

ANNUAL REPORT BOARD OF COMMISSIONERS OF PUBLIC UTILITIES FOR THE YEAR ENDED MAR 31/2001

The Board is comprised of the following members:

Chairman	David C. Nicholson
Vice-Chairman	James Bateman
Commissioner	John Chenier
Commissioner	Jacques Dumont
Commissioner	Leonard Larocque
Commissioner	Emilien LeBreton
Commissioner	R. J. Lutes
Commissioner	Robert Richardson
Commissioner	Monika Zauhar
Secretary	Lorraine Légère

The Board is a quasi-judicial body that reports to the Legislative Assembly through the Minister of the Department of Natural Resources and Energy. The Board operates with 13 full time staff positions, a full time Chairman and Secretary as well as part time Commissioners appointed on a term basis by the Lieutenant Governor in council.

Pursuant to the provisions of the Public Utilities Act, Chapter P.27, R.S.N.B. 1973, the Board of Commissioners of Public Utilities is charged with the regulation of public utilities in the Province of New Brunswick. The Board is also charged with the regulation of automobile insurance rates for the Facility Association and the monitoring of rates for all insurers that underwrite automobile insurance business in the Province pursuant to certain provisions of the Insurance Act, Chapter I-12, R.S.N.B. In Addition, the Board is charged with regulation of the natural gas industry pursuant to the Gas Distribution Act, 1999. The Board issues permits for the construction and repair of non natural gas pipe lines pursuant to the Pipe Line Act, Chapter P-8.1, R.S.N.B. It regulates public motor buses pursuant to the Motor Carrier Act, Chapter M-16, R.S.N.B. and the Motor Vehicle Transport Act, R.S.C. 1987 and also hears appeals of decisions of the Registrar of Motor Vehicles regarding motor vehicle dealer's licenses.

PUBLIC UTILITIES

The New Brunswick Power Corporation submitted an application for a Generic Hearing on March 2, 2001. The hearing has been scheduled for June 2001. The purpose of the application is to have a public review and hearing on generation refurbishment related issues. Specifically, NB Power requests that the following three questions be addressed in a hearing:

1. Is it reasonable to believe that NB Power will require the electricity presently generated by Coleson Cove and / or Point Lepreau or replacement facilities in the future?

2. What are the relevant issues to be reviewed during any subsequent specific generating facility upgrading and / or maintenance hearing?
3. What is the nature and scope of the evidence that NB Power should provide for those hearings?

The application has been made pursuant to Section 40.1 (1.1) of the *Public Utilities Act*.

NATURAL GAS

On June 23, 2000, the Board delivered its decisions on two applications by Enbridge Gas New Brunswick (EGNB) for regulatory proceedings which began in the Spring of 2000. The applications were:

- i) A rate application setting distribution rates for Fiscal year 2001
- ii) A permit to construct application for construction of EGNB's main grid distribution pipeline system in seven New Brunswick municipalities commencing in July 2000 (Fredericton, Moncton, Dieppe, Riverview, Oromocto, St. George and Saint John)

Also on June 23, 2000, the Board issued an Addendum to an earlier decision in respect to a Hearing to consider Rules and Regulations regarding the conduct of gas distributors and marketers.

The decisions by the Board allowed EGNB to begin the installation of the natural gas distribution system. The Board has the responsibility for public safety as detailed in the Gas Distribution Act, 1999. Accordingly, the Board's Director of Safety and the pipeline inspectors fulfilled the Board's duties in overseeing the pipeline installations of EGNB.

The Board remained busy throughout the year receiving and processing applications from businesses applying to be installers, equipment suppliers and equipment service providers, to be agents or brokers and to be gas marketers wishing to sell natural gas. The first two gas marketer's certificates to sell gas were approved by the Board by December 2000 and issued to Park Fuels Ltd. and WPS Energy Services, Inc.

Gas marketer certificates for businesses acting as agents, installers, equipment suppliers and equipment service providers, were issued to the following list of businesses during the year: Alternate Heating Ltd.; Bacon Engineering Limited; Black & McDonald; Bob's Heating & Oil Burner Service; Bruce Sutherland Associates Ltd.; Centre City Propane Ltd.; Doug White Plumbing & Heating Ltd.; Enbridge Services Inc.; Energy-Tech Sales & Service Ltd.; Expert Gas Services Ltd.; GasCo Energy Corp.; Gaspro Installers; George Freeze Plumbing & Heating; Harbour City Propane Ltd.; Leachman Plumbing & Heating (1971) Ltd.; Maritime Fireplaces Ltd.; Reg Plumbing & Heating Ltd.; Sunpoke Energy Systems Ltd.; Taylor Petroleum 1985 Ltd.; Thermech Systems Ltd. and TryCo Gas Inc.

In March 2001, the Board initiated a regulatory proceeding to consider the application by the Potash Company of North America, Inc. (PCA) for a local gas producer franchise. PCA applied

for the franchise to allow it to distribute indigenous natural gas from wells in which it has an ownership interest to the PCA processing facilities at Penobsquis, New Brunswick

On March 22, 2001, Board representatives were present in Fredericton for the connection and gas flow to the first customer from the EGNB gas distribution system.

PIPE LINES

No applications were received for the construction or repair of a non natural gas pipe line pursuant to the Pipe Line Act during the fiscal period April 1, 2000 to March 31, 2001.

MOTOR CARRIER

A summary of the Board's activities for the fiscal year April 1, 2000 to March 31, 2001 is as follows:

Applications	2000 – 2001
Received	13
Opposed	3
Granted as Advertised	3
Granted with Amendments	0
Abandoned, Withdrawn or Dismissed	2
Licenses	
Denied	0
Cancelled or Revoked	7
Issued with Variations of Intra Provincial Authority	1
Issued with Extra Provincial Authority	0
Active at Year End	55
No. of Motor Carrier Plates Issued	240
No. of Temporary Permits Issued to Unlicensed Carriers	12
Total Revenues	\$19,030.50

There were three meetings of the Board during the year to discuss various Motor Carrier matters as well as to review the written statements of objections that had been filed against applications that were advertised to determine the need for a public hearing.

There were three public hearings during the year, one to review an existing license and two for the review of applications that had been opposed.

Motor Vehicle License Appeals

During the fiscal period April 1, 2000 to March 31, 2001 the Board received an appeal of a decision of the Registrar of Motor Vehicles from Vente d'Autos L.P.R. Ltee. / Richard Robichaud / Laurent Robichaud concerning a Motor Vehicle Dealers License. A public hearing was held on October 19, 2000. The Board directed Vente d'Autos L.P.R. Ltee. To provide proof of a new bond as required under the Act and once this had been satisfactorily completed, the suspension of the license would be reversed.

AUTOMOBILE INSURANCE

In May of 1998, legislation was enacted to convert New Brunswick to a file and use jurisdiction with the exception of the Facility Association. The Facility remains fully regulated and is required to make an application to the Board for approval of the rates that they proposed to charge or for any changes in their existing rates and charges. All other automobile insurers are required to file the rates or changes to rates that they propose to charge with the Board and may implement the rates no sooner than 30 days from the date the Board receives the rate change proposal. The Board's current role is to review and monitor the rates filed.

The Board reviewed and monitored a total of 108 automobile insurance rate filings. The Facility Association filed an application on February 28, 2001 for a change in rates and charges for private passenger, commercial and miscellaneous vehicles. The public hearing for this application did not take place during the April 1, 2000 to March 31, 2001 fiscal period.

FINANCIAL OVERVIEW

The audited financial statements of the Public Utilities Board are included in Volume 3 of the Public Accounts of the Province of New Brunswick.

2000-2001 Total Budget vs. Actual

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
Salaries & Benefits	793,600	748,003 (note 1)	-45,597
Training	73,000	47,931 (note 2)	-25,069
Office & Administration	<u>217,000</u>	<u>230,655</u>	<u>13,655</u>
Total Common Expenses	1,083,600	1,026,589	-57,011
Direct Expenses	<u>596,500</u>	<u>409,749</u> (note 3)	<u>-186,751</u>
Total Expenses	1,680,100	1,436,338	-243,762

- Notes:**
1. Changes in staff resulted in lower than estimated expenses for salaries and benefits. Actual wage increases were lower than amounts included in the budget.
 2. Due to increased activities in the natural gas sector, anticipated training could not be completed during the year.
 3. There were no public hearings held for the electricity sector which resulted in a savings of \$73,000. Insurance actuary costs for the development of a new data base and analytical software were postponed until 2001/02 reducing the estimated expense by \$93,000. Natural gas hearing costs were lower than estimated.

AUTO INSURANCE SECTOR

2000-2001 Budget vs. Actual

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
Salaries & Benefits	129,500	130,148	648
Training	3,000	54 (note 1)	-2,946
Office & Administration	<u>67,500</u>	<u>65,597</u>	<u>-1,903</u>
Total Common Expenses	200,000	195,799	-4,201
Direct Expenses	<u>111,500</u>	<u>18,363</u> (note 2)	<u>-93,137</u>
Total Expenses	311,500	214,162	-97,338

1. No training in the insurance sector was undertaken during the year.

Notes:

2. Development of a new data base and analytical software for insurance was postponed until 2001/02 resulting in a savings for actuary services .

ELECTRICITY SECTOR

2000-2001 Budget vs. Actual

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
Salaries & Benefits	218,600	179,398 (note 1)	-39,202
Training	30,000	25,252 (note 2)	-4,748
Office & Administration	<u>75,000</u>	<u>68,197</u> (note 3)	<u>-6,803</u>
Total Common Expenses	323,600	272,847	-50,753
Direct Expenses	<u>135,000</u>	<u>61,809</u> (note 4)	<u>-73,191</u>
Total Expenses	458,600	334,656	-123,944

Notes:

1. Changes in staff resulted in lower than estimated expenses for salaries and benefits. Allocation of staff time to the gas sector was higher than forecasted due to greater than anticipated levels of activity and public hearings surrounding the development of the natural gas sector.
2. Focus on the natural gas sector restricted the opportunity for staff training under electricity.
3. Allocation of office and administration expenses due to the activity in the natural gas sector resulted in lower expenses for the electricity sector.
4. There were no public hearings held in the electricity sector.

NATURAL GAS SECTOR

2000-2001 Budget vs. Actual

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
Salaries & Benefits	445,500	438,457	-7,043
Training	40,000	22,625 (note 1)	-17,375
Office & Administration	<u>74,500</u>	<u>96,861</u> (note 2)	<u>22,361</u>
Total Common Expenses	560,000	557,943	-2,057
Direct Expenses	<u>350,000</u>	<u>329,577</u>	<u>-20,423</u>
Total Expenses	910,000	887,520	-22,480

- Notes:**
1. Staff time restrictions due to ongoing public hearings for natural gas, prevented the anticipated training from being completed.
 2. The reallocation of expenses due to the level of activity in the natural gas sector as compared to the insurance and electricity sectors, exceeded the estimated amount.

Respectfully submitted

David C. Nicholson
Chairman