985,951	27,594,000	13,000,000
Year ending 31 March 1986	89,490,138	27,772,000	113,000,000
Year ending 31 March 1987	16,094,731	26,819,000	13,000,000

The New Brunswick Electric Power Commission

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 investments are carried at cost, and the 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 for sinking fund purposes 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.

6. 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 1982** was **\$1,575,000** and is reflected on the balance sheet, together with outstanding cheques, under the caption "Bank indebtedness".

7. Economy sales stabilization account

	1982	1981
		(Restated) (Note 2)
Balance at beginning of year	\$ 15,433,000	\$ 9,200,000
Excess of actual over forecast earnings from economy sales for year	21,657,000	9,300,000
	37,090,000	18,500,000
Less amount amortized	6,167,000	3,067,000
Balance at end of year	<u>\$ 30,923,000</u>	<u>\$ 15,433,000</u>

8. Reserves

	1982	1981
Water equalization	\$130,377,991	\$ 97,783,071
Insurance	7,500,000	7,500,000
	<u>\$137,877,991</u>	<u>\$105,283,071</u>

Water equalization reserve

In addition to the annual adjustment to generation cost as noted in Note 1.g., the Commission annually increases the water equalization reserve by appropriations from earnings invested in the business as it deems advisable. Total appropriations to the reserve amounted to **\$101,000,000** at **31 March 1982** (1981 — \$88,000,000).

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. Extraordinary item

During the fiscal year ended **31 March 1982**, the Commission finalized an agreement covering the sale and operation of a 10% ownership interest of Dalhousie Unit No. 2 to Maritime Electric (P.E.I.) Limited, a wholly-owned subsidiary of Maritime Electric Company Limited of Prince Edward Island. The sale proceeds of **\$19,268,426** resulted in a realized gain to the Commission of **\$5,024,911**. The Commission continues to operate the plant and receives an operator's fee based on the value of Maritime Electric's ownership interest, as well as recovering the operation and maintenance costs related to that interest. Under a separate agreement, the Commission also receives revenue for providing transmission facilities.

The New Brunswick Electric Power Commission

10. Capital commitments

The Commission is constructing a nuclear power unit with a net capacity of 630,000 kilowatts at Point Lepreau. This unit is currently undergoing commissioning tests while awaiting licensing by the federal authorities. Expenditures on the project to **31 March 1982** and 31 March 1981 were **\$1,285,111,746** and **\$1,126,776,331** respectively. In accordance with the Commission's stated accounting policies, interest during construction will be charged to the project until it achieves commercial operation, expected in late 1982. In addition, the project will receive credits for the value of power generated during the commissioning process. It is estimated that during the fiscal year ending 31 March 1983, a total of approximately \$146,948,000 will be expended on all capital projects.

11. 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 an 18 year period is \$33,500,000. 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.

12. Sales of power

Sales of power include **\$113,416,700** (1981 — \$115,106,292) to utilities in the United States.

The value of these sales includes incremental fuel costs and operating costs plus a margin of net benefit to the Commission.

The Commission has signed agreements, approved by the National Energy Board, with interconnected U.S. utilities for the sale of 205,000 kilowatts of power and energy from the Point Lepreau plant commencing on the in-service date. These agreements require the utilities to pay for their proportionate share of capital, operating and maintenance and other fixed charges of the Point Lepreau plant on an "all events" basis from the in-service date until 1987, with options in favour of the purchasers for extension to 1990.

An agreement with another U.S. utility with respect to the purchase on a similar basis, of 25,000 kilowatts of power has been executed subject to the obtaining of transmission agreements and regulatory approval in the U.S. and approval of the National Energy Board.

13. Comparative figures

The Commission at **31 March 1982** had a liability to repay \$2,000,000 to a consortium of United States utilities as a result of incorrect billing information supplied by the New England Power Exchange group during the fiscal year ended 31 March 1981. The settlement with the New England Power Exchange group still assured a margin of net profit to the Commission on all transactions during the period concerned. The comparative figures for "Sales of power" and "Accounts payable and accruals" have been restated in order to reflect the liability and its effect on operations in the correct accounting period. There is no impact on net income for the fiscal year ended 31 March 1981 as restated due to the operation of the economy sales stabilization account.

Certain other comparative figures have been restated to be consistent with the presentation used in the financial statements for the year ended **31 March 1982**.

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 1982 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 1982 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, after giving retroactive effect to the change, with which we concur, in the method of accounting for economy sales transactions as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

Touche Ross & Co.

Chartered Accountants

Fredericton, N.B.,
24 June 1982.

For English copies of this report
contact:

The New Brunswick Electric
Power Commission
Public Affairs
P.O. Box 2000
Fredericton, N.B.
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Pour recevoir des exemplaires en français
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La Commission d'énergie électrique
du Nouveau-Brunswick
Affaires Publiques
C.P. 2000
Fredericton, N.-B.
E3B 4X1

Interconnections

During the last 20 years, the Commission has established a succession of interconnections with utilities in Eastern Canada and the United States. Each of these interconnections has helped to strengthen the security of supply for our customers, while, at the same time, providing opportunities to purchase economical hydro-generated power and to sell surplus power at a profit. Interconnections allow the Commission to share the financial risk of bringing a large generating unit such as Point Lepreau on line through contracts with other utilities for the sale of a portion of the plant's output for a specified period of time.

In recent years, the single interconnection with Hydro-Québec has enabled the Commission to purchase up to 40% of all the electricity used by our customers and at less cost than it could be generated in New Brunswick. A second high voltage electrical link to be established with the Quebec system will double the exchange potential between the two systems. Interconnections are also maintained with Nova Scotia, Prince Edward Island and New England utilities.

Generating Station Data

	No. of Units	Nameplate Capacity kW
HYDRO		
Mactaquac	6	600 000
Beechwood	3	115 000
Grand Falls	4	63 000
Tobique	2	20 000
Sisson	1	10 000
Milltown	7	3 900
TOTAL HYDRO	23	811 900
STEAM		
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 STEAM	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	44	2 506 576

Transmission Line Data

(Operating voltage/km in service)

345 kV	577 km
230 kV	523 km
138 kV	1 856 km
69 kV	2 758 km



