

**Newfoundland and Labrador  
Board of Commissioners of Public Utilities**

**ANNUAL REPORT**

**Year ending March 31, 2026**

**Available in alternate formats. Please contact the Public Utilities Board:**

**Phone:** 1.866.782.0006

**Email:** [board@pub.nl.ca](mailto:board@pub.nl.ca)

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## Message From the Chair

I am pleased to report on the achievements and annual performance of the Board of Commissioners of Public Utilities (the Board) for the fiscal year from April 1, 2025 to March 31, 2026 as required under the **Transparency and Accountability Act**. On behalf of the Board, a category three entity, I am accountable for the results as outlined in the report.

The achievements this past year reflected a continued focus on effective communications and streamlining its regulatory processes to improve the timeliness of Board decisions. The Board also made substantial progress in succession planning this past year with the addition of a new commissioner and the hiring of a new engineering advisor and regulatory analyst.

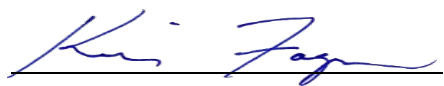
The Board completed the implementation of revised customer electricity rates resulting from the General Rate Application for Newfoundland Power in addition to completing the implementation of revisions to the petroleum prices that resulted from completion of the petroleum products pricing review. To mitigate consumer impacts from these decisions, the Board approved a phase-in approach for implementation.

There was material progress in dealing with the 2025 Build Application of Newfoundland and Labrador Hydro (Hydro) which requested approval of approximately \$2.0 billion in capital expenditures to add 300 MW of new capacity to the Island Interconnected System. The Board approved early execution capital expenditures of approximately \$76.7 million to proceed with activities critical to meeting the project schedules and mitigate the risk of project delays. The early execution costs will only be recovered from customers if the application is approved. The Board's external engineering consulting firm, Bates White Economic Consulting, filed its report providing its analysis and conclusions on the application. Stakeholders will now be provided an opportunity to ask questions and provide input prior to the Board making its determinations on the 2025 Build Application.

Due to international market volatility associated with the war in Iran, the Board determined it was necessary to temporarily transition the timing of its maximum pricing adjustments from once a week to five days a week. The change in frequency to help protect the security of supply to the province would be implemented April 1, 2026, and would be reviewed weekly to determine when it would be appropriate to return to weekly adjustments.

With respect to its automobile insurance activities, rate filing volume was typical as the Board received 39 filings and issued 40 orders during the reporting period. Rate levels remained stable as approximately 94% of all filings approved by the Board included an overall average rate level change of +3% or less. The Board continues to work diligently with its consulting actuaries and industry stakeholders to navigate the uncertainty in the market for determining projected claim costs. Influencing factors such as high inflation levels and tariff changes continue to create challenges for the Board in the rate setting process. The Board will monitor developing industry trends and economic influences in its efforts to ensure rates continue to be just and reasonable.

I commend the Vice-Chair, the Commissioners and Board staff for their valued contributions during this very busy year.

A handwritten signature in blue ink, reading "Kevin Fagan", written over a horizontal line.

Kevin Fagan  
Chair and Chief Executive Officer

## Overview

### Organization

Created by statute in 1949 the Board is comprised of five full-time commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer and the Vice Chair. The **Public Utilities Act** gives the Chair and Chief Executive Officer the full authority for the overall operation, management and financial administration of the Board and the Vice Chair the authority to exercise the powers of the Chair in their absence. In addition to the five commissioners, the Board has professional and permanent staff of 14 located in St. John's.

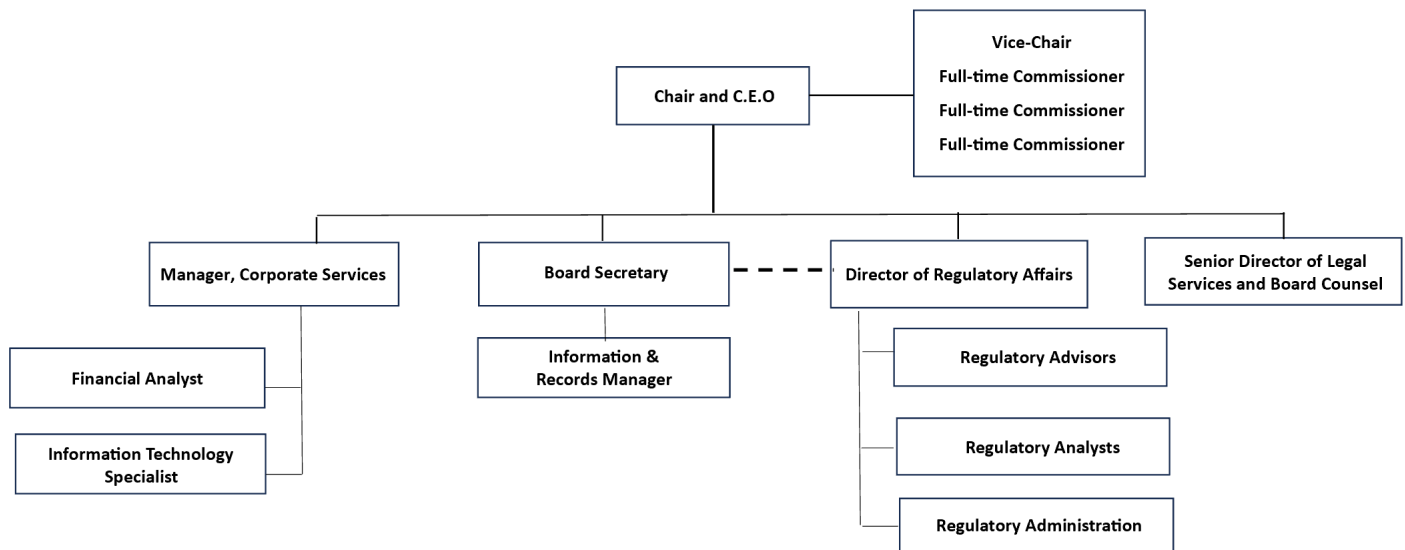
The Board's functional organizational structure consists of Regulatory, the Board Secretary, Legal Services and Corporate Services.

Regulatory, Legal Services and the Board Secretary work with the commissioners to achieve the Board's regulatory mandate and to effectively coordinate and manage:

- i) applications;
- ii) research;
- iii) investigations;
- iv) compliance monitoring;
- v) financial/technical reviews;
- vi) records management;
- vii) public communications; and
- viii) customer complaints.

Corporate Services is responsible for managing the internal administrative functions of the Board including finance, information technology, and human resources.

**Figure 1**  
Board of Commissioners of Public Utilities  
Organizational Chart  
on March 31, 2026



### Mandate and Lines of Business

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

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

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

These acts fall under the responsibility of various Government departments, including Justice and Public Safety, Government Services, Transportation & Infrastructure, and Energy & Mines.

In fulfilling its regulatory responsibilities, the Board conducts public hearings, technical conferences, stakeholder meetings, compliance monitoring, audits, technical/financial reviews and investigations. Hearings held by the Board in the execution of its mandate are quasi-judicial in nature and are conducted in accordance with the provisions of the **Public Utilities Act, Public Inquiries Act** and **Newfoundland and Labrador Regulation 39/96**. Orders issued by the Board have the force of law and may be appealed only to the Supreme Court of Newfoundland and Labrador or the Court of Appeal.

## Vision

The vision of the Board of Commissioners of Public Utilities is excellence in regulation which engenders the trust and confidence of the people of the province.

## Key Statistics

The Board's work is diverse, has broad implications for most residents of Newfoundland and Labrador and primarily includes:

- regulating and overseeing Hydro and Newfoundland Power, with a combined customer base of approximately 319,000 residential and general service customers, 6 industrial customers and 2 Labrador industrial transmission customers;
- regulating automobile insurance rates, risk classification systems and underwriting guidelines for insurance companies operating in the province, with total direct premiums written of approximately \$571 million in 2024; and
- setting maximum prices for regulated petroleum products sold in the province.

## Financial Information

The Board's total expenditures for 2025-26 were \$4,865,092. The comparative expenditures for the most recent five years are shown below:

**Table 1**  
Year-End Expenditures

|                                       | 2022               | 2023               | 2024               | 2025               | 2026               |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Internal Operating Costs <sup>1</sup> | \$2,549,690        | \$3,063,997        | \$3,482,385        | \$3,349,628        | \$3,343,803        |
| Hearings:<br>Board                    | \$781,145          | \$509,512          | \$648,811          | \$1,695,204        | \$1,352,807        |
| Hearings:<br>Consumer Advocate        | \$679,000          | \$254,158          | \$459,777          | \$699,887          | \$168,482          |
| <b>Hearings – Total</b>               | <b>\$1,460,145</b> | <b>\$763,670</b>   | <b>\$1,108,588</b> | <b>\$2,395,091</b> | <b>\$1,521,289</b> |
| <b>Total Expenditures</b>             | <b>\$4,009,835</b> | <b>\$3,827,667</b> | <b>\$4,590,973</b> | <b>\$5,744,719</b> | <b>\$4,865,092</b> |

<sup>1</sup> For purposes of budgeting, the Board includes its actuarial consulting costs incurred in regulating automobile insurance as a component of its internal operating costs.

The Board is funded through assessments charged to regulated industries/companies or on a cost recovery basis from applicants and/or parties involved in specific proceedings and/or investigations. In accordance with Sections 13 and 14 of the **Public Utilities Act**, the Board levies an annual assessment to regulated entities to cover its estimated general operating expenses for that year. Assessments to each regulated industry/company vary depending on the budget allocation of work performed by the Board.<sup>2</sup>

Hearings and investigations are funded outside of normal budgeted activities on a cost recovery basis in accordance with applicable legislation.<sup>3</sup> During 2025-26 the Board's accumulated hearing costs totaled \$1,521,289.<sup>4</sup> The hearing costs for the 2025-26 fiscal year were lower than the 2024-2025 fiscal year, primarily due to the conclusion of Newfoundland Power's General Rate Application in the first half of the 2025-26 fiscal year.

## Highlights

The Board's primary focus is to ensure that it responds effectively and efficiently to matters that arise in the context of its regulatory mandate. During 2025-26, the Board issued 34 orders under the **Public Utilities Act**, 40 orders under the **Automobile Insurance Act**, and 77 orders under the **Petroleum Products Act**. A complete list of these orders can be found on the Board's website ([www.pub.nl.ca](http://www.pub.nl.ca)). Highlights for 2025-26 are as follows:

### Public Utility Regulation

During 2025-26, the Board issued 34 orders as part of its public utility regulation mandate related to the following:<sup>5</sup>

- 10 Capital Expenditure;
- 9 Customer Rates;
- 6 Deferrals, Accounts and Reserves (Financial and Accounting Matters);
- 2 Rules and Regulations (Service Agreements);
- 5 Contribution in Aid of Construction;
- 1 Reviews, Plans and Studies; and
- 1 Security Issue

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

The significant matters that were brought before the Board during 2025-26 are summarized below.

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<sup>2</sup> For 2025-26 the Board assessed 56.86 per cent (\$2,229,170) of its annual operating budget to electrical utilities, 23.58 per cent (\$924,593) to automobile insurance companies and 19.56 per cent (\$766,692) to the petroleum products industry.

<sup>3</sup> Section 90 of the **Public Utilities Act** details the costs which may be recovered incidental to a matter.

<sup>4</sup> Further details regarding the Board's recoverable costs can be found in Note 6 to the Board's Financial Statements (Appendix I).

<sup>5</sup> Orders are available on the Board's website at [http://www.pub.nl.ca/PU\\_ordersArchive.php](http://www.pub.nl.ca/PU_ordersArchive.php).

## **Customer Rates**

The Board approved rate adjustments effective July 1, 2025 for retail customers of Hydro and Newfoundland Power.<sup>6</sup> This rate change primarily reflected: (i) the Board's decision on Newfoundland Power's General Rate Application; (ii) Hydro's Utility Rate application reflecting the Provincial Government's rate mitigation plan; and (iii) the annual rate change reflecting updated Rate Stabilization Account balances and changes in the municipal tax recovery for Newfoundland Power.

To limit the rate increase for retail customers, the Board approved a phase-in approach which required Newfoundland Power to defer approximately \$70 million in costs for future recovery. The July 1<sup>st</sup> approved average rate increase was 7.0% but would have been approximately 15.3% if rate smoothing was not employed.

The Board also approved Hydro's Island Industrial Customer rate application to update cost recovery adjustments for conservation and demand management program costs and to update customer rates reflecting the Provincial Government's rate mitigation plan.<sup>7</sup> The average rate increase was 3.3% effective July 1, 2025.

## **Capital Approvals**

The Board approved the 2026 annual capital budgets for Newfoundland Power in the amount of approximately \$137.9 million and for Hydro in the amount of \$130.3 million.<sup>8</sup>

The Board approved early execution of capital expenditures of approximately \$76.7 million to proceed with activities critical to meeting the 2025 Build Application project schedules and mitigate the risk of project delays. The early execution costs will only be recovered from customers if the application is approved.

The Board approved a supplemental capital application filed by Hydro, which increased the previously approved capital expenditure to perform a Level 2 Condition Assessment at the Cooling Water Structures at Pumphouse 2 of the Holyrood Thermal Generating Station from approximately \$892,000 to \$1,747,000. The Board also approved Hydro's application for \$4.8 million in capital expenditures to purchase and install a new Pelton runner for Unit 2 at the Cat Arm Hydroelectric Generation Station. This application provided additional evidence in response to an earlier decision where the Board had found that Hydro had not sufficiently investigated the potential refurbishment of the Unit 1 Pelton runner to be used as a replacement runner for Unit 2.

The Board did not approve Hydro's application for \$4.3 million for the purchase and installation of electric vehicle charging infrastructure in the province. While the Board accepted that the proposed charging stations would provide benefits for electric vehicle owners, the evidence was insufficient in relation to the potential implications for electricity customers, in particular whether there may be

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<sup>6</sup> Order Nos. P.U. 23(2025) and P.U. 24(2025).

<sup>7</sup> Order No. P.U. 28(2025).

<sup>8</sup> In the decisions, the Board also approved Newfoundland Power's 2024 average rate base and Hydro's 2024 average rate base.

additional cost impacts to serve the load growth from increased electric vehicle usage. The Board noted that benefits to electric vehicle owners are not set out in the legislated power policy of the province which the Board is directed to uphold. The Board determined that clear legislative direction would be required for the Board to consider the stated benefits to electric vehicle owners as a material consideration in the evaluation of whether the proposed project would be consistent with the provision of reliable least-cost environmentally responsible service.

The Board will continue to use the provisional Capital Budget Application Guidelines for the 2027 Capital Budget Applications and supplemental Capital Budget Applications to be filed during the next fiscal year. The Board plans to finalize these guidelines after further review.

### **System Reliability**

The Board has continued to receive regular monitoring reports from Hydro on the status of integrating the Muskrat Falls Project with the Island Interconnected System, including the status of the Labrador-Island Link.

Ensuring reliability and resource adequacy in the province will continue to be an active role for the Board; however, there may not be an explicit review process established to reflect its ongoing monitoring activities.

### **Automobile Insurance Regulation**

The **Automobile Insurance Act** and the **Insurance Companies Act** provide the Board with specific statutory responsibilities with respect to the regulation of the automobile insurance industry, including the general supervision of rates, risk classification systems and underwriting guidelines.

Automobile insurers are required to file new rates with the Board at least once every three years for each vehicle type and the Board must determine if the proposed rates are just and reasonable, among other considerations, based on:

- the insurer's projected loss experience;
- the insurer's expenses and investment income;
- financial and other information that directly or indirectly affects rates; and
- any other information as determined by the Board.

To deliver its regulatory mandate, the Board conducts actuarial reviews, technical/financial reviews, stakeholder meetings, compliance monitoring, audits, investigations and hearings.

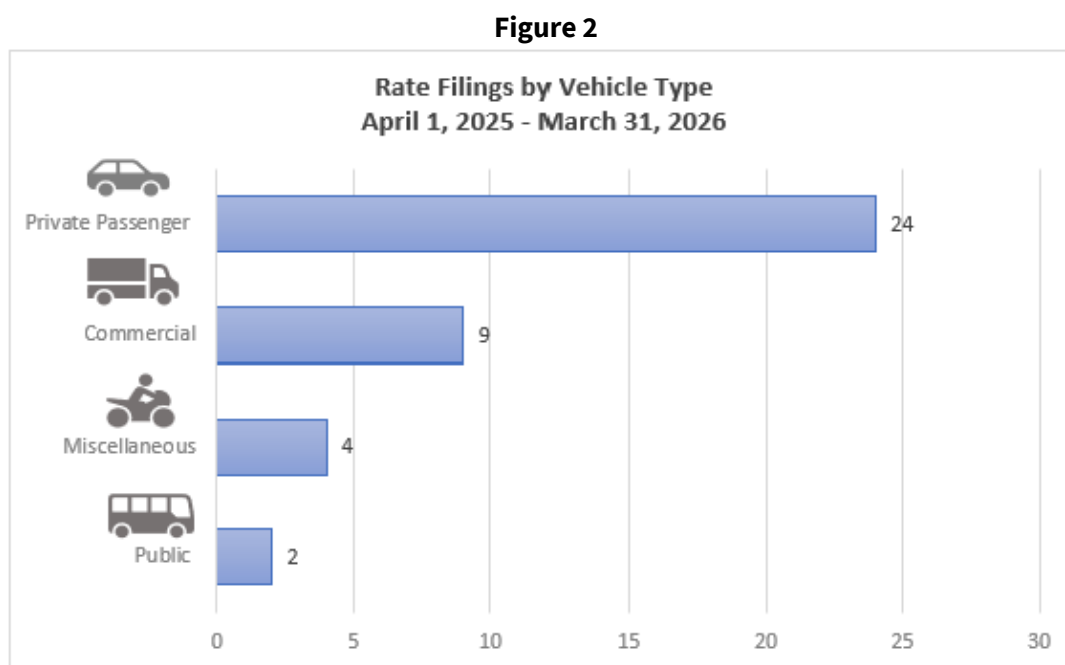
### **Rate Filing Decisions**

The Board reviews rate filings from automobile insurance companies and can approve, deny or vary the proposed rating program changes. Board staff, in consultation with its consulting actuaries, review each filing to ensure that requested changes are supported in accordance with the Board's filing guidelines and applicable legislative requirements. Once a filing review is deemed complete, the Board will convene a panel and issue a written decision.

In 2025-26, the Board received 39 filings summarized as follows:<sup>9</sup>

- 19 mandatory rate filings made in accordance with the statutory 3-year timeline,
- 18 optional rate filings for minor changes between mandatory filings, and
- 2 optional rate filings in accordance with the statutory expedited approval option.

A breakdown of rate filing volume by vehicle type is provided in Figure 2 below:



Rates remained stable throughout the year, with approximately 94% of all approved filings showing an average rate change of +3% or less. For private passenger automobile business, which represents approximately 80% of the entire market, the overall average rate level change approved by the Board across all filing types was approximately -1%.

The average turnaround time for filing decisions was approximately 75 days, which in all cases was within the Board's legislated time period of 180 days.<sup>10</sup>

Details of the specific changes included in each rate filing can be found on the Board's website by reviewing the applicable Board orders.

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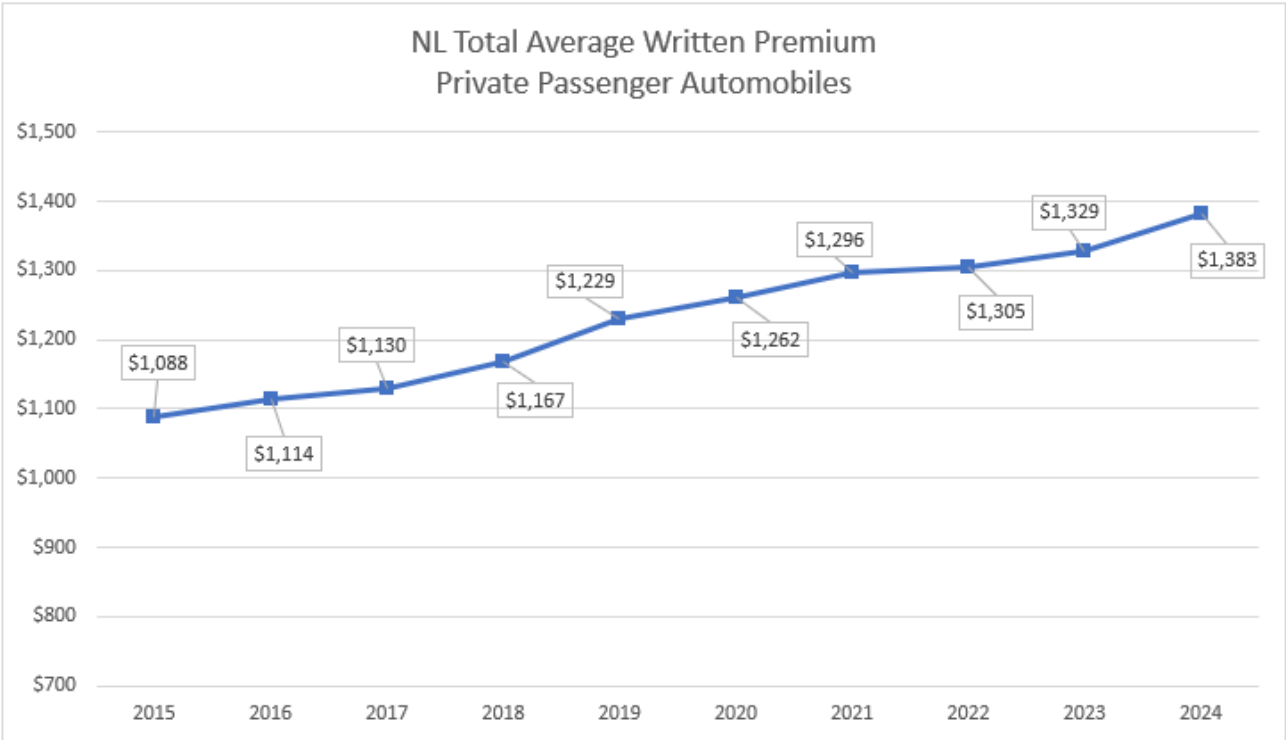
<sup>9</sup> The Board issued 40 orders during the period. The number of Board orders issued does not match the number of filings received as some orders were associated with filings received prior to April 1, 2025 and some orders were issued after the March 31, 2026 cut-off for this report.

<sup>10</sup> Section 10 of NLR 56/19 states that the Board shall approve, deny or vary a filing within 90 days and may extend the review period a maximum of 90 additional days when required to do so (i.e. 180 days total).

### Private Passenger Premiums

The average private passenger premium level in 2024<sup>11</sup> was \$1,383, an increase of 4.1% from the 2023 average of \$1,329. Figure 3 shows that average private passenger premium levels have been fairly stable, increasing at a rate of approximately 2.7% annually over the 10-year period 2015-2024 and 2.2% annually over the last 3 years.

Figure 3



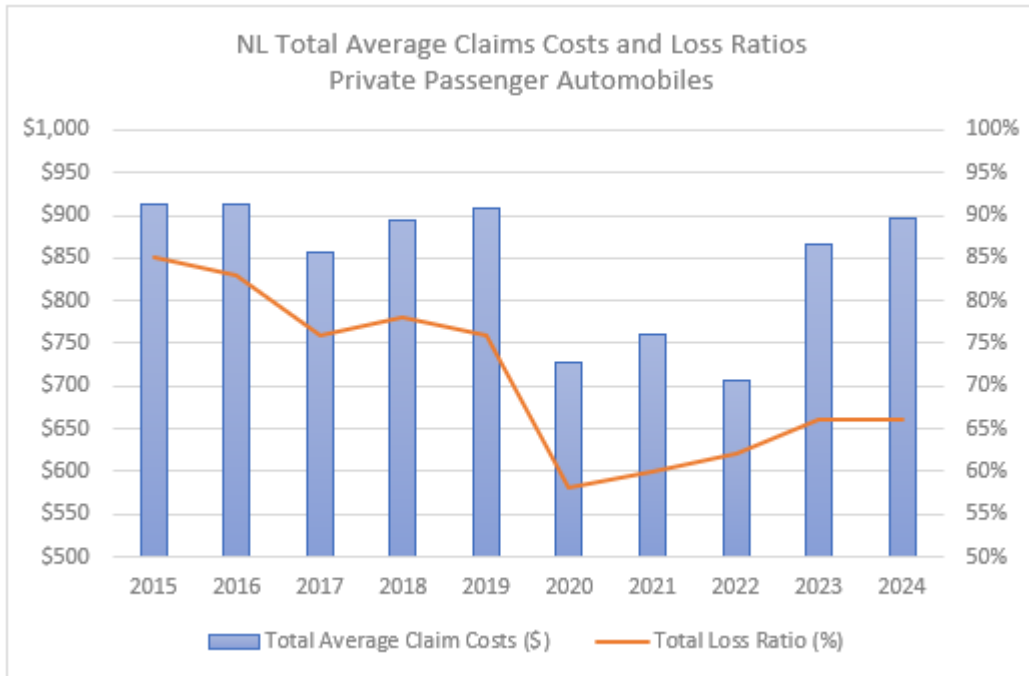
### Private Passenger Claims

The average private passenger claim cost increased to \$896 in 2024, mainly due to the impacts of inflation on optional physical damage coverages. Figure 4 shows that claims costs decreased during the period 2020-2022. This decrease in claim costs was due to the impacts of the COVID-19 pandemic, reflecting reduced commuting traffic and lower claims frequency associated with “stay-at-home” orders. Claim costs for mandatory coverages in 2024 remained below pre-pandemic levels.

The total industry loss ratio, which compares claims to premiums, remained consistent with the 2023 data at 66% in 2024. While the 2024 loss ratio is higher than during the COVID-19 pandemic, it remains lower than the pre-pandemic figures of 78% and 76% reported in 2018 and 2019, respectively.

<sup>11</sup>Many of the statistics and figures included in this report are based on industry data through December 31, 2024, which was the most recent full-year data available at the time of preparation.

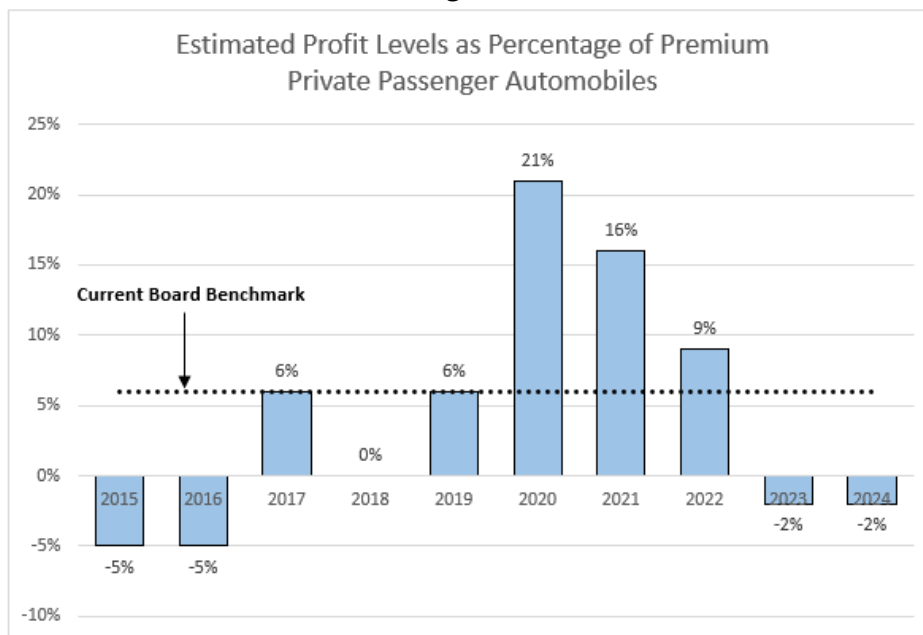
**Figure 4**



### Private Passenger Profit Levels

The Board conducts an annual review of the financial profitability of private passenger automobile insurance business in the province which consists of a hindsight analysis of aggregated industry data. A summary of private passenger profit levels through December 31, 2024 expressed as a percentage of premium is presented in Figure 5 below.

**Figure 5**



Profit results over a 10-year period show that the private passenger industry as a whole was unable to achieve the Board's benchmark profit provision of 6% in five of the ten years reviewed and that the industry incurred overall losses in 2015, 2016, 2023 and 2024.

The annual profit levels are estimated based on a number of assumptions and judgments. The results for the most recent accident years of 2023 and 2024 with profit levels of -2% remain particularly uncertain as many claims are still open and developing. Final profit levels for any given year are not fully known until all claims that are incurred in that year are closed. This can often take several years for serious claims.

The future reported estimated profit levels for 2023 and 2024 are expected to change over time as outstanding claims close. For example, the profit levels for 2022 and 2023 reported in last year's annual report were materially higher than the current estimates provided in Figure 5.

The higher profit levels observed in 2020 and 2021 were primarily the result of a decline in traffic levels and claim volumes during the COVID-19 pandemic. This resulted in actual claims costs being much lower than forecast in the models used to set rates.

The Board will continue to monitor private passenger industry profit levels as new data is released. The Board is also planning a review of its filing guidelines including its profit provision benchmarks to ensure they continue to be in accordance with best practices.

## **Marketplace Changes**

The total automobile insurance market in the province was approximately \$571 million for all vehicle types combined in 2024.<sup>12</sup> This is an increase of approximately 7.3% compared to the 2023 written premium total of approximately \$532 million.

The number of insurers available to consumers has dropped in recent years with only 41 automobile insurers reporting written premiums in 2024. This is a decrease from 58 insurers in the early 2000s and 49 insurers as recent as 2015. Market consolidation through mergers and acquisitions is the primary reason for the decline in the number of available insurers.

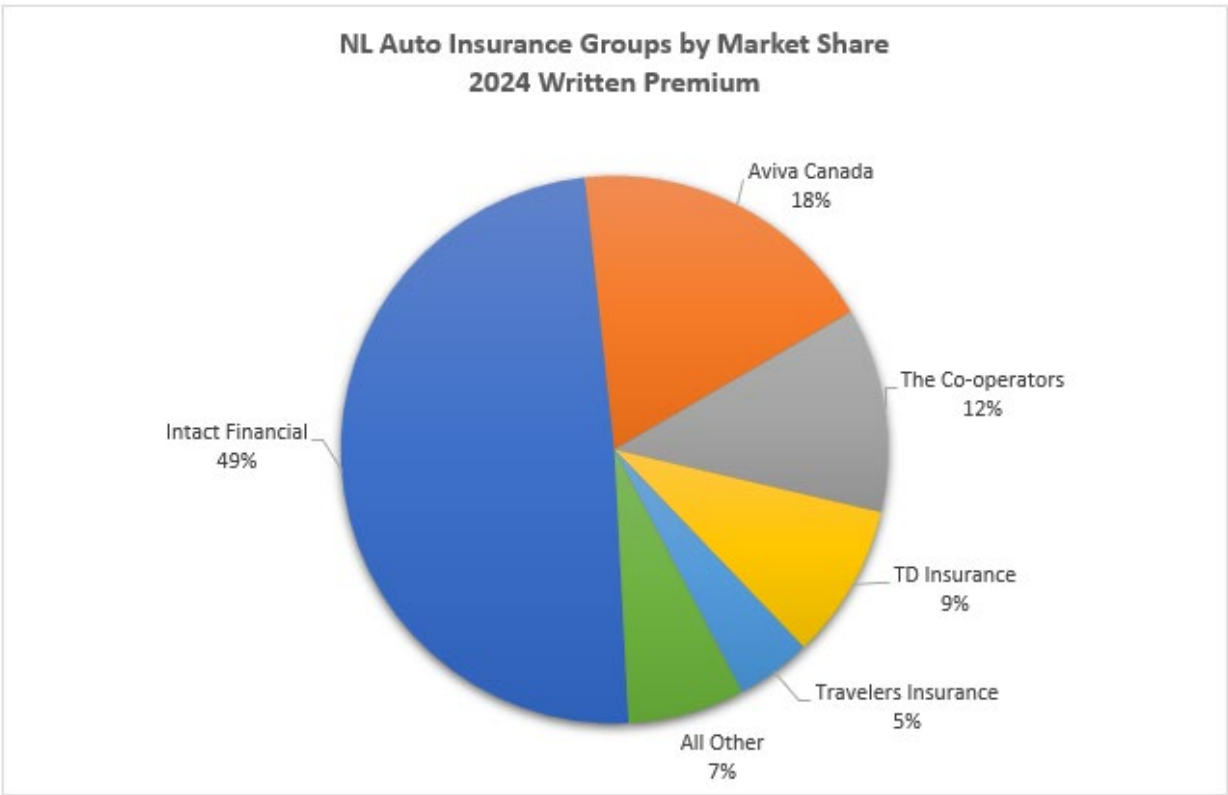
The market shows a high level of concentration with 10 insurers writing approximately 89% of all automobile insurance business in the province. When common ownership among companies is considered, there are five insurer groups writing approximately 93% of all business.

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<sup>12</sup> Based on data from the Office of the Superintendent of Financial Institutions (OSFI).

Figure 6 as follows shows a breakdown of the top insurer groups by market share.

**Figure 6**



**Petroleum Products Pricing Regulation**

**Price Adjustment Information**

For the period April 1, 2025 to March 31, 2026 there were:

- 59 maximum price adjustments for gasoline motor fuels, 8 of which were extraordinary maximum price adjustments;<sup>13,14</sup>
- 65 maximum price adjustments for diesel motor fuels, 14 of which were extraordinary maximum price adjustments;
- 64 maximum price adjustments for furnace oil heating fuel, 13 of which were extraordinary maximum price adjustments; and
- 51 maximum price adjustments for propane heating fuel.

Summaries of the changes in maximum prices are provided in Tables 2 and 3.<sup>15</sup>

<sup>13</sup> Extraordinary adjustments of maximum prices occur when the Board determines that it is necessary to change maximum prices outside of the normal pricing timeline to provide for the recovery of the costs of supply or to reflect changes to other pricing components such as changes in taxation.

<sup>14</sup> An extraordinary adjustment of maximum prices may not include all fuel products.

<sup>15</sup> Directional changes and ranges of maximum prices noted in the table are for the base zone for each regulated petroleum product (i.e., Zone 1 for gasoline and diesel motor fuels, Zone 1ANE for furnace oil heating fuel, and Zone 6 for propane heating fuel). Information may vary for other pricing zones.

**Table 2**  
Maximum Price Adjustments  
April 1, 2025 to March 31, 2026

| Fuel Product                         | Directional Changes                     | Maximum Price Range (cents per litre) |
|--------------------------------------|-----------------------------------------|---------------------------------------|
| Gasoline Motor Fuel (Zone 1)         | 31 Increases, 28 Decreases              | 136.2 – 196.4                         |
| Diesel Motor Fuel (Zone 1)           | 36 Increases, 27 Decreases, 2 No Change | 144.1 – 259.4                         |
| Furnace Oil Heating Fuel (Zone 1ANE) | 38 Increases, 26 Decreases              | 105.05 – 205.30                       |
| Propane Heating Fuel (Zone 6)        | 29 Increases, 22 Decreases              | 98.4 – 115.3                          |

**Table 3**  
Summary of Extraordinary Maximum Price Adjustments  
April 1, 2025 to March 31, 2026

| Fuel Product             | Directional Changes       |
|--------------------------|---------------------------|
| Gasoline Motor Fuel      | 5 Increases, 3 Decreases  |
| Diesel Motor Fuel        | 10 Increases, 4 Decreases |
| Furnace Oil Heating Fuel | 10 Increases, 3 Decreases |

It is notable that the number of extraordinary price adjustments materially increased from 1 in 2024-2025 to between 8 and 14 in 2025-26 depending on the product. The increase in the number of extraordinary adjustments was driven by greater volatility in commodity markets, particularly in March 2026, following the start of the war in Iran.

Given the level of volatility in market commodity prices that continued through the end of March 2026, the Board decided to temporarily transition to daily maximum price adjustments, with new maximum prices established by the Board to be effective Tuesday through Saturday for gasoline and diesel motor fuels and furnace oil heating fuel beginning April 1, 2026.<sup>16</sup>

The pattern of changes in maximum prices for regulated motor fuels and heating fuels for 2025-26 are presented in Figures 7 and 8.

<sup>16</sup> Changes to propane heating fuel maximum prices continue to be made effective on Fridays each week.

Figure 7

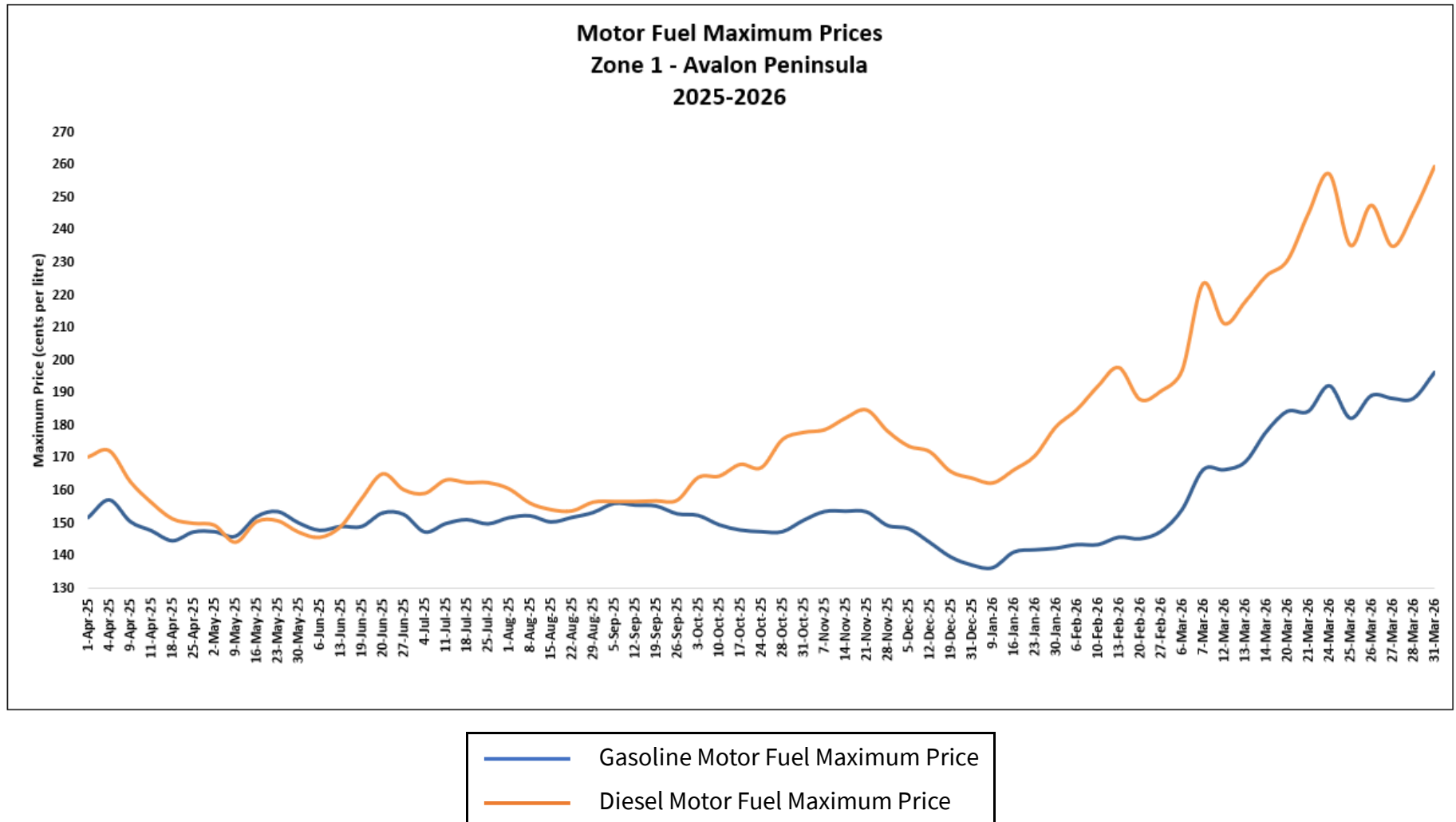
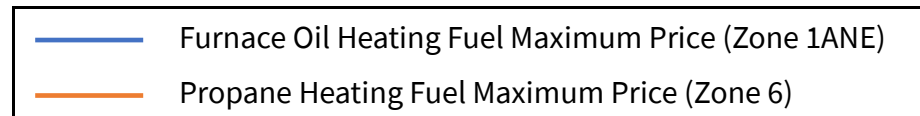
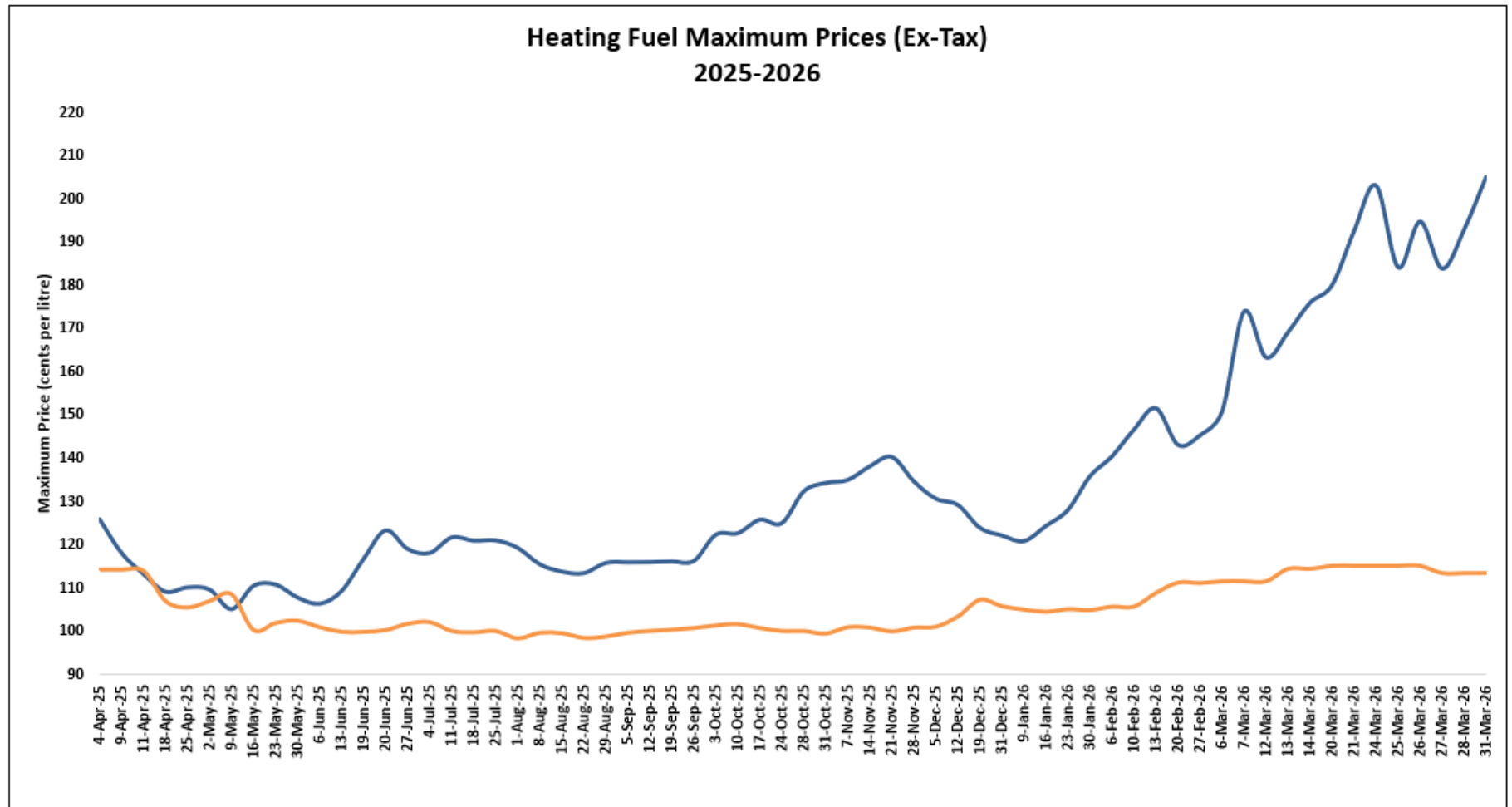


Figure 8



## **Changes to Taxation Applicable to Regulated Petroleum Products**

Effective April 1, 2025, the Government of Canada issued regulations that ceased the application of the Federal Fuel Charge (Carbon Tax) to gasoline and diesel motor fuels, and propane heating fuel.<sup>17</sup>

The reduced provincial fuel tax rates applicable to gasoline and diesel motor fuels, which had been in effect since June 2, 2022, were scheduled to expire on March 31, 2026. These reductions were made permanent by the Provincial Government on March 30, 2026.

## **Clean Fuel Regulations and Maximum Pricing**

Pursuant to the federal Clean Fuel Regulations, the Government of Canada directed carbon intensity reduction requirements in respect to gasoline and diesel motor fuels produced or imported into Canada effective July 1, 2023. As required by legislation, the Board implemented the Carbon Price Adjustment to enable petroleum suppliers to recover their cost of compliance. The Board has engaged a consultant to review whether the current Carbon Price Adjustment provides a reasonable opportunity for suppliers to recover their costs of compliance with the Clean Fuel Regulations.

The Carbon Price Adjustment does not apply to heating fuels.

## **Petroleum Products Pricing Review**

While the Petroleum Products Review (the Review) was completed in the 2024-25 fiscal year, final retail mark-up changes flowing from the Review were implemented in April 2025. In addition, a new Fall blend schedule for diesel motor fuel benchmarking in Western Labrador (Zones 13 and 13a) was established during the Review and implemented commencing in October 2025.

## **Report on Performance**

The reporting period was marked by an increased workload in electricity regulation with greater application complexity and an increased number of major capital applications. The achievements this past year reflected a continued focus on clear communication and the streamlining of regulatory processes to improve the timeliness of Board decisions, while maintaining its emphasis on effective decision-making and rate stability for consumers.

Internal capacity remained a key focus during the reporting period. The Board undertook an organizational restructuring to enhance cross-training opportunities and support the professional growth and advancement of long-serving employees, thereby preserving critical institutional knowledge. In parallel, recognizing that several commissioners and staff members are approaching retirement, the Board made substantial progress in succession planning with the appointment of a new commissioner and the hiring of a new engineering advisor and regulatory analyst.

As the 2023–26 planning cycle concludes, the Board continues to implement its communications strategy, with a clear focus on maintaining public and stakeholder trust.

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<sup>17</sup> Furnace oil and stove oil heating fuels were exempt from the Federal Fuel Charge (Carbon Tax) since November 9, 2023.

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| <b>ISSUE:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Communications Strategy and Plan</b>                                                                                                    |
| <b>Objective</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>By March 31, 2026 the Board will have implemented the key components of its Communications Strategy and Plan</b>                        |
| <b>Indicator</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>The Board will have clear, accessible messaging that speaks to the public and stakeholders- demystifying the PUB's regulatory role.</b> |
| <p>The Board has implemented decision summaries in major Orders, which has significantly improved public and media understanding of its decisions. These summaries attempt to simplify highly technical decisions into key issues, findings, and outcomes, enabling clearer, more consistent communication. By focusing on the most relevant topics and conclusions, decisions in brief support a more accurate interpretation and reporting of Board decisions, while maintaining the integrity of the underlying analysis contained in the full Order. This addition has contributed to clearer and more accurate media coverage of Board decisions.</p> <p>The Board made progress on a planned series of animated videos, each approximately 60 to 90 seconds in length, designed to improve public awareness and understanding of its role. The initial video, titled "How does the PUB work?", focuses on explaining the Board's mandate in a clear and accessible way. This initiative is intended to present complex regulatory functions in a concise, engaging format that is easily understood by the general public, supporting greater transparency and informed engagement with the Board's work.</p> |                                                                                                                                            |

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Indicator</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>The Board will have unified messaging across all its communication channels to build brand recognition and public trust.</b> |
| <p>Results for this indicator were not achieved as planned in 2025-26 as the Board determined that it lacks the internal capacity to effectively maintain an active presence across multiple social media platforms, given the sustained effort and skillsets required. Clear communication to the public is a priority for the Board and the Board recognizes that this must be achieved in a manner that is both informative and effective.</p> <p>In the next fiscal year, the Board will instead engage a local external communications firm to analyze and provide guidance on how it can leverage existing platforms, including its website, to more effectively engage and communicate with its stakeholders.</p> |                                                                                                                                 |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Indicator</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>The Board developed a communication toolkit that supported both immediate outreach and long-term educational goals.</b> |
| <p>The Board has developed a comprehensive communications engagement toolkit that sets out both short-term initiatives (0-6 months) and longer-term initiatives (+2 years). The toolkit outlines planned tactics, identifies primary audiences, articulates key messages, and establishes success indicators to measure effectiveness. The Board will establish quarterly measurement checkpoints to assess engagement data and adjust communications tactics as needed.</p> <p>This framework provides a structured and consistent approach to stakeholder engagement, supporting clearer communication, improved transparency, and ongoing evaluation of the Board's communications efforts over time.</p> |                                                                                                                            |

During the next activity planning cycle for 2026-29, the Board's strategic priorities are focused on:

- improving communications and public trust;
- streamlining its regulatory processes to improve the timeliness of Board decisions; and
- establishing effective reporting requirements for the utilities on the management of cybersecurity risks and the associated protections in place for critical infrastructure and customer reliability.

## **Opportunities and Challenges Ahead**

The Board expects this next year to be demanding with the continuation of a number of major capital filings including the conclusion of the regulatory process on Hydro's 2025 Build Application. Hydro has also filed multiple applications for major capital expenditures at the Bay d'Espoir Hydroelectric Generating Facility (i.e., the life extension of Unit 7 and to enable major repairs to Penstock 3). These proceedings are complex and have implications for the security of supply, reliability, and future electricity prices.

In 2026, Hydro is expected to file a General Rate Application (GRA), which will be Hydro's first since 2017. A GRA provides the opportunity for a full review of Hydro's costs and operations management. The length of time since Hydro's last GRA combined with the recent integration of Nalcor into Hydro will likely contribute to increased complexity in the regulatory process. The Hydro GRA may attract significant public interest given that the outcomes will affect future electricity prices.

The deferred recovery of utility costs in 2025 to lower the rate increase in that year has contributed to the potential for a material increase in retail customer rates on July 1, 2026. The Board will continue its efforts to look at options to provide customer rate stability. The Board will also monitor the utilities' efforts to protect critical infrastructure and customer reliability through additional reporting on cybersecurity performance.

In its recent petroleum pricing review, the Board committed to implementing annual updates to the mark-ups embedded in maximum petroleum prices to reflect changing industry operating costs. The Board is also currently conducting a review of the adequacy of the pricing adjustment that enables the industry to recover its cost of compliance with federal Clean Fuel Regulations. The completion of these matters, in combination with managing the maximum pricing process to deal with petroleum market volatility will require a material effort in the regulation of petroleum pricing for the next fiscal year.

Inflationary pressures and market uncertainty may continue to impact insurance rates through 2026-2027 due to ongoing trade disputes and tariff changes between Canada and the U.S. The Board will continue to monitor this situation and adjust its filing guidelines accordingly.

## **Contact Information:**

Calvin Green  
Manager of Corporate Services  
Prince Charles Building, 120 Torbay Road  
P. O. Box 21040, St. John's, Newfoundland and Labrador A1A 5B2

Toll Free: 866-782-0006  
Email: board@pub.nl.ca

Website: [www.pub.nl.ca](http://www.pub.nl.ca)

## **Appendix I – Financial Statements**

**BOARD OF COMMISSIONERS  
OF PUBLIC UTILITIES**

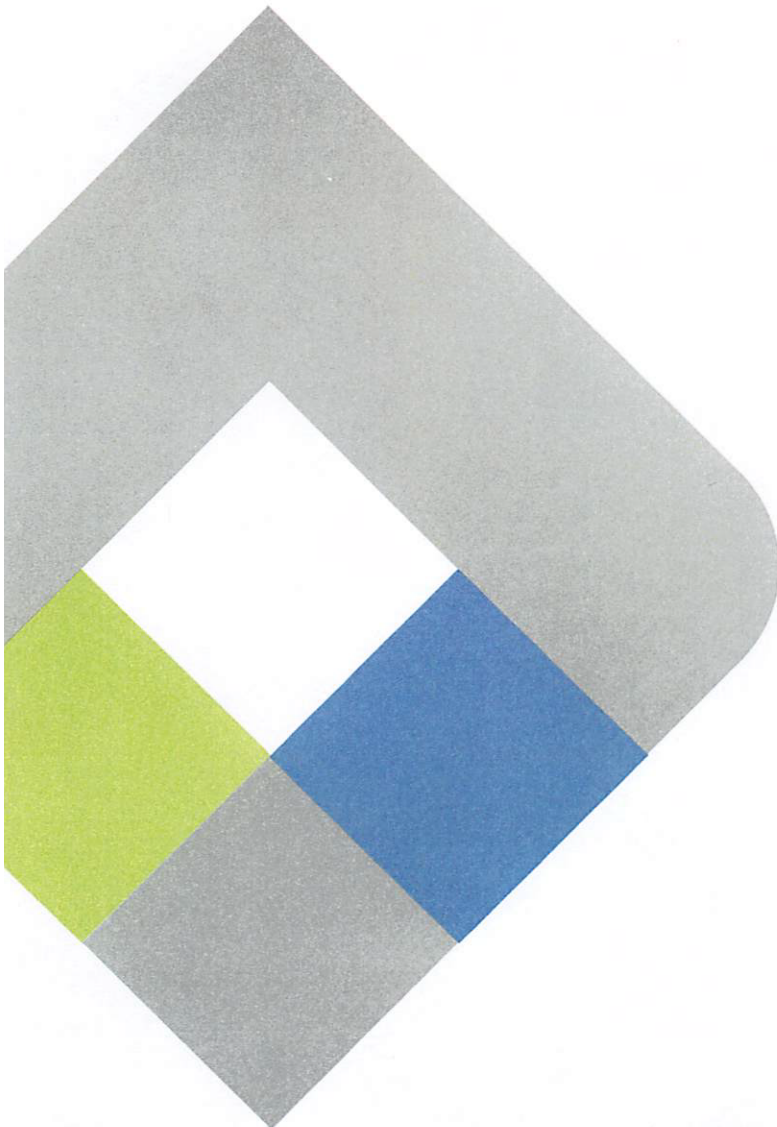
**FINANCIAL STATEMENTS  
MARCH 31, 2026**

# NOSEWORTHY CHAPMAN

chartered professional accountants

BOARD OF COMMISSIONERS  
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS  
MARCH 31, 2026



An independent member of  DFK  
INTERNATIONAL

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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Index to Financial Statements  
Year Ended March 31, 2026

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## MANAGEMENT'S REPORT

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### **Management's Responsibility for Board of Commissioners of Public Utilities Financial Statements**

The accompanying financial statements are the responsibility of the management of Board of Commissioners of Public Utilities (the Board) and have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Association of Chartered Professional Accountants of Canada. Management is responsible for the integrity and objectivity of these statements, all the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

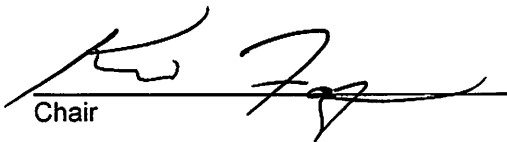
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Chair and CEO, or in the absence of Chair, the Vice-Chair is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The internal financial statements are reviewed by management on a quarterly basis and external audited financial statements on an annual basis.

Noseworthy Chapman, as Board of Commissioners of Public Utilities appointed external auditors, have audited the financial statements. The auditors' report is addressed to the Chair and appears on the following page. Their opinion is based upon examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and the results of the Board of Commissioners of Public Utilities in accordance with Canadian public sector accounting standards.

On behalf of the Board of Commissioners of Public Utilities.

  
Chair



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## INDEPENDENT AUDITORS' REPORT

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To the Chair of the Board of Commissioners of Public Utilities

### *Opinion*

We have audited the financial statements of the Board of Commissioners of Public Utilities (the Board), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

Management is responsible for the other information. The other information comprises the information, other than the financial statements, and the auditor's report thereon, included in the "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the annual report when it becomes available and, in doing so, consider whether the annual report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, when we read the annual report, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action in accordance with Canadian generally accepted auditing standards.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.



### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
Chartered Professional Accountants  
St. John's, NL  
May 19, 2026

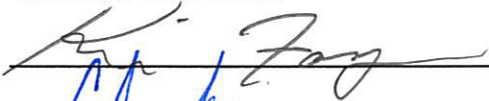
# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Financial Position Year Ended March 31, 2026

|                                          | 2026                | 2025                |
|------------------------------------------|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                  |                     |                     |
| Cash                                     | \$ 3,231,211        | \$ 2,390,290        |
| Receivables (Note 4)                     | 33,899              | 22,138              |
| HST receivable (Note 5)                  | 19,837              | 25,309              |
| Recoverable costs (Note 6)               | 614,092             | 779,803             |
|                                          | <b>3,899,039</b>    | <b>3,217,540</b>    |
| <b>LIABILITIES</b>                       |                     |                     |
| Payables and accruals                    | 166,528             | 217,653             |
| Government remittances payable           | 1,657               | 1,825               |
| Payroll accruals                         | 616,576             | 542,899             |
|                                          | <b>784,761</b>      | <b>762,377</b>      |
| <b>NET FINANCIAL ASSETS</b>              | <b>3,114,278</b>    | <b>2,455,163</b>    |
| <b>NON-FINANCIAL ASSETS</b>              |                     |                     |
| Tangible capital assets (Note 8)         | 117,866             | 140,440             |
| Prepaid expenses                         | 13,333              | 13,223              |
|                                          | <b>131,199</b>      | <b>153,663</b>      |
| <b>ACCUMULATED SURPLUS</b>               | <b>\$ 3,245,477</b> | <b>\$ 2,608,826</b> |
| <b>Accumulated surplus comprised of:</b> |                     |                     |
| Invested in capital assets (Note 8)      | \$ 117,866          | \$ 140,440          |
| Internally restricted (Note 9)           | 2,107,723           | 1,926,486           |
| Unrestricted                             | 1,019,888           | 541,900             |
|                                          | <b>\$ 3,245,477</b> | <b>\$ 2,608,826</b> |

Commitments (Note 12)

On Behalf of the Board:


Chair

Manager of Corporate Services

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Operations

Year Ended March 31, 2026

|                                             | Budget 2026<br>(Note 13)<br>(Unaudited) | 2026              | 2025              |
|---------------------------------------------|-----------------------------------------|-------------------|-------------------|
| <b>REVENUES</b>                             |                                         |                   |                   |
| Regulatory assessments                      | \$ 3,920,525                            | \$ 3,920,455      | \$ 3,687,323      |
| Interest and other income                   | 50,000                                  | 60,000            | 76,803            |
|                                             | 3,970,525                               | 3,980,455         | 3,764,126         |
| <b>EXPENDITURES</b>                         |                                         |                   |                   |
| Amortization                                | 67,498                                  | 58,222            | 50,645            |
| Consulting fees                             | 392,808                                 | 167,262           | 250,689           |
| Office equipment, supplies, and services    | 117,532                                 | 166,377           | 153,468           |
| Rent and insurance                          | 350,230                                 | 346,743           | 335,862           |
| Salaries and associated costs (Note 11)     | 2,879,038                               | 2,507,768         | 2,457,042         |
| Telecommunications                          | 48,004                                  | 44,561            | 42,398            |
| Training and membership                     | 74,864                                  | 34,926            | 24,020            |
| Travel                                      | 40,551                                  | 17,945            | 35,506            |
|                                             | 3,970,525                               | 3,343,804         | 3,349,630         |
| <b>Excess of revenues over expenditures</b> | <b>\$ -</b>                             | <b>\$ 636,651</b> | <b>\$ 414,496</b> |

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Change in Net Financial Assets Year Ended March 31, 2026

|                                                | Budget 2026<br>(Note 13)<br>(Unaudited) | 2026         | 2025         |
|------------------------------------------------|-----------------------------------------|--------------|--------------|
| Annual surplus                                 | \$ -                                    | \$ 636,651   | \$ 414,496   |
| <b>Changes in tangible capital assets</b>      |                                         |              |              |
| Acquisition of tangible capital assets         | -                                       | (35,648)     | (16,697)     |
| Amortization of tangible capital assets        | -                                       | 58,222       | 50,645       |
|                                                | -                                       | 22,574       | 33,948       |
| <b>Change in other non-financial assets</b>    |                                         |              |              |
| Net increase of prepaid expenses               | -                                       | (110)        | (11,579)     |
|                                                | -                                       | (110)        | (11,579)     |
| <b>Increase in net assets</b>                  | -                                       | 659,115      | 436,865      |
| <b>Net financial assets, beginning of year</b> | 2,455,163                               | 2,455,163    | 2,018,298    |
| <b>Net financial assets, end of year</b>       | \$ 2,455,163                            | \$ 3,114,278 | \$ 2,455,163 |

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Cash Flows Year Ended March 31, 2026

|                                                     | 2026                | 2025                |
|-----------------------------------------------------|---------------------|---------------------|
| <b>Operating transactions</b>                       |                     |                     |
| Cash receipts from assessments and other revenues   | \$ 3,974,166        | \$ 3,757,812        |
| Cash paid to suppliers and employees                | (3,263,308)         | (3,388,390)         |
| Cash from operating transactions                    | 710,858             | 369,422             |
| <b>Hearing and review transactions</b>              |                     |                     |
| Decrease (increase) in recoverable costs            | 165,711             | (351,363)           |
| Cash from (used in) hearing and review transactions | 165,711             | (351,363)           |
| <b>Capital transactions</b>                         |                     |                     |
| Purchase of tangible capital assets                 | (35,648)            | (16,697)            |
| Cash used in capital transactions                   | (35,648)            | (16,697)            |
| <b>Increase in cash during year</b>                 | <b>840,921</b>      | <b>1,362</b>        |
| <b>Cash position, beginning of year</b>             | <b>2,390,290</b>    | <b>2,388,928</b>    |
| <b>Cash position, end of year</b>                   | <b>\$ 3,231,211</b> | <b>\$ 2,390,290</b> |

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

---

## Notes to Financial Statements Year Ended March 31, 2026

### 1. GENERAL

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are just and reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of maximum fuel prices pursuant to the *Petroleum Products Act*; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) establishing compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian Public Sector Accounting Standards (CPSAS). These financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB). As the Board does not have any remeasurement gains and losses for the year, a statement of remeasurement gains and losses has not been presented.

#### Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, receivables, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Transaction costs are added to the carrying value on initial recognition. For financial instruments measured at cost or amortized cost, gains and losses are recognized in the statement of operations in the period they arise. Receivables are classified as loans and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

The Board's carrying value of cash, receivables, HST receivable/payable, recoverable costs, payables and accruals, government remittances payable and payroll accruals approximates its fair value due to the immediate or short term maturity of these instruments.

Interest attributable to financial instruments is reported on the statement of operations.

#### Cash

Cash includes cash in bank and balances with financial institutions, net of overdrafts.

#### Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are not accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenditures of the Board.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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## Notes to Financial Statements Year Ended March 31, 2026

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible capital assets

Capital assets are recorded on the Statement of Financial Position at cost net of accumulated amortization and are amortized as follows:

|                         |     |                                                                      |
|-------------------------|-----|----------------------------------------------------------------------|
| Furniture and equipment | 20% | declining balance method                                             |
| Computer hardware       | 35% | declining balance method                                             |
| Computer software       | 50% | declining balance method                                             |
| Leasehold improvements  |     | the lesser of five year straight-line or remaining term of the lease |

Capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide services, or when the value of future economic benefits associated with the capital assets is less than their net book value. The net write-downs are accounted for as an expense in the statement of operations.

#### Prepaid expenses

Prepaid expenses include amounts paid in advance for memberships, insurance, and travel and are charged to expense over the periods expected to benefit from them.

#### Non-financial assets

Non-financial assets are not available for discharge to existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sales in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the change in net financial assets for the year.

#### Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

#### Operating leases

An operating lease is a lease whereby substantially all of the benefits and risks incidental to ownership of the property are not transferred to the Board.

#### Employee future benefits

##### (i) Pension fund

Employees and Commissioners of the Board are subject to the *Public Service Pension Act 1991*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. Contributions of the Board to the plan are recorded as expenses in the year the contributions are made.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

---

## Notes to Financial Statements

Year Ended March 31, 2026

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenues

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

#### Expenditures

Expenditures are reported on an accrual basis. The costs of all goods consumed and services received during the year are expensed.

#### Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

Cost allocations to/from commonly controlled entities are recorded on a gross basis.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and estimated employee future benefits.

Estimates are based on the best information available at the time the financial statements are prepared and are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements Year Ended March 31, 2026

### 3. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2026:

#### *Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is exposed to credit risk with respect to regulatory assessments. An allowance for doubtful accounts may be established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its floating interest rate bank credit agreement.

### 4. RECEIVABLES

|                     | 2026      | 2025      |
|---------------------|-----------|-----------|
| Revenues receivable | \$ 33,899 | \$ 22,138 |

### 5. HST RECEIVABLE

|                                        | 2026      | 2025      |
|----------------------------------------|-----------|-----------|
| HST receivable from federal government | \$ 19,837 | \$ 25,309 |

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements Year Ended March 31, 2026

### 6. RECOVERABLE COSTS

|                                                        | 2026        | 2025        |
|--------------------------------------------------------|-------------|-------------|
| Recoverable costs, beginning of year                   | \$ 779,803  | \$ 428,440  |
| Add - specific enquiry costs incurred during the year: |             |             |
| Consumer Advocate                                      | 168,482     | 699,887     |
| Consulting fees                                        | 1,265,676   | 1,411,984   |
| Legal                                                  | 82,351      | 249,997     |
| Advertising and notice                                 | 4,780       | 3,572       |
| Transcription and printing                             | -           | 33,679      |
| Other, net of write offs                               | -           | (4,027)     |
|                                                        | 1,521,289   | 2,395,092   |
|                                                        | 2,301,092   | 2,823,532   |
| Less - costs recovered during the year                 | (1,687,000) | (2,043,729) |
| Less - costs deemed non recoverable                    | -           | -           |
| Recoverable costs, end of year                         | \$ 614,092  | \$ 779,803  |

See also Note 11.

### 7. BANK CREDIT AGREEMENT

The Board has established a \$1,000,000 line of credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%. As at March 31, 2026, the balance outstanding was \$Nil (2025 - \$Nil).

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements Year Ended March 31, 2026

### 8. TANGIBLE CAPITAL ASSETS

|                                 | 2026                          |                                      |                           |              |
|---------------------------------|-------------------------------|--------------------------------------|---------------------------|--------------|
|                                 | Furniture<br>and<br>Equipment | Computer<br>Hardware and<br>Software | Leasehold<br>Improvements | Total        |
| <b>Cost</b>                     |                               |                                      |                           |              |
| Opening balance                 | \$ 284,088                    | \$ 375,997                           | \$ 407,383                | \$ 1,067,468 |
| Additions                       | 4,509                         | 31,139                               | -                         | 35,648       |
| Disposals                       | 84,787                        | 285,497                              | -                         | 370,284      |
| Closing balance                 | 203,810                       | 121,639                              | 407,383                   | 732,832      |
| <b>Accumulated amortization</b> |                               |                                      |                           |              |
| Opening balance                 | 267,651                       | 353,106                              | 306,271                   | 927,028      |
| Amortization                    | 4,189                         | 20,329                               | 33,704                    | 58,222       |
| Disposals                       | 84,787                        | 285,497                              | -                         | 370,284      |
| Closing balance                 | 187,053                       | 87,938                               | 339,975                   | 614,966      |
| Net book value                  | \$ 16,757                     | \$ 33,701                            | \$ 67,408                 | \$ 117,866   |

|                                 | 2025                          |                                      |                           |              |
|---------------------------------|-------------------------------|--------------------------------------|---------------------------|--------------|
|                                 | Furniture<br>and<br>Equipment | Computer<br>Hardware and<br>Software | Leasehold<br>Improvements | Total        |
| <b>Cost</b>                     |                               |                                      |                           |              |
| Opening balance                 | \$ 282,578                    | \$ 363,310                           | \$ 404,883                | \$ 1,050,771 |
| Additions                       | 1,510                         | 12,687                               | 2,500                     | 16,697       |
| Disposals                       | -                             | -                                    | -                         | -            |
| Closing balance                 | 284,088                       | 375,997                              | 407,383                   | 1,067,468    |
| <b>Accumulated amortization</b> |                               |                                      |                           |              |
| Opening balance                 | 263,542                       | 340,274                              | 272,567                   | 876,383      |
| Amortization                    | 4,109                         | 12,832                               | 33,704                    | 50,645       |
| Disposals                       | -                             | -                                    | -                         | -            |
| Closing balance                 | 267,651                       | 353,106                              | 306,271                   | 927,028      |
| Net book value                  | \$ 16,437                     | \$ 22,891                            | \$ 101,112                | \$ 140,440   |

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements Year Ended March 31, 2026

### 9. INTERNALLY RESTRICTED SURPLUS

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2026 are as follows:

|                            | 2026         | 2025         |
|----------------------------|--------------|--------------|
| Redundancy pay contingency | \$ 1,389,000 | \$ 1,264,732 |
| Working capital            | 718,723      | 661,754      |
|                            | \$ 2,107,723 | \$ 1,926,486 |

### 10. INTER-ENTITY TRANSACTIONS

The Board incurs costs in relation to hearings held to deliver on its mandate which are recoverable from industry participants at cost. A portion of these costs are recoverable from Newfoundland and Labrador Hydro, an entity under common control.

|                   | 2026        | 2025       |
|-------------------|-------------|------------|
| Beginning balance | \$ 571,062  | \$ 74,897  |
| Costs incurred    | 1,393,129   | 1,097,053  |
| Costs recovered   | (1,484,649) | (600,888)  |
| Ending balance    | \$ 479,542  | \$ 571,062 |

The Board has also charged Newfoundland and Labrador Hydro assessment fees in the amount of \$1,014,593 (2025: \$982,415).

### 11. DESIGNATED PENSION FUNDS AND PENSION ASSET (OBLIGATIONS)

Employees and Commissioners of the Board are subject to the *Public Service Pension Act 1991*. Pension contributions deducted from Commissioners' and employees' salaries are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to Commissioners and employees when they retire. The Board's share of pension expense for the year in the amount of \$189,895 (2025 - \$191,003) is included in salaries and associated costs.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements Year Ended March 31, 2026

### 12. COMMITMENTS

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

|      |           |
|------|-----------|
| 2027 | \$342,972 |
| 2028 | \$353,688 |
| 2029 | \$59,305  |

### 13. BUDGET FIGURES

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

### 14. FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board ("PSAB") has issued a revised Conceptual Framework for Financial Reporting in the Public Sector and Section PS 1202, Financial Statement Presentation, which are effective for fiscal years beginning on or after April 1, 2026. These requirements have not been applied in preparing these financial statements.

PSAB issued a revised Conceptual Framework for Financial Reporting in the Public Sector, which replaced the conceptual guidance currently contained in Sections PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026, with early adoption permitted. The revised framework establishes updated concepts to guide recognition, measurement, presentation, and disclosure in the absence of specific authoritative guidance.

In November 2023, PSAB issued Section 1202, Financial Statement Presentation, which replaced Section PS 1201. Section PS 1202 introduces a new financial reporting model, including new financial statements and revised presentation requirements intended to enhance understandability and transparency for financial statement users. The standard is effective for fiscal years beginning on or after April 1, 2026, and must be adopted concurrently with the revised Conceptual Framework.

The Board is currently assessing the impact of adopting the revised Conceptual Framework and Section PS 1202 on its accounting policies and financial statement presentation. While the adoption of the revised framework is expected to result in significant changes to the format and presentation of the financial statements, it is not expected to have a material impact on the Board's financial results or financial position.