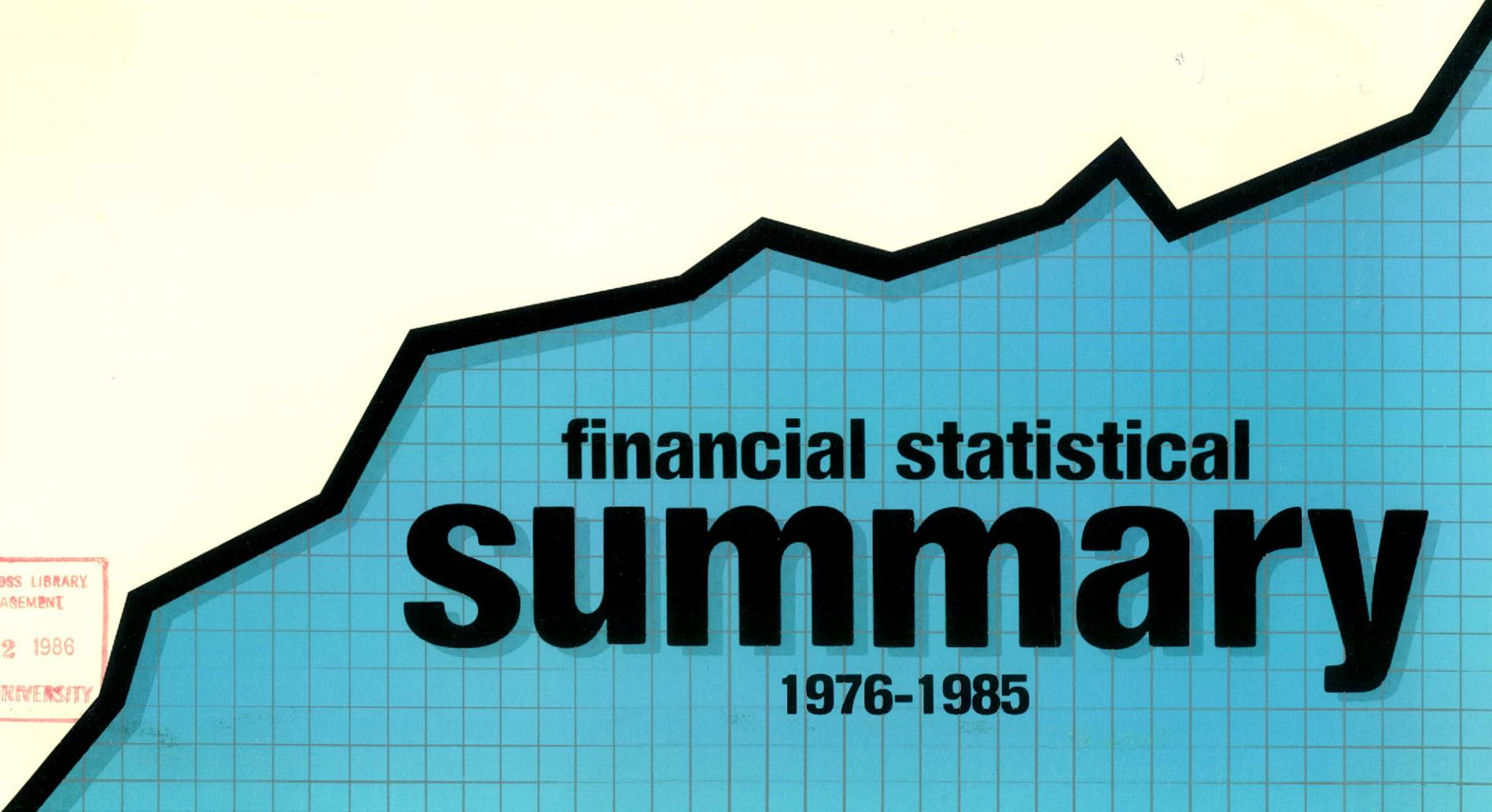


NEWFOUNDLAND
LIGHT & POWER
CO. LIMITED



financial statistical
Summary
1976-1985

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NEWFOUNDLAND LIGHT & POWER CO. LIMITED

FINANCIAL STATISTICAL SUMMARY

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NEWFOUNDLAND LIGHT & POWER CO. LIMITED

INTRODUCTION

Newfoundland Light & Power Co. Limited is a regulated, investor-owned electric utility distributing electricity to approximately 85% of the population of the province of Newfoundland and Labrador. The Company or its predecessors have been engaged in the production and sale of electricity since 1885.

The areas served include the Avalon, Burin and Bonavista Peninsulas, the area from Bonavista Bay to Badger, Buchans, Springdale, Baie Verte, the Corner Brook-Deer Lake area, the Stephenville-St. George's area and Port aux Basques. The Company is administered from its head office in St. John's and its operations are carried out through eight area offices.

The Company's power supply is provided partly by its own plants and partly by the purchase of power. The Company owns and operates generating plants with a total installed capacity of 171,000 kilowatts. In 1985, 9.3% of the requirements was obtained from those plants and 90.7% was purchased from Newfoundland and Labrador Hydro-Electric Corporation.

The Company serves a diversified market with the greater part of total sales being made to a large number of residential and small general service customers. Kilowatthour sales to residential customers were 56.9% of total sales in 1985.

The Company operates under the regulation of the Newfoundland Board of Commissioners of Public Utilities which has jurisdiction, among other things, over rates, capital expenditures and the issue of securities.

On December 21, 1984, following public hearings, the Board of Commissioners of Public Utilities issued an Order setting a rate of return on average rate base between 12.63% and 12.82%. Implicit in this range is a rate of return on average common equity of 15.3% to 15.8%.

Following hearings into a rate referral by Newfoundland and Labrador Hydro (Hydro), the Board approved new rates, effective January 1, 1986, to

compensate for an increase in the rates charged by Hydro for energy purchased by the Company. Under the new rates the basic charge was increased by 8.66% on average, and a fuel component was added in place of the separate Fuel Adjustment Charge. The Company has since appeared before the Board seeking a further increase to cover expenses other than purchased power.

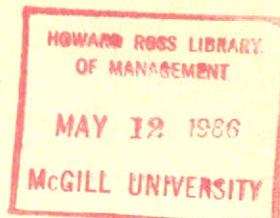
Over the past ten years, the annual operating revenue of the Company has increased from approximately \$60 million in 1976 to approximately \$244 million in 1985. Annual earnings per common share have increased from \$1.09 to \$2.05 and dividends paid on the Class A common shares have increased from \$0.475 to \$1.06 per share with dividends currently being paid at an annual rate of \$1.18 per share.

Property plant and equipment, after depreciation (net fixed assets), has increased from \$167,360,000 to \$311,976,000 in the past ten years. Capital expenditures amounted to \$33.0 million in 1985 and are estimated to be \$37.1 million in 1986.

Funds required to finance the growth and expansion of the Company have been provided internally and through the sale of both debt and equity issues. The most recent issue of securities was \$15,000,000 11.5% Series AB First Mortgage Bonds sold on December 12, 1985. The Company's First Mortgage Bonds are rated "A" by both of Canada's bond rating agencies.

The Company's common shares are traded on the Toronto and Montreal stock exchanges. The Company has 6,368 common shareholders with 6.6% residing in the Western provinces, 25.3% in Ontario and Quebec and 67.0% in the Atlantic Provinces. The remaining 1.1% are non-residents.

In recent years the Company has improved interest and preferred dividend coverages and has strengthened its common equity ratio. These results, attained through a favourable regulatory climate, permit the Company access to financial markets as the need arises.



NEWFOUNDLAND LIGHT & POWER CO. LIMITED

DIRECTORS AND OFFICERS

The names and principal occupations of the directors and officers of the Company are:

Directors

AARON BAILEY
*President,
 Port Union Shipping
 Co. (1948) Ltd.*

ALASTAIR D. CAMERON, M.B.E.
*Senior Consultant,
 Monenco Consultants Limited*

HENRY COLLINGWOOD
*Chairman and Chief Executive
 Officer, Baine, Johnston & Co. Ltd.*

JOHN B. FOOTE
*Senior Executive Officer,
 J. B. Foote & Sons, Ltd.*

DONALD C. McLEOD*
*Vice-President, Merrill Lynch
 Canada Inc.*

ALBERT E. O'REILLY
*Assistant Manager,
 Management Consulting Division,
 Monenco Consultants Limited*

GEOFFREY R. PARSONS
President, Lakeview Limited

EWART A. PRATT
*Chairman and President,
 Steers Limited*

G. NEVILLE C. RIVINGTON
*Senior Vice-President,
 Monenco Limited*

JAMES E. RORKE
*Senior Officer, The Rorke Fish
 & Coal Co. Limited*

AIDAN F. RYAN
*Vice-President and General
 Manager, Newfoundland Light
 & Power Co. Limited*

HAROLD R. STEELE
*President and Chief Executive
 Officer, Newfoundland Capital
 Corporation Limited*

DAVID S. TEMPLETON
*President, Newfoundland Light
 & Power Co. Limited*

CLYDE K. WELLS, Q.C.
*Barrister and Solicitor,
 Wells and Company*

MARSHALL M. WILLIAMS
*Chairman of the Board
 and Chief Executive
 Officer, TransAlta Utilities
 Corporation*

Officers

CLYDE K. WELLS
Chairman of the Board

DAVID S. TEMPLETON*
President

ANGUS A. BRUNEAU**
Vice President

AIDAN F. RYAN
Vice President and General Manager

GEORGE J. ADAMS*
Vice President, Finance

JOHN G. EVANS
Vice President, Planning & Construction

CHARLES W. HENRY
Vice President, Operations

MICHAEL A. PAVEY
Vice President, Corporate Planning

CECIL R. VIVIAN
Vice President, Rates & Customer Services

KEVIN S. WARR
Vice President - Treasurer

RAYMOND F. GOSINE
Secretary

H. BARRIE CURTIS
Assistant Secretary-Treasurer

*Retired from Merrill Lynch Canada Inc. June 30, 1985,
 and from the Board of Newfoundland Light & Power Co. Limited in
 October, 1985.

* Retired December 31, 1985.
 **Appointed President, effective
 May 1, 1986.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

DIRECTORS — BIOGRAPHICAL NOTES

AARON BAILEY, P. Eng.

Aaron Bailey is the former Chairman of the Board of Newfoundland Light & Power Co. Limited and was born in Port Rexton, Newfoundland. He is registered as a Professional Engineer in Newfoundland and was President and General Manager of the Union Electric Light and Power Company before it became part of the present Company in 1966. Mr. Bailey is President of Port Union Shipping Co. (1948) Ltd. and President of the Fishermen's Union Trading Company Limited.

ALASTAIR D. CAMERON, M.B.E., Eng.

Alastair D. Cameron has been a Director since 1969. He graduated from the University of New Brunswick with a B.Sc. in Civil Engineering in 1942 and has a Diploma in Management from McGill University. Mr. Cameron was responsible for the construction of several of the Company's hydro plants over the period 1949 to 1953. From 1957 to 1963 he was General Manager of Maritime Electric Company, Limited. He is a Director of Maritime Electric Company, Limited, Monenco Limited and other companies.

HENRY COLLINGWOOD, K.C. St. O.

Henry Collingwood is Chairman and Chief Executive Officer of Baine, Johnston & Company Limited (est. 1780) and was born in St. John's, Newfoundland. He is Chairman of Amalco Foods Limited, Beothic General Insurance Company Limited, Brown Offshore Limited, Woodgate Holdings Limited, NORDCO Limited, and Corisande Holdings Limited. He is a director of Royal Trustco Limited, Newtel Enterprises Limited, Newfoundland Telephone Company Limited, Newfoundland Offshore Services Limited, Fishery Products International Limited and several other companies. He was Chairman of The Salvation Army Grace General Hospital 1976-1982, and as well, is the Hon. Consul for Norway in Newfoundland.

JOHN B. FOOTE

John B. Foote, Senior Executive Officer of J. B. Foote & Sons, Ltd. (est. 1929) was born in Newfoundland and resides in Grand Bank. He is a Director of the Newfoundland and Labrador Development Corporation and was a Director of the Dr. Charles A. Janeway Child Health Centre (1974-81), a Member of the Grand Bank Town Council (1970-73), and a Member of the Atlantic Development Council (1970-74). He has been a Notary Public since 1948.

DONALD C. MCLEOD

Donald C. McLeod is a Vice-President and Director of Merrill Lynch Canada Inc. He graduated from the University of British Columbia in 1946 and entered the investment business that year in Ontario. He joined Royal Securities Corporation Limited in 1956, was appointed sales manager of the Montreal office in 1960 and a Vice-President in 1969. He is now resident in Toronto and is a senior member of the Corporate and Government Finance Department. (Mr. McLeod retired from his position and from the Board of Directors of Merrill Lynch Canada Inc. on June 30, 1985. He also resigned from the Board of Newfoundland Light & Power Co. Limited in October, 1985.)

ALBERT E. O'REILLY, Eng.

Albert E. O'Reilly is Assistant Manager of the Management Consulting Division of Monenco Consultants Limited. He attended Memorial University of Newfoundland and graduated from Nova Scotia Technical College with the degree of Bachelor of Engineering in 1951 and has a Diploma in Management from McGill University. He was employed by Newfoundland Light and Power Company, Limited in 1951, being appointed Executive Assistant to the General Manager and then Commercial Superintendent prior to leaving the Company in 1964. He is a Director of Gananoque Light & Power Ltd.

GEOFFREY R. PARSONS

Geoffrey R. Parsons was born in St. John's, Newfoundland. He attended Memorial University of Newfoundland and Queen's University at Kingston, Ontario, graduating from the latter in 1957 with a Bachelor of Commerce degree. While working as a student-in-accounts in Toronto, he qualified as a member of the Institute of Chartered Accountants of Ontario. In 1961 he returned to Newfoundland and was the partner-in-charge of the Newfoundland office of Touche Ross & Co. and its predecessor firm in Newfoundland. In 1977 he became President of Lakeview Limited, a business and investment consulting company. Mr. Parsons is a member of the Newfoundland Advisory Board of the Montreal Trust Company and a Director of several other Newfoundland companies.

EWART A. PRATT

Ewart A. Pratt was born in Newfoundland and obtained a B.Sc. (Economics) from the University of Pennsylvania. He is associated with a number of Newfoundland firms, being Chairman and President of Steers

Limited, merchants (est. 1924), Chairman of Steers Computer Services Ltd., President of Pratt Representatives (Nfld.) Limited and Colonial Business Properties Limited. He is a Director of Canadian Imperial Bank of Commerce, Standard Manufacturing Co. Ltd. and other companies. Mr. Pratt is a former member of the St. John's Advisory Board of the Canada Permanent Trust Company and former Chairman of the Zoning Appeal Board of the City of St. John's. He was President of the Newfoundland Board of Trade in 1967.

G. NEVILLE C. RIVINGTON, Eng.

G. Neville C. Rivington graduated from Queen's University in 1942. After war service as a radar officer in the R.C.N.V.R., he joined Montreal Engineering Company, Limited in 1946. Since 1946, as an employee of Montreal Engineering, he has participated in the planning and implementation of generation, transmission and distribution projects in Canada and around the world. He is a senior member of the I.E.E.E. and acts as a Director of several companies including Monenco Limited and Monenco Consultants Limited.

JAMES E. RORKE

James E. Rorke was born in Newfoundland and resides in Carbonear. He was educated at United Church College, Carbonear, and Memorial University of Newfoundland in St. John's. He is Senior Officer of the Rorke Fish & Coal Co. Limited, managers for North Atlantic Bulkcargoes Limited and M/S Elizabeth. Earlier in his business career, Mr. Rorke was on the staff of the Bank of Nova Scotia in Newfoundland and Jamaica.

AIDAN F. RYAN

Aidan F. Ryan is Vice President and General Manager of Newfoundland Light & Power Co. Limited. He was born in St. John's and educated at Memorial University of Newfoundland and McGill University graduating with a Bachelor of Engineering degree in 1957. He joined the predecessor United Towns Electric Company upon graduation and held the position of Operating Superintendent at the time the new Company was formed in 1966. In the new Company he has held the position of Superintendent of Planning and Construction, Assistant to the General Manager, Assistant General Manager and was appointed Vice President and General Manager in 1982 and a director in 1983.

HAROLD R. STEELE

Harold R. Steele is President and Chief Executive Officer of Newfoundland Capital Corporation Limited, Atlantic Inns Limited and Clarke Transport Inc. Mr. Steele also holds directorships in Dynamic Fund of Canada and Terra Nova Tel. He is a graduate of Memorial University and resides in Gander.

DAVID S. TEMPLETON, P. Eng.

David S. Templeton was born in St. John's and attended Memorial University of Newfoundland, Dalhousie University and graduated from Nova Scotia Technical College in Civil Engineering (B.E.) in 1949. He has been associated with the Company since 1948. After graduation, he spent four years with Montreal Engineering Company, Limited in the hydroelectric field, returning to Newfoundland in 1953. In Newfoundland Light & Power Co. Limited, he has held the positions of Production Superintendent, Operating Superintendent and Assistant General Manager and was appointed General Manager in 1968, Director in 1976, Vice-President in 1978 and President in 1982, retiring on December 31, 1985. He is also a Director of Churchill Falls (Labrador) Corporation Limited and R. A. Templeton Ltd., a Director of the Canadian Electrical Association and a Fellow of the Engineering Institute of Canada.

CLYDE K. WELLS, Q.C.

Clyde K. Wells, Chairman of the Board of Newfoundland Light & Power Co. Limited, was born in Buchan's Junction and presently lives in St. John's where he is a partner in the law firm of Wells and Company. He graduated from Memorial University with a B.A. degree and from Dalhousie with an LL.B. degree. After graduation, he joined the legal branch of the Canadian Army and returned to Corner Brook to practice law privately in 1964. In 1981, Mr. Wells moved to St. John's where he continues to practice law privately. He is a former member of the House of Assembly of Newfoundland and was Minister of Labour. He is presently a Director of Humber Valley Broadcasting Company Limited and several other Newfoundland companies. Mr. Wells is a member of the Canadian Bar Association and the Law Society of Newfoundland.

MARSHALL M. WILLIAMS, P. Eng.

Marshall M. Williams is Chairman of the Board and Chief Executive Officer of TransAlta Utilities Corporation. He attended Acadia University and The Technical University of Nova Scotia, graduating from The Technical University of Nova Scotia with a Bachelor of Engineering in 1947 and a Masters in Engineering (Civil) in 1949. He was awarded a Doctor of Engineering Degree by The Technical University of Nova Scotia in May, 1978. Prior to joining the company, he was employed by Montreal Engineering Company, Limited in Montreal (1948-1954). He is also a Director of TransAlta Utilities Corporation, TransAlta Resources Corporation, Canada Northwest Energy Limited, Royal Trustco Limited, Stelco Inc., Sun Life Assurance Company of Canada Ltd., AEC Power Ltd., The Canadian Energy Research Institute, The Conference Board of Canada. He is Chairman, Western Regional Committee, C.D. Howe Institute, Past President of the Canadian Electrical Association and Member of the Advisory Board (International Energy Agency) and the Business Council on National Issues.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

GROWTH SUMMARY

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Total assets (\$000)	\$180,556	\$206,838	\$220,402	\$232,506	\$246,945	\$272,200	\$290,905	\$311,113	\$335,512	\$353,404
Operating revenues (\$000)	60,259	73,469	92,223	108,204	122,826	131,281	163,477	171,349	197,217	244,007
Net income (\$000) ⁽¹⁾	7,607	9,236	11,092	11,860	12,697	14,497	18,025	19,546	19,831	20,857
Earnings per common share (\$) ⁽¹⁾⁽⁴⁾	1.09	1.16	1.19	1.26	1.30	1.48	1.78	1.95	1.95	2.05
Dividends declared per common share (\$) ⁽⁴⁾ ..	0.475	0.55	0.625	0.663	0.70	0.763	0.85	0.93	1.01	1.06
Market price — year end close (\$) ⁽⁴⁾	6.125	8.00	9.125	10.75	11.25	10.00	12.00	14.50	15.813	17.375
Book value per share — year end (\$) ⁽⁴⁾	6.78	7.43	8.00	8.60	9.22	9.97	10.91	11.97	12.93	13.97
Common shareholders' investment (\$000) ⁽²⁾ ..	41,428	56,714	61,359	66,369	71,679	78,335	86,964	97,943	107,732	118,012
Capital expenditures (\$000)	32,465	28,919	19,701	20,528	23,171	30,640	28,550	31,233	30,615	32,990
Number of full-time employees ⁽³⁾	1,029	1,030	1,031	1,030	1,003	1,014	1,019	1,008	935	938
Load in kilowatt-hours (millions)	2,457	2,618	2,824	2,862	3,059	3,001	3,161	3,153	3,352	3,531

NOTES: (1) 1977 is before an extraordinary item of \$105,670 or 1.5 cents per share.

(2) Effective January 1, 1981, weather normalization account was transferred from shareholders' investment to deferred credits. Prior years have been restated to recognize this change.

(3) 1982 figure includes 63 employees on temporary layoff on December 31.

(4) In June 1985 common shares were split on a two for one basis. Prior years have been restated to recognize this change.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

BALANCE SHEET
(THOUSANDS OF DOLLARS)

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Assets as at 31 December										
FIXED ASSETS										
Plant in service	\$208,106	\$235,759	\$252,187	\$268,198	\$291,723	\$320,408	\$345,062	\$374,154	\$400,606	\$426,926
Construction work in progress	2,505	2,249	2,573	4,387	3,227	4,282	4,813	3,998	3,994	5,149
Total fixed assets	210,611	238,008	254,760	272,585	294,950	324,690	349,875	378,152	404,600	432,075
Less accumulated depreciation	43,251	48,608	53,921	61,513	68,943	77,132	86,468	98,155	109,306	120,099
Total fixed assets, less depreciation	167,360	189,400	200,839	211,072	226,007	247,558	263,407	279,997	295,294	311,976
DEFERRED CHARGES										
Financing	2,623	3,530	3,304	3,180	2,998	3,314	3,144	2,863	2,629	2,691
Other	128	64	—	—	—	—	—	—	—	—
Total deferred charges	2,751	3,594	3,304	3,180	2,998	3,314	3,144	2,863	2,629	2,691
CURRENT ASSETS										
Cash and deposit receipts	45	59	112	187	208	71	125	86	224	83
Accounts receivable	6,146	9,140	11,207	12,583	12,036	13,396	15,807	19,828	22,839	25,364
Income taxes recoverable	—	—	—	—	—	1,055	—	—	1,823	—
Deferred fuel costs	—	420	787	189	(335)	414	1,710	2,776	5,380	5,213
Inventories of materials and supplies at average cost	4,100	4,073	3,997	5,104	5,853	6,152	6,471	5,345	5,488	6,192
Prepaid expenses	154	152	156	191	178	240	241	218	1,835	1,885
Total current assets	10,445	13,844	16,259	18,254	17,940	21,328	24,354	28,253	37,589	38,737
Total assets	<u>\$180,556</u>	<u>\$206,838</u>	<u>\$220,402</u>	<u>\$232,506</u>	<u>\$246,945</u>	<u>\$272,200</u>	<u>\$290,905</u>	<u>\$311,113</u>	<u>\$335,512</u>	<u>\$353,404</u>

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

BALANCE SHEET

(THOUSANDS OF DOLLARS)

Liabilities as at 31 December	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
SHAREHOLDERS' EQUITY										
Common shares	\$11,806	\$23,568	\$23,901	\$24,369	\$24,987	\$25,801	\$26,813	\$29,329	\$31,610	\$33,642
Contributed surplus	1,440	1,445	1,448	1,451	1,496	1,745	2,051	2,147	2,147	2,147
Capital redemption reserve fund	512	629	1,399	2,156	2,959	4,127	5,307	6,429	7,509	8,718
Retained earnings	27,670	31,072	34,611	38,393	42,237	46,662	52,793	59,838	66,466	73,505
Total common shareholders' equity	41,428	56,714	61,359	66,369	71,679	78,335	86,964	97,743	107,732	118,012
Preference shares	24,488	24,371	23,601	28,844	33,041	41,873	40,693	39,571	38,491	37,282
Total shareholders' equity	65,916	81,085	84,960	95,213	104,720	120,208	127,657	137,314	146,223	155,294
LONG TERM AND OTHER DEBT										
First mortgage sinking fund bonds	54,337	53,623	50,838	55,317	54,771	70,323	75,828	73,934	78,022	90,712
General mortgage sinking fund bonds	20,918	40,493	38,826	38,431	38,031	37,631	37,231	36,831	36,431	36,031
Other long term debt	1,564	1,444	1,163	1,053	825	596	364	133	112	90
Bank loans	10,325	1,125	11,725	9,350	10,825	3,150	1,750	10,275	12,650	10,675
Total long term and other debt ⁽¹⁾	87,144	96,685	102,552	104,151	104,452	111,700	115,173	121,173	127,215	137,508
DEFERRED CREDITS										
Contributions in aid of construction	3,929	4,415	4,611	4,932	5,325	5,724	6,122	6,839	7,292	7,975
Contributions - government	7,591	7,503	7,086	6,661	8,395	10,189	9,571	8,879	9,242	8,484
Deferred income taxes	4,537	4,517	4,496	4,810	5,281	6,473	7,249	7,648	8,688	9,300
Weather normalization account ⁽²⁾	870	668	493	385	1,379	1,478	1,624	1,367	1,394	941
Total Deferred Credits	16,927	17,103	16,686	16,788	20,380	23,864	24,566	24,733	26,616	26,700
CURRENT LIABILITIES										
Accounts payable and accrued charges	7,669	8,076	9,418	11,773	11,276	11,601	14,354	19,408	25,665	27,568
Interest accrued on long term debt	1,329	1,752	1,719	1,780	1,750	2,325	2,722	2,668	2,795	2,843
Income taxes payable	161	389	2,746	762	2,333	—	3,660	1,428	—	350
Dividends payable	1,259	1,645	1,729	1,931	2,034	2,502	2,773	2,914	3,138	3,141
Revenue rebate account	151	103	592	108	—	—	—	1,475	3,860	—
Total current liabilities	10,569	11,965	16,204	16,354	17,393	16,428	23,509	27,893	35,458	33,902
Total liabilities	\$180,556	\$206,838	\$220,402	\$232,506	\$246,945	\$272,200	\$290,905	\$311,113	\$335,512	\$353,404

NOTES: (1) Current installments of long term debt: \$891,084 in 1976, \$1,227,676 in 1977, \$1,026,972 in 1978, \$1,204,467 in 1979, \$1,995,859 in 1980, \$2,581,616 in 1981, \$2,395,844 in 1982, \$3,867,422 in 1983, \$2,567,791 in 1984 and \$6,323,427 in 1985.

(2) Effective January 1, 1981, weather normalization account was transferred to deferred credits. Prior years have been restated to recognize this change.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED
STATEMENT OF CHANGES IN FINANCIAL POSITION
(THOUSANDS OF DOLLARS)

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
SOURCE OF CASH										
Cash from operations										
Income for the year before extraordinary item	\$ 7,607	\$ 9,236	\$11,092	\$11,860	\$12,697	\$14,497	\$18,025	\$19,546	\$19,831	\$20,857
Non-cash items										
Depreciation	5,582	6,702	7,845	8,574	9,393	10,408	11,760	13,519	14,269	15,312
Amortization of deferred charges	222	263	294	229	234	253	304	311	312	313
Deferred income taxes	(21)	(21)	(21)	313	472	1,192	776	399	1,040	612
Transfer to (from) weather normalization reserve	—	(202)	(176)	(108)	994	99	147	(258)	27	(453)
Working capital	1,523	(1,652)	1,677	(1,594)	2,166	(3,904)	3,923	1,917	(2,933)	910
	14,913	14,326	20,711	19,274	25,956	22,545	34,935	35,434	32,546	37,551
CASH FROM EXTERNAL FINANCING										
Contributions in aid of construction	430	657	431	536	733	653	692	1,062	1,892	1,051
Net proceeds of bond issues	19,500	19,630	—	4,963	—	16,847	7,424	—	7,422	14,712
Net proceeds from issue of preference shares	9,630	—	—	5,949	4,952	9,584	—	—	—	—
Net proceeds from issue of common shares	2,967	11,142	333	467	618	814	1,012	2,516	2,281	2,032
Increase (decrease) in bank loans	(9,475)	(9,200)	10,600	(2,375)	1,475	(7,675)	(1,400)	8,525	2,375	(1,975)
Mortgage on office and service building ..	237	—	—	—	—	—	—	—	—	—
Total cash provided	38,202	36,555	32,075	28,814	33,734	42,768	42,663	47,537	46,516	53,371
APPLICATION OF CASH										
Property, plant and equipment	32,465	28,919	19,701	20,528	23,171	30,640	28,550	31,233	30,615	32,990
Less salvage value of plant retired	(32)	25	(236)	1,082	236	221	29	87	(27)	(127)
	32,497	28,894	19,937	19,446	22,935	30,419	28,521	31,146	30,642	33,117
Increase (decrease) in deferred charges ..	237	116	4	16	4	—	58	30	—	89
Dividends										
Preference shares	1,514	2,004	1,994	2,216	2,622	2,931	3,969	3,847	3,763	3,697
Common shares	2,777	3,819	4,788	5,105	5,428	5,973	6,746	7,532	8,360	8,912
Reduction of long term debt	1,108	1,596	4,531	1,203	1,966	2,663	2,441	3,996	2,533	6,488
Redemption of preference shares	244	112	768	753	758	919	874	1,025	1,080	1,209
Total cash used	\$38,377	\$36,541	\$32,022	\$28,739	\$33,713	\$42,905	\$42,609	\$47,576	\$46,378	\$53,512
INCREASE (DECREASE) IN CASH	\$ (175)	\$ 14	\$ 53	\$ 75	\$ 21	\$ (137)	\$ 54	\$ (39)	\$ 138	\$ (141)

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

STATEMENT OF INCOME

(THOUSANDS OF DOLLARS)

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
OPERATING REVENUE ⁽¹⁾										
Electric revenue	\$60,009	\$73,161	\$91,823	\$107,319	\$121,625	\$129,645	\$160,590	\$168,636	\$193,790	\$240,186
Miscellaneous revenue	250	308	400	885	1,201	1,636	2,887	2,713	3,427	3,821
	60,259	73,469	92,223	108,204	122,826	131,281	163,477	171,349	197,217	244,007
OPERATING REVENUE DEDUCTIONS										
Operating expenses	37,541	46,037	57,960	69,760	78,739	84,252	106,524	109,512	134,988	178,611
Depreciation	5,582	6,702	7,845	8,574	9,393	10,408	11,760	13,519	14,269	15,312
	43,123	52,739	65,805	78,334	88,132	94,660	118,284	123,031	149,257	193,923
OPERATING INCOME	17,136	20,730	26,418	29,870	34,694	36,621	45,193	48,318	47,960	50,084
OTHER INCOME										
Interest charged to construction	527	339	270	265	244	560	505	651	233	294
Discount on bonds purchased for sinking fund	98	54	62	82	109	261	323	80	117	51
Interest earned	3	62	9	2	52	179	337	90	64	19
	628	455	341	349	405	1,000	1,165	821	414	364
INCOME BEFORE INCOME DEDUCTIONS	17,764	21,185	26,759	30,219	35,099	37,621	46,358	49,139	48,374	50,448
INCOME DEDUCTIONS										
Interest on first mortgage bonds	4,318	4,656	4,593	4,521	4,984	6,008	8,039	9,006	9,502	9,772
Interest on other long term debt	2,305	3,753	4,308	4,236	4,175	4,110	4,056	3,980	3,940	3,886
Other interest	727	451	356	1,054	936	1,602	185	252	714	1,691
Amortization of debt discount and expense	117	138	140	136	138	145	154	158	158	158
Amortization of deferred charges	105	125	154	92	95	108	150	153	153	155
	7,572	9,123	9,551	10,039	10,328	11,973	12,584	13,549	14,467	15,662
INCOME BEFORE INCOME TAXES	10,192	12,062	17,208	20,180	24,771	25,648	33,774	35,590	33,907	34,786
PROVISION FOR INCOME TAXES	2,434	3,076	5,803	8,320	11,188	11,052	15,602	16,302	14,049	14,382
INCOME BEFORE TRANSFERS TO RESERVES	7,758	8,986	11,405	11,860	13,583	14,596	18,172	19,288	19,858	20,404
TRANSFER TO (OR FROM) WEATHER NORMALIZATION RESERVE	—	(202)	(176)	(108)	994	99	147	(258)	27	(453)
TRANSFER TO (OR FROM) REVENUE REBATE ACCOUNT	151	(48)	489	108	(108)	—	—	—	—	—
INCOME BEFORE EXTRAORDINARY ITEM	7,607	9,236	11,092	11,860	12,697	14,497	18,025	19,546	19,831	20,857
GAIN ON EXPROPRIATION OF PROPERTY	—	106	—	—	—	—	—	—	—	—
NET INCOME	7,607	9,342	11,092	11,860	12,697	14,497	18,025	19,546	19,831	20,857
DIVIDENDS ON PREFERENCE SHARES	1,514	2,004	1,994	2,216	2,622	2,931	3,969	3,847	3,763	3,697
EARNINGS APPLICABLE TO COMMON SHARES	6,093	7,338	9,098	9,644	10,075	11,566	14,056	15,699	16,068	17,160
DIVIDENDS ON COMMON SHARES	2,777	3,819	4,788	5,105	5,428	5,973	6,746	7,532	8,360	8,912
EARNINGS RETAINED FOR USE IN THE BUSINESS ⁽²⁾	\$ 3,316	\$ 3,519	\$ 4,310	\$ 4,539	\$ 4,647	\$ 5,593	\$ 7,310	\$ 8,167	\$ 7,708	\$ 8,248
EARNINGS PER COMMON SHARE ⁽³⁾⁽⁴⁾	\$1.085	\$1.16	\$1.19	\$1.255	\$1.30	\$1.48	\$1.775	\$1.945	\$1.95	\$2.05
DIVIDENDS DECLARED PER COMMON SHARE ⁽⁴⁾	\$0.475	\$0.55	\$0.625	\$0.663	\$0.70	\$0.763	\$0.85	\$0.93	\$1.01	\$1.06

NOTES: (1) Operating revenue in 1983 and 1984 is net of the excess transferred to the revenue rebate account.

(2) Including transfer to the capital redemption reserve fund reported in statement of retained earnings.

(3) 1977 is before an extraordinary item of \$105,670 or 1.5 cents per share.

(4) In June 1985 common shares were split on a two for one basis. Prior years have been restated to recognize this change.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

CAPITALIZATION AT YEAR END

(THOUSANDS OF DOLLARS)

DEBT		1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Long Term Debt (1)											
First Mortgage Sinking Fund Bonds											
5 1/2% Series D due 1978, issued 1958	\$2,167	\$2,156	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
5 3/4% Series E due 1984, issued 1964	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	2,675	—	—
4 3/4% Series H due 1981, issued 1956	682	670	602	600	590	—	—	—	—	—	—
5 3/4% Series I due 1982, issued 1957	1,454	1,389	1,307	1,260	1,231	1,211	—	—	—	—	—
5 3/4% Series J due 1983, issued 1958	1,037	1,025	1,012	1,000	987	975	963	—	—	—	—
7 1/2% Series K due 1985, issued 1960	1,576	1,572	1,477	1,438	1,429	1,382	1,382	1,318	1,318	1,318	—
6 1/2% Series L due 1986, issued 1961	842	796	796	796	776	776	776	776	776	736	736
5 3/8% Series M due 1990, issued 1965 (2)	2,430	2,403	2,376	2,349	2,322	2,295	2,295	2,268	2,241	2,214	2,187
5 1/2% Series O due 1977, issued 1957	122	—	—	—	—	—	—	—	—	—	—
6 1/4% Series P due 1981, issued 1961	217	207	187	187	187	—	—	—	—	4,274	4,274
7 1/2% Series R due 1986, issued 1966	4,762	4,760	4,615	4,476	4,390	4,315	4,274	4,274	4,274	4,274	4,255
7 3/4% Series S due 1988, issued 1968	2,753	2,621	2,602	2,584	2,537	2,497	2,454	2,254	2,215	2,211	—
8 1/2% Series T due 1991, issued 1971	5,646	5,375	5,215	4,978	4,978	4,878	4,852	4,752	4,752	4,387	—
8 1/4% Series U due 1992, issued 1972 (2)	7,974	7,974	7,974	7,974	7,974	7,974	7,974	7,974	7,974	7,974	7,974
11 1/4% Series V due 1996, issued 1976	20,000	20,000	20,000	20,000	19,695	19,345	18,710	18,345	17,889	17,487	—
11 1/2% Series W due 1999, issued 1979	—	—	—	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
14 1/4% Series X due 1987, issued 1981	—	—	—	—	—	—	—	—	—	—	—
18 1/4% Series Y due 1988, issued 1981	—	—	—	—	—	—	10,000	10,000	9,900	9,800	9,700
17 3/4% Series Z due 1990, issued 1982	—	—	—	—	—	—	—	7,500	7,425	7,350	7,275
13 7/8% Series AA due 1995, issued 1984	—	—	—	—	—	—	—	—	—	—	—
11 1/2% Series AB due 2005, issued 1985	—	—	—	—	—	—	—	—	—	—	15,000
Total first mortgage sinking fund bonds	54,337	53,623	50,838	55,317	54,771	70,323	75,828	73,934	78,022	90,712	—
General Mortgage Sinking Fund Bonds											
5 1/2% Series C due 1978, issued 1958	1,640	1,267	—	—	—	—	—	—	—	—	—
9 1/2% Series D due 1990, issued 1970	4,302	4,250	3,850	3,655	3,587	3,537	3,437	3,437	3,272	2,872	—
11 1/4% Series F due 1994, issued 1974	14,976	14,976	14,976	14,976	14,894	14,894	14,894	14,894	14,669	14,669	14,669
10 1/2% Series G due 1997, issued 1977	—	20,000	20,000	19,800	19,550	19,200	18,900	18,725	18,490	18,490	18,490
Total general mortgage sinking fund bonds	20,918	40,493	38,826	38,431	38,031	37,631	37,231	36,831	36,431	36,031	—
7% Promissory Note due 1980 to 1983 (2)	465	465	465	465	348	232	114	—	—	—	—
8 1/2% Bill of Exchange due 1976 to 1983 (3)	687	589	490	392	294	196	98	—	112	90	—
11% mortgage payable	228	218	208	196	183	168	152	133	—	—	—
Obligation re purchase of property	184	172	—	—	—	—	—	—	—	—	—
Total long term debt	76,819	95,560	90,827	94,801	93,627	108,550	113,423	110,898	114,565	126,833	—
Other Debt											
Bank loans	10,325	1,125	11,725	9,350	10,825	3,150	1,750	10,275	12,650	10,675	—
Total debt	87,144	96,685	102,552	104,151	104,452	111,700	115,173	121,173	127,215	137,508	—
PREFERENCE SHARES											
5 1/2% Series A	2,000	2,000	2,000	2,000	2,000	1,980	1,940	1,923	1,923	1,923	—
5 1/4% Series B	3,500	3,500	3,500	3,500	3,500	3,460	3,414	3,390	3,390	3,390	—
6 1/2% Series C	214	214	214	214	214	187	187	187	187	185	—
7 1/4% Series D	4,020	3,935	3,865	3,808	3,701	3,598	3,485	3,384	3,285	3,185	—
9 1/2% Series E	4,754	4,722	4,722	4,722	4,606	4,408	4,208	4,009	3,808	3,691	—
9.84% Series F	10,000	10,000	9,300	8,600	8,200	7,800	7,399	6,998	6,598	5,898	—
7.60% Series G	—	—	—	6,000	5,820	5,640	5,460	5,280	5,100	5,010	—
9 1/8% Series H	—	—	—	—	5,000	4,800	4,600	4,400	4,200	4,000	—
14 1/4% Series I	—	—	—	—	—	10,000	10,000	10,000	10,000	10,000	10,000
Total Preference Shares	24,488	24,371	23,601	28,844	33,041	41,873	40,693	39,571	38,491	37,282	—
COMMON EQUITY											
Common Shares	11,806	23,568	23,901	24,369	24,987	25,801	26,813	29,329	31,610	33,642	—
Contributed surplus	1,440	1,445	1,448	1,451	1,496	1,745	2,051	2,147	2,147	2,147	—
Capital redemption reserve fund	512	629	1,399	2,156	2,959	4,127	5,307	6,429	7,509	8,718	—
Retained earnings	27,670	31,072	34,611	38,393	42,237	46,662	52,793	59,838	66,466	73,505	—
Total common shareholders' equity (4)	41,428	56,714	61,359	66,369	71,679	78,335	86,964	97,743	107,732	118,012	—
Total capitalization	\$153,060	\$177,770	\$187,512	\$199,364	\$209,172	\$231,908	\$242,830	\$258,487	\$273,438	\$292,802	—

NOTES: (1) Includes current portion. See Balance Sheet Note (1) (2) U. S. dollar issues (3) £ sterling issue.
(4) Effective January 1, 1981, weather normalization account was transferred to deferred credits. Prior years have been restated to recognize this change.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED
CAPITALIZATION RATIOS AND INTEREST COVERAGES

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
CAPITALIZATION RATIOS — %⁽¹⁾										
First mortgage bonds	35.5	30.2	27.1	27.7	26.2	30.3	31.2	28.6	28.5	31.0
Other long term debt	14.7	23.6	21.3	19.8	18.5	16.5	15.5	14.3	13.4	12.3
Total long term debt	50.2	53.8	48.4	47.5	44.7	46.8	46.7	42.9	41.9	43.3
Bank loans and notes payable	6.7	0.6	6.3	4.7	5.2	1.3	0.7	4.0	4.6	3.7
Preferred shareholders' equity	16.0	13.7	12.6	14.5	15.8	18.1	16.8	15.3	14.1	12.7
Common shareholders' equity ⁽²⁾	27.1	31.9	32.7	33.3	34.3	33.8	35.8	37.8	39.4	40.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
RATIO OF DEBT TO NET FIXED ASSETS — %⁽¹⁾										
% First mortgage bonds to property ...	32.47	28.31	25.31	26.21	24.23	28.41	28.79	26.41	26.42	29.08
% Long term debt to property	45.90	50.45	45.22	44.91	41.43	43.85	43.06	39.61	38.80	40.65
INTEREST COVERAGE										
First mortgage bonds ^(3a)	4.0	4.4	5.6	6.5	6.8	6.1	5.6	5.3	5.0	5.1
Long term debt ^(3b)	2.6	2.5	2.9	3.4	3.8	3.6	3.7	3.7	3.5	3.6
Total debt ^(3c)	2.4	2.3	2.8	3.0	3.4	3.2	3.8	3.7	3.4	3.2
TOTAL INTEREST AND PREFERRED DIVIDEND COVERAGE^(3d)	1.9	1.8	2.1	2.2	2.3	2.2	2.4	2.4	2.3	2.3

NOTES: (1) Current portion of long term debt included with long term debt.

(2) Effective January 1, 1981, weather normalization account was transferred to deferred credits. Prior years have been restated to recognize this change.

(3) In each case the numerator is equal to operating income plus interest charged to construction plus discount on bonds purchased for sinking fund minus amortization of deferred charges.

- a. Divided by interest on first mortgage bonds plus amortization of debt discount and expense.
- b. Divided by interest on long term debt plus amortization of debt discount and expense.
- c. Divided by total interest expense plus amortization of debt discount and expense minus interest earned.
- d. Divided by total interest expense plus amortization of debt discount and expense plus tax-adjusted preferred dividends minus interest earned.

(3) Effective January 1, 1981, weather normalization account was transferred to deferred credits. Prior years have been restated to recognize this change.

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

COMMON SHARE STATISTICS

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
COMMON SHAREHOLDERS' EQUITY (\$000)⁽¹⁾										
Common shares	\$11,806	\$23,568	\$23,901	\$24,369	\$24,987	\$25,801	\$26,813	\$29,329	\$31,610	\$33,642
Contributed surplus	1,440	1,445	1,448	1,451	1,496	1,745	2,051	2,147	2,147	2,147
Capital redemption reserve fund	512	629	1,399	2,156	2,959	4,127	5,307	6,429	7,509	8,718
Retained earnings	27,670	31,072	34,611	38,393	42,237	46,662	52,793	59,838	66,466	73,505
	41,428	56,714	61,359	66,369	71,679	78,335	86,964	97,743	107,732	118,012
COMMON SHARES OUTSTANDING (000)⁽²⁾										
— FROM RIGHTS & UNDERWRITTEN	556	1,500	—	—	—	—	—	—	—	—
— FROM SHARE PURCHASE PLANS	8	20	40	48	54	86	110	192	168	117
— TOTAL YEAR END	6,115	7,634	7,674	7,722	7,776	7,862	7,972	8,164	8,331	8,448
— WEIGHTED AVERAGE	5,606	6,248	7,652	7,684	7,746	7,815	7,914	8,064	8,246	8,387
EARNINGS PER SHARE (\$) ⁽²⁾⁽³⁾	1.09	1.16	1.19	1.26	1.30	1.48	1.78	1.95	1.95	2.05
DIVIDENDS DECLARED — TOTAL (\$000)	2,777	3,819	4,788	5,105	5,428	5,973	6,746	7,532	8,360	8,912
— — PER SHARE (\$) ⁽²⁾475	0.55	0.625	0.663	0.70	0.763	0.85	0.93	1.01	1.06
RETURN ON AVERAGE COMMON EQUITY (%)	15.92	14.95	15.41	15.00	14.60	15.42	17.01	17.00	15.64	15.20
PRICE EARNINGS RATIO — AVERAGE										
MARKET PRICE	5.2	6.1	7.1	7.6	8.4	6.8	5.8	7.0	7.5	8.6
MARKET PRICES (\$) ⁽⁴⁾ — HIGH ⁽²⁾	6.25	8.00	9.313	10.75	13.25	11.75	12.00	15.375	16.688	19.375
— — LOW ⁽²⁾	5.125	6.125	7.625	8.375	8.625	8.25	8.50	12.00	12.75	15.750
— — YEAR END CLOSE ⁽²⁾	6.125	8.00	9.125	10.75	11.25	10.00	12.00	14.50	15.813	17.375
BOOK VALUE PER SHARE (\$)										
— — YEAR END SHARES ⁽²⁾	6.78	7.43	8.00	8.60	9.22	9.97	10.91	11.97	12.93	13.97
COMMON SHARE PURCHASE PLANS (\$000)										
— DIVIDEND REINVESTMENT PLAN	51	137	273	385	442	513	641	1,196	1,409	1,033
— STOCK DIVIDEND PROGRAMME	—	—	—	—	96	194	248	318	402	402
— EMPLOYEES' SHARE PURCHASE PLAN	—	—	60	82	81	107	123	134	120	131
— CUSTOMER SHARE PURCHASE PLAN	—	—	—	—	—	—	—	868	350	466
	51	137	333	467	619	814	1,012	2,516	2,281	2,032

NOTES: (1) Effective January 1, 1981, weather normalization account was transferred to deferred credits. Prior years have been restated to recognize this change.

(2) In June 1985 common shares were split on a two for one basis. Prior years have been restated to recognize this change.

(3) 1977 is before an extraordinary item of \$105,670 or 1.5 cents per share.

(4) Class A common shares (Board Lot, Toronto Stock Exchange).

NEWFOUNDLAND LIGHT & POWER CO. LIMITED

SUMMARY OF OPERATIONS

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
OPERATING EXPENSES (\$000)										
Power Purchased	\$ 22,234	\$ 28,993	\$ 39,515	\$ 48,687	\$ 56,042	\$ 58,573	\$ 78,041	\$ 81,854	\$ 101,307	\$ 142,839
Taxes other than Income Tax	742	835	1,121	1,308	1,480	1,923	2,688	2,980	4,013	4,056
Salary and Wages	10,162	12,053	13,135	13,742	14,406	15,878	17,729	17,683	18,755	18,933
Other	4,403	4,156	4,189	6,023	6,811	7,878	8,066	6,995	10,913	12,783
Total	37,541	46,037	57,960	69,760	78,739	84,252	106,524	109,512	134,988	178,611
ELECTRIC REVENUE (\$000)										
Domestic	\$16,661	\$18,918	\$22,500	\$25,483	\$28,051	\$29,913	\$36,061	\$37,909	\$41,597	\$48,952
Domestic all-electric	15,080	19,409	25,547	30,042	35,850	38,284	52,342	54,914	66,134	85,954
General service all-electric	7,613	9,631	12,936	16,301	19,243	21,141	27,983	29,811	35,164	44,581
General service and street lighting	20,194	24,758	30,360	34,990	37,927	39,666	43,533	45,322	50,149	59,886
Forfeited discounts	461	445	480	503	554	641	671	680	746	813
Total	60,009	73,161	91,823	107,319	121,625	129,645	160,590	168,636	193,790	240,186
KWH SALES (MILLIONS)										
Domestic	611	598	591	589	608	607	626	626	636	646
Domestic all-electric	715	801	878	881	966	941	1,050	1,035	1,139	1,248
General service all-electric	365	386	430	463	505	502	554	542	593	637
General service and street lighting	587	684	723	757	769	782	741	754	780	800
Total ⁽¹⁾	2,278	2,469	2,622	2,690	2,848	2,832	2,971	2,957	3,148	3,331
CUSTOMERS (YEAR END)⁽²⁾										
Domestic	87,722	87,493	86,506	86,468	86,655	86,120	85,050	84,393	83,279	82,358
Domestic all-electric	30,571	35,377	39,215	42,312	45,365	49,012	52,226	56,275	60,428	64,297
General service all-electric	2,674	3,096	3,484	3,813	4,090	4,416	4,634	4,910	5,227	5,480
General service and street lighting	18,694	19,036	19,344	19,443	19,631	19,828	19,752	19,880	20,137	19,984
Total	139,661	145,002	148,549	152,036	155,741	159,376	161,662	165,458	169,071	172,119
AVERAGE REVENUE (CENTS/KWH SOLD)										
Domestic	2.73	3.16	3.81	4.33	4.61	4.93	5.76	6.06	6.54	7.58
Domestic all-electric	2.11	2.42	2.91	3.41	3.71	4.07	4.98	5.31	5.81	6.89
General service all-electric	2.09	2.50	3.01	3.52	3.81	4.21	5.05	5.50	5.93	7.00
General service and street lighting	3.45	3.62	4.20	4.62	4.93	5.07	5.87	6.01	6.43	7.49
All classifications ⁽³⁾	2.64	2.96	3.50	3.98	4.27	4.58	5.41	5.70	6.16	7.21

NOTES: (1) Does not include supply to company properties.

(2) "Customers (Year End)" has been restated to conform with present practice.

(3) Includes forfeited discounts.

Cover Design:
C. C. Keats Advertising Limited
Printed by Dicks and Company Limited