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No. 16

Thursday, December 19, 1996.

8.30 o'clock a.m.

Prayers.

Standing Committee on Crown Corporations

Mr. McKay, from the Standing Committee on Crown Corporations, presented the Report of the Committee which was read and is as follows:

December 19, 1996.

To The Honourable

The Legislative Assembly of

The Province of New Brunswick

Mr. Speaker:

I have the pleasure to present herewith the Report of the Standing Committee on Crown Corporations on the New Brunswick Power Corporation Business Plan 1996-2001.

The Business Plan was tabled in the House by the Minister of State for Mines and Energy and referred to the Crown Corporations Committee for review and input. The Committee's Report contains numerous recommendations which it is hoped will assist NB Power in formulating future strategies as it prepares to enter a more deregulated and competitive market place.

Your Committee wishes to express its appreciation to officials in the Department of Natural Resources and Energy, for providing the necessary assistance and expertise during the various briefing sessions. Your Committee would also like to thank officials of NB Power for appearing before the Committee and for their cooperation in providing requested information. Your Committee also expresses its thanks to the presenters that appeared at the public hearings or submitted written briefs.

As Chairman, I would like to express my appreciation to the members of the Committee for their contribution in carrying out the Committee's mandate.

Respectfully submitted,

John McKay, M.L.A.

Chairman.

The full report of the Committee as presented follows:

INTRODUCTION:

The *New Brunswick Power Corporation Business Plan 1996 - 2001* is the Corporation's third Business Plan. It is the second time that the utility's Plan has been subject to review by the Standing Committee on Crown Corporations. The Plan continues to improve, incorporating many suggestions made by this Committee and by previous public presenters. Your Committee continues to support the Corporation's intention to update the Business Plan annually and to submit it to the Crown Corporations Committee for review.

The Business plan provides an overview of NB Power's direction, emphasizing operational issues and financial projections. It includes background material on electric utility operations and information on external factors influencing operations. The associated review provides a mechanism whereby all stakeholders are provided an opportunity to comment.

NB Power is in the process of considering additional changes to its operations and corporate structure that may be appropriate under a more deregulated and competitive market place. It is hoped that the recommendations contained in this report will assist NB Power in formulating future strategies as it prepares for a more competitive operating environment.

ACKNOWLEDGEMENTS

Your Committee wishes to express its appreciation to officials in the Department of Natural Resources and Energy, for providing the necessary assistance and expertise in connection with the various briefing sessions. The Committee would also like to thank officials of NB Power for appearing before the Committee and for their cooperation in providing the information requested. Your Committee also expresses its thanks to the presenters, both individuals and organizations, which appeared at the public hearings or submitted written briefs.

MANDATE

The *New Brunswick Power Corporation Business Plan 1996 - 2001* was tabled in the Legislative Assembly on April 17, 1996 by Hon. Albert Doucet, Minister of State for Mines and Energy and Minister responsible for NB Power. On motion of the House adopted April 19, 1996, the Plan was referred to the Standing Committee on Crown Corporations for review and input.

PUBLIC HEARINGS

As part of the Committee's mandate, public hearings were scheduled to provide an opportunity for the general public to appear before the Committee and present their views. Advertisements were placed in provincial newspapers giving notice of public hearings and inviting comment from interested individuals and organizations. A notice was included with the Corporation's power bills informing power users of the public process to be followed in reviewing the Business Plan.

Briefing sessions were held with officials of the New Brunswick Power Corporation on September 24, 25 and 26, 1996. The Committee was presented with an in-depth overview of the Business Plan and an outline of NB Power's operations and strategic framework. Information was provided on such areas as load forecasting, human resources strategy, environmental programs, financial management, rate structure, integrated resource planning and demand-side management.

Public hearings on the *New Brunswick Power Corporation Business Plan 1996 - 2001* were held in the Legislative Council Chamber in Fredericton on October 9, 1996. A list of the individuals and organizations that appeared or submitted briefs is attached hereto as Appendix "A".

The Committee met in a working session on October 10, 1996 to review the input received and to examine the issues raised during the public hearings. The Committee also examined the progress made by NB Power in implementing the recommendations made by the Committee in its previous report.

NB Power officials appeared before the Committee on October 29 and 30, 1996 to respond to the issues raised at the public hearings and to answer questions posed by Committee members.

Your Committee met on November 6, 21 and December 17, 1996 to consider the submissions received and to prepare a report and recommendations to the House.

ISSUES RAISED DURING THE REVIEW:

1. Competition and Deregulation of the Electricity Industry

During their presentation, NB Power officials acknowledged that the 1996-2001 Business Plan is now outdated. However, Your Committee has concluded that even at the time of writing approximately seven months ago, it failed to adequately address the topic of deregulation and competition. This trend has continued to advance rapidly since the Plan was written, but it was well underway at that time.

Your Committee is concerned that a more in-depth commentary was not provided on competition, how NB Power views the challenges and opportunities, and how they propose to respond.

Recommendation #1:

Your Committee recommends that the next Business Plan have as a major focus a thorough discussion of the trend toward a deregulated or competitive industry.

This to include an update on developments in both Canada and the US, and how this impacts NB Power in terms of trade interprovincially as well as future exports. Also, to provide an outline of what NB Power has done and proposes to do in the future in order to respond to this trend, what benefits and risks are involved, and what steps must be taken to effectively implement elements of electricity competition in the province.

It is an undisputed fact that the electricity industry is moving toward a more competitive structure. Vertically integrated utilities, such as NB Power in its current form, do not possess the proper structure to effectively operate in such a future environment. However, there is no consensus on what the appropriate competitive industry model entails, or more importantly, how to properly manage the transition.

Although general common trends are emerging, each jurisdiction has unique characteristics such as electricity infrastructure, domestic and export markets, interconnection capability, and financial situation. It is therefore appropriate that New Brunswick develop its own customized strategy to address electricity competition. This strategy should reflect broad stakeholder input. Issues include how fast and how extensive should competition be introduced, what are the driving influences, the benefits and costs, the equity concerns, the stranded costs, and the transition considerations.

One presenter, Dr. Norman Betts, stated that an advisory committee should be established to study and recommend the process for transition to a deregulated and competitive environment. Further, that such a committee should be independent of NB Power and have representation from consumer groups, industry and small business, independent power producers, and environmental groups.

NB Power officials stated that Your Committee's review of annual Business Plans is sufficiently serving this purpose.

Another presenter, the Atlantic Institute for Market Studies, (AIMS), advocated an eventual move toward open retail competition. However, in doing so, AIMS stated that non technical policy issues associated with the move to competition are of key importance and that stakeholder interests must be dealt with fairly. Also, that natural environment and public health must not suffer nor appear to suffer, and that reliability and power quality must not be compromised. AIMS also stated that electricity market reform should be directed to serve the interests of consumers, taxpayers, and society at large rather than narrowly focused on benefiting producers.

Your Committee is of the opinion that the transition period associated with a move to a more open competitive electricity model for New Brunswick must be evaluated closely and managed carefully, to ensure that stranded asset costs are minimized and that the equity issues between rate classes are addressed responsibly.

Your Committee notes that other provincial jurisdictions, most notably Alberta, British Columbia, Ontario, and Quebec have established a process where all stakeholders are afforded input toward the future electricity structure in their respective provinces.

Your Committee has concluded that a broad stakeholder consultation process is desirable on this issue.

Recommendation #2

Your Committee recommends that a mechanism be established by government, which facilitates input by all major stakeholder groups, into the formulation of a strategy for New Brunswick which addresses electricity industry competition and deregulation.

2. Timing of the Business Plan Review

The 1996-2001 Business Plan was tabled in the Legislature in April 1996, but the review was not held until October 1996. Given the rapid changes taking place in the electricity sector, Your Committee now considers this six month gap to be too long in that the public review pertained to material which was clearly outdated. The review sequence undertaken by Your Committee in future years should be modified to narrow this time lag between the preparation of the Business Plan and the review. NB Power officials have indicated that effort has already commenced on the 1997-2002 Plan.

Recommendation #3

Your Committee recommends that the review of future NB Power Business Plans be held as soon as possible after the Plan is tabled in the Legislative Assembly.

3. The Plan Portrays an Overly Optimistic Outlook

NB Power has a high debt load which reduces its flexibility as it prepares for competition. The utility faces real challenges ahead in cost control, debt reduction, and improved marketing. The financial projections included in the 1996-2001 Business Plan are based on numerous assumptions related to variables such as fuel prices, interest rates, exchange rates, load levels, and capacity factors.

Although a sensitivity analysis was included for each identified uncontrollable variable, it appears that some base case assumed values were overly optimistic at the time of writing the Business Plan, and remain so today. These include the US exchange rate and the projected Point Lepreau capacity factor.

NB Power officials acknowledged that the assumed values for both the Point Lepreau capacity factor and the US exchange rate are probably too optimistic.

AIMS stated that two key forecast uncertainties with a significant downside potential are the availability of natural gas and the risk of a shortfall in export revenues. Further, that the importance of these two factors does not appear to be fully reflected in the Plan and that an assessment should be included of the options available to meet the contingency of a declining volume of sales.

AIMS also stated that the effect of aging on Pt. Lepreau should be examined carefully, and that the general observation of a negative effect of age on performance should be recognized. Also, that the next Plan should include nuclear production shortfall as a risk.

Dr. Norman Betts suggested that in a changing environment, the ability to forecast the future based on past data has to be questioned, and that the load and revenue forecast should include a sensitivity scenario where there is no revenue growth. He also made the general comment that the Plan is very sensitive to fuel costs and the US exchange and that both use optimistic values.

Another public presenter, Mr. Jack Wetmore, recommended that Your Committee restate its earlier request to have NB Power complete a study on elasticity of demand.

NB Power officials commented that the inclusion of natural gas, export sales, and the effect of aging on Lepreau are useful suggestions. However, they stated that a study on elasticity of demand may not be cost effective.

Electricity prices have increased at a pace above inflation since 1991, and are projected to increase further for three more years. This, coupled with the Harmonized Sales Tax, could potentially have a negative effect on future demand.

Your Committee is of the opinion that conservative assumed values for uncontrollable variables are more desirable than optimistic values. Also, that the variables included for discussion in the Plan and subject to a sensitivity analysis should be expanded.

Recommendation #4

Your Committee recommends that future Business Plans utilize a conservative set of values as a base case for all uncontrollable variables, versus the current practice of utilizing overly optimistic values for some key inputs. This would ensure that projected net improvement in cash flow and subsequent debt reduction have an increased probability of actually being achieved. This is particularly important now that NB Power has eliminated the generation equalization and export stabilization accounts and has moved to more of a "pay as you go" method of operation.

Your Committee recommends that consideration be given to including an allowance for additional factors such as the effect of higher prices on load (price elasticity), the effect of aging on the Point Lepreau capacity factor, the effect of possible natural gas supply in New Brunswick, and the effect of open access on export revenue.

4. Revenue to Cost Ratios - Should They be Adjusted?

The issue of rebalancing revenue to cost ratios so that rates are more closely aligned with the cost of providing service has become even more important as competition approaches. Rate classes will be more sensitive to the current practice of paying more than their allocated cost to serve as possible alternative supply becomes more of a reality. The latest NB Power rate increase, implemented on October 1, 1996 averaged 2.9%, but featured differential adjustments designed to rebalance rates and improve rate equity.

However, in its last report, this Committee recommended that the current ratios be held constant until a review was completed by NB Power on the impact of any adjustment on the ability to pay and competitiveness of the rate classes affected. This review remains outstanding.

In 1992, the PUB directed NB Power to gradually adjust revenue to cost ratios toward a long term target range of 0.95 to 1.05. However, in 1993, when commenting on the appropriateness of subsequent differential adjustments, the PUB stated that the reasonableness of a differential adjustment cannot be judged solely on the basis of percentages and that what might be reasonable in times of economic buoyancy might be unreasonable during a recession. Also, that the impact on subsidized classes must be balanced against the urgency of reducing the burden carried by subsidizing classes.

Economic conditions have clearly changed since the PUB directive in 1992. One example of this change is in the area of taxation levels across the various rate classes, including the planned Harmonized Sales Tax, which will add 8% to the cost of electric power.

One presenter, the New Brunswick Division of the Alliance of Manufacturers and Exporters Canada, (AMEC), stated that all rates must truly reflect the cost of providing the services.

AIMS stated that costs and rates should be unbundled to make them more closely based on the principle of user pay.

The basis for the revenue to cost ratios is a determination of costs to serve each rate class. This process of cost allocation was briefly explained in very general terms by NB Power as part of their presentation. Your Committee recognizes that this process is detailed and was a topic of considerable debate in 1991 at the PUB. As this process is a key component of the contentious issue of revenue to cost ratios, Your Committee would like to gain a better understanding of exactly what data and assumptions are utilized in the cost allocation process, as well as how extensive and how often the study is updated.

NB Power officials stated that they plan to continue to gradually narrow the range of revenue to cost ratios with each subsequent rate increase, and that the need for this adjustment is now more urgent as the utility approaches competition and open access. They added that all utilities need to align their rates more closely with the cost of providing service or there is considerable risk of losing customers to competitors.

Your Committee recognizes this threat, but is not ready to endorse a rebalancing of rates to improve rate equity without an analysis of the impact of such adjustments on the rate classes affected.

Recommendation #5

Your Committee recommends that the outstanding analysis be completed by NB Power to determine the impact of planned differential rate adjustments on the competitiveness of the various rate classes and on their ability to pay. Factors to include in such a study are the level of net tax paid by each rate class, the proportion of energy expense to overall expense, the ratios in other jurisdictions, including any historical and planned adjustments, and the impact of competition. An analysis illustrating the amount of differential adjustment required to reach the target range of revenue to cost ratios, under various alternative timeframes, should also form a component of this analysis.

Your Committee recommends that this ability to pay analysis be examined during the review of the next Business Plan, and if it is felt that the issue requires further study and debate, that a separate review process be established for this issue.

Your Committee requests that NB Power, at the time of the review of the next Business Plan, clearly outline the cost allocation process for the various rate classes, including the methodology and results for the most recent cost of service study.

5. Accounting Policies - Who is the Intended Audience?

NB Power has taken recent steps to move their accounting structure closer to that of a corporation with an unconfusing balance sheet reflecting actual operations. This includes eliminating the generation equalization and export sales stabilization accounts, stopping the practice of deferring interest and depreciation on Belledune and Dalhousie, and returning to income the balance in the now unneeded fuel channel removal account.

However, NB Power still retains various longer term accounting policies and practices that contribute to a year end reported net income that is more optimistic than if the practices were not in place. Regardless of whether these practices conform to generally accepted accounting principles, the issue is whether NB Power's financial statements provide objective information to its shareholders, the general public.

One presenter, Dr. Norman Betts, stated that Your Committee should send a clear message to NB Power management, the NB Power Board and its auditors, that accounting policies should be chosen that focus on the public as the primary user of financial statements. Further, that in doing so, NB Power should recognize that the public looks to bottom line net income as the primary indicator of annual operating results

Dr. Betts stated that in order to give a bottom line more indicative of annual operating performance, the \$52 million interest and depreciation related to Belledune which was capitalized during 1994 should be reversed retroactively, and that the phasing out of the Generation Equalization Account over three years should be suspended immediately and prior years financial statements restated. Also, that the site development costs for a second unit at Belledune, which are now capitalized as Construction in Progress should be written off, and that the accounting policy of capitalizing interest and depreciation when plants are taken out of service for unscheduled maintenance should be eliminated.

AIMS stated that NB Power's accounts provide an overly optimistic view of the utility's financial condition and must be reformed to provide objective information. In particular, AIMS suggested that

recovery of funds for nuclear unit decommissioning and nuclear fuel management be redesigned to accelerate near term fund accumulation and that these accumulated funds be transferred from a deferred liability account to an actual funded provision maintained at arm's length from the utility. AIMS also suggested that all costs currently carried in the construction in progress account for future units at Belledune should be promptly written off as an extraordinary expense.

NB Power officials agreed that capitalizing interest and depreciation is not supportable for unscheduled maintenance where the useful life of the plant is not extended. They also stated that the reversal of the \$52 million deferred finance charges for Belledune, and the writing off of funds related to common costs for a second unit at Belledune are valid points worth looking at. In addition, the 1996 Business Plan suggests that gradual funding for nuclear unit decommissioning and irradiated fuel management may be appropriate as NB Power reduces its market debt.

Related to whether or not NB Power can report a loss in any one fiscal year, Section 20 of the Electric Power Act states that the utility has to charge rates that allow it to pay expenses and to "*maintain such reserve, depreciation and surplus accounts as are maintained by a properly managed corporation.*" Dr. Betts stated that a clear legal opinion should be obtained on the interpretation of Section 20 of the Electric Power Act, and suggested that this perceived requirement for a positive net income may explain the numerous aggressive accounting policies employed by NB Power, as well as explain Order in Council #93-94, dated February 10, 1994, which directed NB Power to phase in the capital related costs for Belledune over the ensuing five years.

NB Power officials stated that their own legal staff had reviewed this matter and concluded that they could indeed report a loss.

With respect to OIC #93-94, it was pointed out that although the practice of deferring interest and depreciation for Belledune was suspended in favour of drawing down the stabilization accounts, the OIC was never amended or rescinded. Consequently, the OIC would appear to be at variance with NB Power's current accounting policy.

Your Committee feels that NB Power's accounting practices should focus on the public as the primary user of financial statements and therefore, that these practices should produce a bottom line net income that is as realistic as possible. In this regard, the following recommendation addresses specific current accounting practices that tend to produce somewhat confusing financial statements, and an optimistic versus a realistic net income figure.

Recommendation #6

Your Committee recommends that:

A. The practice be ceased of capitalizing interest and depreciation when plants are taken out of service for unscheduled maintenance, and the subsequent work carried out adds nothing to the value of the plant or the operating life.

B. The practice of capitalizing interest and depreciation when plants are taken out of service for scheduled maintenance be reviewed in light of the desire to have the financial statements give a more meaningful indication of NB Power's financial performance.

C. The portion of funds in the construction in progress account which are common costs related to a second unit at Belledune, and which are not useful in the operation of the existing Belledune plant, be written off as an extraordinary expense.

D. NB Power evaluate the impact of removing from the books the interest and depreciation related to Belledune, which was deferred and capitalized after the station was brought into full service in 1994. That NB Power submit a report to this Committee outlining options to remove this \$52 million from the undepreciated book value of the Belledune Plant. Also, that OIC 93-94 calling for Belledune deferrals be amended or rescinded.

E. The deferred liability accounts for nuclear unit decommissioning and irradiated fuel management be gradually moved toward a funded trust.

6. Accountability

The regulatory process in New Brunswick was changed in December 1993 when the Public Utilities Act was amended such that NB Power is exempt from Public Utility Board rate review as long as the average annual rate increase is under 3% or inflation, whichever is greater. Based on this requirement, there has been no PUB rate hearing since the amendments and, based on the forecasted level of rate increases, there will be no rate hearing for at least the next five years.

Rate increases are discussed during Your Committee's review of NB Power's annual Business Plan, but this discussion is limited to forecasted estimates of overall average rate increases and to historical increases, ie after implementation.

There is no opportunity for public input or formal review of what the increase will be for each individual rate class, until after the fact. In this regard, some conclude that this reflects a decline in accountability.

Also, because there is no planned PUB rate hearings, there will be no opportunity for formal regulatory review of any NB Power issues such as accounting policy changes, cost of service studies and associated adjustments to the revenue to cost ratios, integrated resource plans, load forecasts, export sales, or the degree of open access contemplated. This adds to concerns regarding accountability.

In addition, since 1994, there has been an unelected Chairman of NB Power, and the Minister of State for Mines and Energy has been responsible for NB Power in the Legislative Assembly. This Minister is regularly briefed by NB Power, but some argue that this arrangement further limits NB Power's accountability.

These same December 1993 amendments to the Public Utilities Act outline a requirement for NB Power to appear before the PUB to justify any direct capital expenditure for new generation. However, no new generation has been proposed since 1993, and the latest NB Power Integrated Resource Plan outlines no need for new generation until 2005.

AIMS stated that NB Power's accounts should be subject to ongoing, independent, and public review by the Public Utilities Board.

Dr. Norman Betts stated that more accountability is needed, and suggested that Your Committee's previous request be repeated to amend the Public Utilities Act such that PUB review is required for major expenditures related to maintenance and upgrades. He also mentioned the capitalization of expense issue and stated that an accountability mechanism is definitely lacking for review of such policies. Further, that with the move to a price cap regulation of rates in 1993, the regulation mechanism has been loosened and that the accountability mechanisms falls to the public, and to Your Committee. He stated that this puts much more emphasis on the need for fair and transparent financial reporting.

Your Committee is of the opinion that with respect to public policy matters, and general review of the annual Business Plan, the Standing Committee on Crown Corporations is the appropriate review body.

However, without Your Committee retaining further technical expertise, the PUB would be the more appropriate review body for large expenditures related to maintenance and upgrading of generating facilities, as well as for such areas as significant accounting policy changes, rate equity and cost of service studies, integrated resource planning, flexible rates, and open access transmission rates.

The *Public Utilities Act*, Section 40(1) allows for the government to request that the PUB call a public review for **any rate related matter** which government considers requires such a review.

An amendment to the *Public Utilities Act* would be required in order for government to have the ability to request the PUB to conduct a generic review of additional technical issues, not specifically related to rates, such as accounting policy changes and integrated resource plans.

In the course of future annual reviews of the NB Power Business Plan, Your Committee may recommend that government request specific reviews by the PUB, **separate from any required rate increase review**, if the Committee encounters significant technical issues which, in its opinion, would benefit from the expertise of the PUB and the associated quasi-judicial public review process.

Recommendation #7

Your Committee recommends that the Public Utilities Act be revised to authorize PUB review of capital expenditures related to maintenance programs and the upgrade or decommissioning of generating facilities, where the estimated cost of such work exceeds \$100 million.

Your Committee may recommend to the Legislature, specific generic reviews by the PUB, if the Committee identifies such a need during the course of future annual Business Plan reviews. If provision for the PUB to review the particular issues identified is not authorized under the Public Utilities Act, revision to the Act may be necessary.

7. The Need for Flexible Rates

NB Power has initiated an effort to offer large industrial rate customers a selection of various rate options. This has involved meeting with the customers individually to identify opportunities where electricity can be used at different times of the day or in a different cycle. This has led to pilot projects involving real time pricing and curtailable or interruptible rates.

NB Power has also retained a consultant to look at the feasibility of offering time of use rates in the commercial and residential sectors. This report is expected to be completed by April, 1997.

Mr. Jack Wetmore stated that peak demand savings should be pursued more aggressively and that demand side management emphasis should be placed on reducing the spread between the winter peak and the summer low. Further, that Your Committee's earlier request for NB Power to complete a report on time of use rates should be repeated.

The Alliance of Manufacturers and Exporters Canada, (APEC), stated that rates should continue to be expanded to offer multiple rate options for every customer group. Also, that availability of many rate options would promote customer loyalty and motivate efficient use of power.

Your Committee recognizes that NB Power has a relatively large peak load requirement and considers time of use rates to be an important component of peak load management. Flexible rates are one method of providing cost effective alternatives to customers and are often required in order to effectively implement energy efficiency measures.

Recommendation #8

Your Committee recommends that NB Power continue to expand the rate options available to large industrial customers.

Your Committee recommends that the ongoing study on time of use rates for the residential and commercial sectors be summarized and reported to this Committee for discussion during review of the next Business Plan.

8. Environmental Initiatives

One of Your Committee's previous recommendations was that the results of environmental audits, performed internally by NB Power on their various generating facilities, be made available to the public.

During the course of this current review, NB Power officials stated that results of the environmental audits were made available to the public in the latest NB Power Annual Report.

However, these audits are mentioned only briefly in the Annual Report and no specific detail is included. NB Power officials agreed, but stated that they question whether the public is really interested in specific details such as for example that one plant component was not in compliance with respect to proper labeling. Not that this is not important, but it is detail that may not be particularly relevant to the general public.

Discussion then focused on the need for some narrative which reports on the broader environmental issues, and that there is a need for the public to be able to read material which highlights the associated challenges and achievements.

Your Committee has concluded that such a report would be of benefit and would provide a forum where NB Power could publicly highlight environmental issues, achievements, challenges, and action plans.

Recommendation #9

Your Committee recommends that NB Power prepare, on an annual basis, a stand alone public report which outlines environmental challenges and achievements. This document should be available for discussion during review of the next Business Plan. In addition, the discussion of Environmental Management in the annual Business Plan should be more detailed and comprehensive.

9. The Future Role of Demand Side Management

With respect to energy efficiency and demand side management initiatives, because of current excess capacity and the possibility of competitive generation in the future, NB Power officials stated that there tends to be less emphasis placed on trying to defer capital spending on new power plants.

Indeed, with the creation of a new marketing division at NB Power, the objective would appear to be the sale of more, not less. This apparent dichotomy was put in context by NB Power officials when it was explained that demand side management involves a very large amount of data and information on specific end uses of electricity. This information may not be necessarily focused on avoiding a long term investment in a power plant, but is invaluable information on how customers use your product.

Mr. Jack Wetmore explained in detail the relative overall efficiency of electric heat in homes, supplied by generating plants burning fossil fuels, versus heating a home with an oil furnace. He stated that electric heat results in approximately three times more carbon dioxide than oil furnaces providing the same heat. Electric heat also requires approximately two and one half times as much fuel as an oil furnace. Based on these higher fuel and environmental costs, Mr. Wetmore stated that demand side management efforts should be strengthened. He also pointed out that because electric heat has a low load factor and is so prevalent in New Brunswick, NB Power is left with large amounts of idle capacity

for a large majority of the year. Because of this, he suggested that an emphasis be placed on reducing peak demand.

Your Committee considers demand side management as a key component of NB Power's new marketing or customer service thrust. It involves innovative ways to meet customer needs and provides consumers with economical methods to reduce use or use more wisely. The goal of demand side management should be to provide customer choice and to establish a competitive advantage so NB Power can retain customers in a future competitive industry.

Your Committee is also aware that the benefits of energy efficiency are significant in terms of employment and an improved environment.

Recommendation #10

Your Committee recommends that demand side management activities should be retained by NB Power as this is considered a useful customer service initiative and a future competitive advantage. In addition, an emphasis should be placed on peak demand reduction.

10. Operating and Maintenance Expenses

The level of NB Power's operating, maintenance, and administrative expenses (OM&A), continues to be an issue.

During the last review, the Business Plan covering 1994-1999 projected a steadily rising level of OM&A expense and Your Committee recommended that these expenses be given further examination and review. Also, that a value for money audit may be of benefit. This type of audit is one requirement of federal Crown corporations and is an independent appraisal to determine whether an organization is conducting its affairs in accordance with prudent process, including due regard for economy, efficiency, and effectiveness.

A value for money audit was not carried out. Despite this, the current Business Plan now projects a steadily decreasing level of OM&A. The following table provides numerical values for OM&A from the three Business Plans prepared to date. All values are expressed in millions of dollars.

94/95 95/96 96/97 97/98 98/99 99/00 00/01

1994-1999 284 290 296 306 314

1995-2000 273 275 275 275 275

1996-2001 260 259 257 255 253

AMEC stated that NB Power must act to further reduce its OM &A and interest expense. They commented that deregulation will bring a narrowing in the wide variation existing today between industrial power rates in Canada, and that NB Power currently has the third highest industrial rates in the country. Therefore, AMEC stated that significant reductions in OM&A and interest expense will be needed to move power rates downward.

Mr. Jack Wetmore stated that cost effectiveness could be improved and stated that a value for money audit would be useful.

AIMS noted that NB Power has the lowest labour efficiency of the four major vertically integrated utilities in Canada, reliant primarily on non-hydroelectric power sources, measured by the ratio of millions of dollars of sales per employee. AIMS stated that one factor driving payroll costs and contributing to low labour efficiency is a tendency to perform functions internally versus retaining outside specialists. They stated that operating costs should be reduced through a 10% reduction in current payroll expenses.

With respect to a value for money audit, NB Power officials stated that they have been putting their efforts toward the actual cost reductions versus taking any action to engage for a value for money audit. Further, that such an audit is not required to be an incentive to the management of NB Power to control expenses. That controlling expenses is the first order of the day and that such an audit would slow down the process and the speed at which senior management wishes to implement initiatives.

Your Committee is encouraged by the projected reduction in OM,&A expense levels and is of the opinion that these cost reductions are essential as the electric industry moves toward a deregulated and competitive market place.

In order to assist NB Power in their planned cost reduction initiatives, Your Committee feels that an independent appraisal, namely a comprehensive value for money audit, would be of substantial benefit.

Recommendation #11

Your Committee recommends that NB Power's operating and maintenance expenses be subject to a value for money audit by the Office of the Auditor General.

11. Comparability of Annual Business Plans

During the review of the present Business Plan, public presenters and members of Your Committee regularly compared the current Plan to previous versions. This proved extremely complicated at times due to differences in format of the various tables and figures in the Plans, as well as the fact that the Plans cover differing time periods.

Your Committee considers it important for the annual Plans to be easily compared to previous versions, as this would expedite future reviews.

Recommendation #12

Your Committee recommends that for ease of review, the next Business Plan should be easily compared to this years format. Comparison tables should be included along these lines. This is especially important given that the next Plan will be structured around the four business units.

All of which is respectfully submitted.

(Sgd.) John McKay, M.L.A. Chairman

SUMMARY LIST OF RECOMMENDATIONS:

1. Your Committee recommends that the next Business Plan have as a major focus a thorough discussion of the trend toward a deregulated or competitive industry.

This to include an update on developments in both Canada and the US, and how this impacts NB Power in terms of trade interprovincially as well as future exports. Also, to provide an outline of what NB Power has done and proposes to do in the future in order to respond to this trend, what benefits and risks are involved, and what steps must be taken to effectively implement elements of electricity competition in the province.

2. Your Committee recommends that a mechanism be established by government, which facilitates input by all major stakeholder groups, into the formulation of a strategy for New Brunswick which addresses electricity industry competition and deregulation.

3. Your Committee recommends that the review of future NB Power Business Plans be held as soon as possible after the Plan is tabled in the Legislative Assembly.

4. Committee recommends that future Business Plans utilize a conservative set of values as a base case for all uncontrollable variables, versus the current practice of utilizing overly optimistic values for some key inputs. This would ensure that projected net improvement in cash flow and subsequent debt reduction have an increased probability of actually being achieved. This is particularly important now that NB Power has eliminated the generation equalization and export stabilization accounts and has moved to more of a "pay as you go" method of operation.

Your Committee recommends that consideration be given to including an allowance for additional factors such as the effect of higher prices on load (price elasticity), the effect of aging on the Point Lepreau capacity factor, the effect of possible natural gas supply in New Brunswick, and the effect of open access on export revenue.

5. Your Committee recommends that the outstanding analysis be completed by NB Power to determine the impact of planned differential rate adjustments on the competitiveness of the various rate classes and on their ability to pay. Factors to include in such a study are the level of net tax paid by each rate class, the proportion of energy expense to overall expense, the ratios in other jurisdictions, including any historical and planned adjustments, and the impact of competition. An analysis illustrating the amount of differential adjustment required to reach the target range of revenue to cost ratios, under various alternative timeframes, should also form a component of this analysis.

Your Committee recommends that this ability to pay analysis be examined during the review of the next Business Plan, and if it is felt that the issue requires further study and debate, that a separate review process be established for this issue.

Your Committee requests that NB Power, at the time of the review of the next Business Plan, clearly outline the cost allocation process for the various rate classes, including the methodology and results for the most recent cost of service study.

6. Your Committee recommends that:

A. That the practice be ceased of capitalizing interest and depreciation when plants are taken out of service for unscheduled maintenance, and the subsequent work carried out adds nothing to the value of the plant or the operating life.

B. That the practice of capitalizing interest and depreciation when plants are taken out of service for scheduled maintenance be reviewed in light of the desire to have the financial statements give a more meaningful indication of NB Power's financial performance.

C. That the portion of funds in the construction in progress account which are common costs related to a second unit at Belledune, and which are not useful in the operation of the existing Belledune plant, be written off as an extraordinary expense.

D. That NB Power evaluate the impact of removing from the books the interest and depreciation related to Belledune, which was deferred and capitalized after the station was brought into full service in 1994. That NB Power submit a report to this Committee outlining options to remove this \$52 million from the undepreciated book value of the Belledune Plant. Also, that OIC 93-94 calling for Belledune deferrals be amended or rescinded.

E. That the deferred liability accounts for nuclear unit decommissioning and irradiated fuel management be gradually moved toward a funded trust.

7. Your Committee recommends that the Public Utilities Act be revised to authorize PUB review of capital expenditures related to maintenance programs and the upgrade or decommissioning of generating facilities, where the estimated cost of such work exceeds \$100 million.

Your Committee may recommend to the Legislature, specific generic reviews by the PUB, if the Committee identifies such a need during the course of future annual Business Plan reviews. If provision for the PUB to review the particular issues identified is not authorized under the Public Utilities Act, revision to the Act may be necessary.

8. Your Committee recommends that NB Power continue to expand the rate options available to large industrial customers.

Your Committee recommends that the ongoing study on time of use rates for the residential and commercial sectors be summarized and reported to this Committee for discussion during review of the next Business Plan.

9. Your Committee recommends that NB Power prepare, on an annual basis, a stand alone public report which outlines environmental challenges and achievements. This document should be available for discussion during review of the next Business Plan. In addition, the discussion of Environmental Management in the annual Business Plan should be more detailed and comprehensive.

10. Your Committee recommends that demand side management activities should be retained by NB Power as this is considered a useful customer service initiative and a future competitive advantage. In addition, an emphasis should be placed on peak demand reduction.

11. Your Committee recommends that NB Power's operating and maintenance expenses be subject to a value for money audit by the Office of the Auditor General.

12. Your Committee recommends that for ease of review, the next Business Plan should be easily compared to this years format. Comparison tables should be included along these lines. This is especially important given that the next Plan will be structured around the four business units.

STATUS OF RECOMMENDATIONS MADE IN THE PREVIOUS REPORT:

Your Committee's previous report, pertaining to NB Power's Business Plan 1994-1999, contained twenty-three recommendations. This section lists these recommendations and provides a status report on each of them.

1. Your Committee recommends that NB Power include a low and high forecast of energy and peak demand requirements in future annual updates of the five year Business Plan, in addition to the most likely or base case forecast. This should be accompanied by a discussion of actual versus predicted load levels in recent years, and an illustration of the impact of the three load scenarios on projected net income.

Addressed to: NB Power - **Status: Complete**

2. Your Committee recommends that NB Power include an analysis of the relationship between electricity price and demand, taking into account competitive end use energy forms, in future load forecasting. Your Committee recognizes that NB Power currently does not incorporate such an

analysis, and expects that it may take more than one year to implement such a variable into the forecasting process.

Addressed to: NB Power - **Status: Outstanding**

3. Your Committee recommends that NB Power establish, within the next twelve months, an official policy that would allow and encourage non-utility generation. This policy would be separate from any policy currently being developed which concentrates solely on cogeneration. The policy should clearly outline criteria with respect to buy-back rates based on avoided costs, reliability, and conditions under which private sector generation would be solicited. Also, NB Power should undertake to develop and make public its long term avoided costs on a regular basis.

Addressed to: NB Power - **Status: Outstanding**

4. Your Committee recommends that plants should not be built for the primary purpose of serving potential export markets, except under participation agreements for long term firm capacity. When capital construction is evaluated and export markets are considered as partial justification, NB Power should carefully analyze and consider both the financial and environmental implications.

Addressed to: NB Power - **Status: Complete**

5. Your Committee recommends that NB Power pursue regional planning initiatives, and that all parties involved in the decision making process for new capital construction carefully consider the long term benefits of lowest cost regional power supply.

Addressed to: NB Power - **Status: Complete**

6. Your Committee recommends that demand side management be an integral component of future load resource planning at NB Power and that it be pursued more aggressively than in the past. Energy efficiency programs should include measures to address both energy and peak demand reduction, with particular emphasis on peak demand savings. The updated Integrated Resource Plan should be a central focus of discussion associated with the next Business Plan. Your committee and interested stakeholders should receive this document well in advance of the next review session.

Addressed to: NB Power - **Status: Complete**

7. Your Committee recommends that given the relatively large peak demands associated with NB Power's in-province load, that NB Power produce a report which addresses the concept of time of use rates, and submit this report to the Committee for discussion during the next review.

Addressed to: NB Power - **Status: Outstanding**

8. Your Committee recommends that DNRE prepare factual information on the comparative costs of various end use heating forms and make this available to the public. This should be carried out in conjunction with oil company and electric utility officials to ensure that the information is accurate and inclusive.

Addressed to: Government - **Status: Completed by Industry**

9. Your Committee recommends that NB Power's operation and maintenance expenses be given further examination and review. Your Committee sees the benefit in an independent value for money audit of NB Power. Your Committee notes that the provincial Office of the Auditor General may be able to provide input on this matter.

Addressed to: Government - **Status: Outstanding**

10. Your Committee wishes to clarify their position that this report in no way assumes prior concurrence with NB Power's plans to adopt and implement an annual increase in rates of 2.9% for the five fiscal years 1994/95 through to 1998/99. Any proposed rate adjustment should be the topic of discussion and review by Your Committee. It is entirely possible that the projected 2.9% annual average rate increase may be unnecessary in one or more future fiscal years.

Addressed to: Government - **Status: Complete**

11. Your Committee endorses the export of skills by NB Power, and recognizes that this has the potential to be a significant growth area for the utility. Your Committee recommends that this export of skills be based on a consideration of cost recovery, safety of NB Power's domestic operations, availability of these skills to the domestic market, establishment of a separate entity if activity warrants it, and the political stability and human rights record of the countries involved.

Addressed to: NB Power - **Status: Complete**

12. Your Committee recommends that future Business Plans address how new technology could be used to better serve NB Power's customers, and includes a discussion of the broad use of technology in this regard.

Addressed to: NB Power - **Status: Complete**

13. Your Committee recommends that environmental audits performed on NB Power facilities under the Environmental Assurance Program be made available to the public. Your Committee also recommends that NB Power include any updated estimates associated with Point Lepreau decom-missioning and fuel management in the next Business Plan.

Addressed to: NB Power - **Status: Complete**

14-A. Your Committee recommends that NB Power adopt changes to rate stabilization and capital cost deferral accounting policies as follows:

Eliminate the generation equalization and export sales stabilization account.

Transfer the balance in the export sales stabilization account into income in 1994/95.

Return the balance in the fuel channel removal account over three years starting November 1, 1995.

Return the balance in the generation equalization account over three years starting in 1994/95.

Stop interest and depreciation on Lepreau during the six month outage in 1995/96 for repair to the fuel channels.

Your Committee also recommends that NB Power consider the establishment of a mechanism whereby net income or losses above a pre-set limit be returned to or charged to customers on a systematic basis in future years.

Addressed to: NB Power - **Status: Complete**

14-B. Whereas Recommendation #14-A may require that NB Power report a negative net income in any one fiscal year, Your Committee recommends that Section 20 of the Electric Power Act be examined to see if a revision is required to clarify that NB Power can report such a negative net income.

Addressed to: NB Power - **Status: Complete**

15. Your Committee recommends that the current range in revenue to cost ratios be held constant at this time until further review is undertaken by NB Power to determine the impact of any proposed formula for differential adjustment on the ability to pay and competitiveness of the rate classes affected.

Your Committee recommends that NB Power conduct such a review and include consideration of how current revenue to cost ratios and any proposed differential adjustments compare to those of other electric utilities.

Your Committee requests that this review be submitted as a report to the Committee for discussion during the review of the next annual Business Plan.

Addressed to: NB Power - **Status: Outstanding**

16. Your Committee recommends that NB Power remain a Crown corporation at this time. However, NB Power should adopt structures and practices consistent with those of private corporations where such action makes positive economic sense, and would be a benefit to the ratepayers. Your Committee recommends that this issue be reviewed on a periodic basis.

Addressed to: Government - **Status: Complete**

17. Your Committee is not convinced that the guarantee fee paid by NB Power provides a benefit in terms of lower cost of capital greater than or equal to the current fee level of 0.6489% of guaranteed long term debt. This level of fee should be reviewed further by an independent financial expert and a report submitted to Your Committee for discussion during the next review. This review should address the difference in cost of capital between various public and private electric utilities, as well as the financial stability of the various Crown utilities relative to their respective provincial

Addressed to: NB Power - **Status: Outstanding**

18. Your Committee recommends that NB Power review the advantages and disadvantages of setting up a trust fund or sinking account to meet future liabilities associated with nuclear unit decommissioning and irradiated fuel management. this review should be available for discussion during examination of the 1995 Business Plan.

Addressed to: NB Power - **Status: Complete**

19. Your Committee recommends that NB Power include a sensitivity analysis of changes in uncontrollable variables such as in-province load, export sales, interest rates, cost of oil, and foreign exchange rate, in the next Business Plan. This analysis should outline a projected range in each of these variables, and an illustration of the impact of this range on net income.

Addressed to: NB Power - **Status: Complete**

20. Your Committee recommends that NB Power review:

- I. The costs, benefits, and timing of reducing their US dollar debt level.
- II. The accrual of decommissioning costs for plants other than Point Lepreau.
- III. The estimated lives of their thermal stations for depreciation purposes.

These reviews should be available for discussion during review of the next Business Plan.

Addressed to: NB Power - **Status: Complete**

21. Your Committee recommends that future Business Plans include discussion of fuel mix, external sales, load forecast, rate comparisons, and historical data. This material is currently included in the Business Overview section.

Addressed to: NB Power - **Status: Complete**

22. Your Committee recommends that the following documents be made available to the Committee and interested stakeholders in advance of any future review involving annual updates of the Business Plan: the most up to date Load Forecast, a capacity planning document commonly referred to as a Load Resource Plan, and the Environmental Policy. Further, Your Committee recommends that NB Power prepare a general discussion paper on export market constraints and opportunities, and that this be updated on a regular basis.

Addressed to: NB Power - **Status: Complete**

23. Your Committee considers the current requirements for Public Utility Board review of direct capital expenditures for new generation to not be broad enough. Your Committee recommends that this legislation be revised to include review of major expenditures related to maintenance programs and the upgrade or decommissioning of generating facilities.

Addressed to: Government - **Status: Outstanding**

Ordered that the report be received, that leave be granted, and the Committee continued.

It was agreed by unanimous consent to extend the period for Oral Questions by five minutes.

Bills Introduced

The following Bills were introduced and read the first time:

By Hon. Mr. Duffie

Bill 33, *International Wills Act*.

Bill 34, *An Act to Amend the Wills Act*.

Bill 35, *An Act to Amend the Provision for Dependants Act*.

Bill 36, *An Act to Amend the Property Act*.

Bill 37, *An Act to Amend the Probate Court Act*.

Ordered that the said Bills be read a second time at the next sitting.

Notices of Motions

Mr. Robichaud, on behalf of Hon. Mr. Valcourt gave Notice of Motion 65 that on Tuesday, January 7, 1997, he would move the following resolution, seconded by Mr. Robichaud:

Whereas the government has undertaken to blend the Provincial Sales Tax with the federal Goods and Services Tax on the promise that it would create an advantage, among others, to the retail sector in New Brunswick and therefore to consumers;

WHEREAS tax inclusive pricing provisions would force retailers to incur exorbitant costs which could not be balanced through any other means than to be passed on to consumers, thus eliminating economic benefits claimed by this measure:

BE IT RESOLVED that this House ask the government to consider foregoing the tax inclusive pricing provisions when it legislates the blended sales tax scheme.

Government Motions re Business of House

Hon. Mr. Frenette announced that today the House would proceed with the regular Order of Business, including consideration of the estimates in the Committee of Supply; in particular, those of the Department of Transportation.

Third Reading

The Order being read for third reading of Bill 23, *An Act to Amend the Municipal Assistance Act*, a debate arose thereon.

And the debate being ended, and the question being put that Bill 23 be now read a third time, it was resolved in the affirmative on the following recorded division:

YEAS - 36

Hon. Mr. Duffie	Hon. Mr. Smith	Mr. Johnson
Hon. Mr. Graham	Hon. Mrs. Trenholme	Mr. Kavanaugh
Hon. Mr. King	Hon. Mrs. Jarrett	Mr. Olmstead
Hon. Mrs. Barry	Mr. McAdam	Mr. Flynn
Hon. Mr. Blaney	Mr. Kennedy	Mr. O'Donnell
Mr. McKay	Hon. Mr. Doucet	Mr. MacDonald
Hon. B. Thériault	Hon. Mrs. Day	Mr. Byrne
Hon. Mrs. Breault	Hon. Mr. Steeves	Mr. MacLeod
Hon. C. Thériault	Mr. Wilson	Mr. Doyle
Hon. Mr. Tyler	Mr. LeBlanc	Mr. D. Landry
Hon. Mrs. Mersereau	Mr. Jamieson	Mr. Armstrong
Hon. Mr. Lockyer	Mr. A. Landry	Mr. Devereux

NAYS - 6

Mr. Sherwood	Mr. Mockler	Mr. Volpé
Mr. Robichaud	Ms. Weir	Mr. D. Graham

Accordingly, Bill 23, *An Act to Amend the Municipal Assistance Act*, was read the third time and passed.

Private Members' Motions

Debate resumed on the proposed amendment to Motion 3, moved by

Hon. Mr. King, seconded by Hon. Mr. Frenette, as follows:

AMENDMENT

THAT Motion 3 be amended by

1. In the paragraph containing the resolution, by deleting the word "these" in line 2; and

2. In the paragraph containing the resolution by inserting the following words after the words "scientific polls" in line 2: ", the concerns of the public at-large, the Canada Health Act, the opinions of stakeholders in the health sector, the opinions of taxpayers, editorials in daily newspapers and weeklies, the opinions of users of the health care system, taxation level, hospital corporations, discussions of the government caucus, national experts in the field of health insurance, members of political parties and many others,"

And after some time, Mr. O'Donnell, the Deputy Speaker, took the chair.

And the debate being ended and the question being put, the proposed amendment was adopted.

Debate continued on Motion 3, as amended, as follows:

WHEREAS the New Brunswick Public Employees Association recently released the results of a poll carried out among the public, showing that 88% of those surveyed were against bed closures and staff cutbacks in hospitals and against the closure of certain hospitals;

WHEREAS the New Brunswick Nurses' Union also released the results of a poll carried out among its membership, showing that 80% of those surveyed believe New Brunswick hospital staff cutbacks jeopardize patient care quality;

BE IT RESOLVED that the government take into consideration the results of scientific polls, the concerns of the public at-large, the Canada Health Act, the opinions of stakeholders in the health sector, the opinions of taxpayers, editorials in daily newspapers and weeklies, the opinions of users of the health care system, taxation level, hospital corporations, discussions of the government caucus, national experts in the field of health insurance, members of political parties and many others," when it develops its health care policies.

And the debate being ended, and the question being put, Motion 3 as amended was carried.

Pursuant to Notice of Motion 58, Mr. Flynn moved, seconded by Mr. McAdam:

WHEREAS the prime bank lending rate is the lowest it has been in decades, currently at 4.75%;

AND WHEREAS financial institutions in some cases are charging borrowers using credit cards in excess of 17%, and some department and other stores are charging rates in excess of 28%, resulting in the greatest spread between credit card rates and the bank rates ever seen in Canada;

BE IT RESOLVED THAT the Legislative Assembly of New Brunswick express its support for the efforts of the more than one hundred Members of Parliament who are working to achieve a reduction in rates for those using consumer credit cards.

And the question being put, a debate ensued.

And the debate being ended and the question being put, Motion 58 was carried.

Committee of Supply

The House, according to Order, resolved itself into a Committee of Supply with Mr. MacDonald in the chair.

The Chairman declared a recess at 12.07 o'clock p.m.

12.23 o'clock p.m.

The Committee resumed at 12.23 o'clock p.m. with Mr. MacDonald in the chair.

It was agreed by unanimous consent to sit through the noon recess for the purpose of completing the estimates of the Department of Transportation.

And after some time spent therein, Mr. Deputy Speaker resumed the Chair and Mr. MacDonald, the Chairman, after requesting that Mr. Deputy Speaker revert to Presentations of Committee Reports, reported that the Committee had made some progress in the consideration of the matters referred to them, had passed several items and asked leave to sit again.

Pursuant to Standing Rule 78.1, Mr. Speaker then put the question on the motion deemed to be before the House, that the report be concurred in, and it was resolved in the affirmative.

The following are the items reported:

MAIN ESTIMATES - ORDINARY ACCOUNT

1997 - 1998

DEPARTMENT OF TRANSPORTATION

Resolved, That there be granted to Her Majesty a sum not exceeding \$127,223,800 to defray the expenses of the Ordinary Account program allocations of the Department of Transportation for the fiscal year ending the 31st day of March, 1998.

CAPITAL ACCOUNT

1997 - 1998

Voted, Supply in the following amounts to defray the expenses of the following programs:

DEPARTMENT OF TRANSPORTATION

40 50 Permanent Bridges 13,000,000

40 51 Permanent Highways 67,000,000

40 52 Canada / New Brunswick

Highway Improvement Program 21,400,000

40 53 National and Arterial Highways Program 37,500,000

40 54 Canada / New Brunswick

Fixed Link Highway Improvement Program 9,400,000

40 55 Vehicles and Equipment 5,400,000

40 57 Canada / New Brunswick

Strategic Highway Improvement Program 5,400,000

40 59 Canada / New Brunswick

Atlantic Freight Transition Program 104,900,000

WORKING CAPITAL - MAXIMUM BALANCES

1997 - 1998

Voted

PETTY CASH ADVANCES

Transportation 75,000

INVENTORIES

Transportation 19,000,000

The said items were concurred in by the House.

Government Motions re Business of House

At the request of Hon. Mr. Tyler, Mr. Deputy Speaker reverted to Government Motions for the Ordering of the Business of the House. Hon. Mr. Tyler informed the House that it was the intention of the government to recess until 3 o'clock p.m. at which time Royal Assent would take place.

Mr. Deputy Speaker declared a recess at 1.04 o'clock p.m.

3 o'clock p.m.

Mr. Speaker resumed the chair.

Royal Assent

His Honour the Administrator was announced, and having been bidden to enter, took his seat in the chair upon the Throne.

Mr. Speaker addressed His Honour as follows:

May It Please Your Honour:

The Legislative Assembly of the Province of New Brunswick has passed several Bills at the present sittings of the Legislature to which, in the name and on behalf of the said Legislative Assembly, I respectfully request Your Honour's assent.

The Clerk Assistant then read the titles of the Bills as follows:

Bill 2, *An Act to Repeal the Regional Savings and Loans Societies Act.*

Bill 3, *An Act to Repeal the Regional Savings and Loans Societies Federation Act.*

Bill 4, *An Act to Repeal the Consumer Bureau Act.*

Bill 5, *An Act to Amend the Commissioners for Taking Affidavits Act.*

Bill 6, *An Act to Amend the Social Services and Education Tax Act.*

Bill 7, *An Act to Amend the Public Service Superannuation Act.*

Bill 8, *An Act to Amend the Public Service Labour Relations Act.*

Bill 9, *An Act to Amend the Teachers' Pension Act.*

Bill 10, *An Act to Amend the Revenue Administration Act.*

Bill 11, *An Act to Amend the Trade Schools Act.*

Bill 12, *An Act to Amend the Plumbing Installation and Inspection Act.*

Bill 13, *An Act to Amend the Marriage Act.*

Bill 14, *An Act to Amend the Change of Name Act.*

Bill 15, *An Act to Amend the Family Services Act.*

Bill 16, *An Act to Amend An Act to Amend the Family Services Act.*

Bill 17, *An Act to Amend the Municipalities Act.*

Bill 18, *An Act to Amend the Sheep Protection Act.*

Bill 19, *Statute Law Amendment Act 1996.*

Bill 20, *An Act to Repeal the Pension Fund Societies Act.*

Bill 21, *An Act to Amend the Loan and Trust Companies Act.*

Bill 22, *An Act Respecting Health Professionals.*

Bill 23, *An Act to Amend the Municipal Assistance Act.*

Bill 24, *An Act to Amend the Gasoline and Motive Fuel Tax Act.*

Bill 25, *An Act to Amend the Revenue Administration Act.*

Bill 26, *An Act to Amend the Employment Standards Act.*

His Honour signified His Assent as follows:

It is the Queen's wish. La reine le veut.

To these Bills, His Honour's assent was announced by the Clerk of the Legislative Assembly in the following words:

In Her Majesty's name, His Honour the Administrator assents to these Bills, enacting the same and ordering them to be enrolled.

His Honour then retired and Mr. Speaker resumed the chair.

Documents Tabled

Hon. Mr. Lockyer requested Mr. Speaker revert to the order of Tabling of Documents and laid upon the table of the House a document entitled White Paper - Proposal for the New Brunswick Education Act.

Government Motions re Business of House

Hon. Mr. Frenette requested Mr. Speaker revert to the Order of Government Motions for the Ordering of the Business of the House.

On motion of Hon. Mr. Frenette, seconded by Hon. Mr. Lockyer:

THAT the White Paper entitled *Proposal for the New Brunswick Education Act* tabled in the House today by Hon. Mr. Lockyer be referred to the Standing Committee on Law Amendments for review and input.

On motion of Hon. Mr. Frenette, seconded by Hon. Mr. Tyler:

RESOLVED, that when the House adjourns, it stand adjourned until Tuesday, January 7, 1997, at 1 o'clock p.m.

Mr. Speaker offered Best Wishes of the Season to all Members and citizens of New Brunswick.

And then, 3.17 o'clock p.m., the House adjourned.