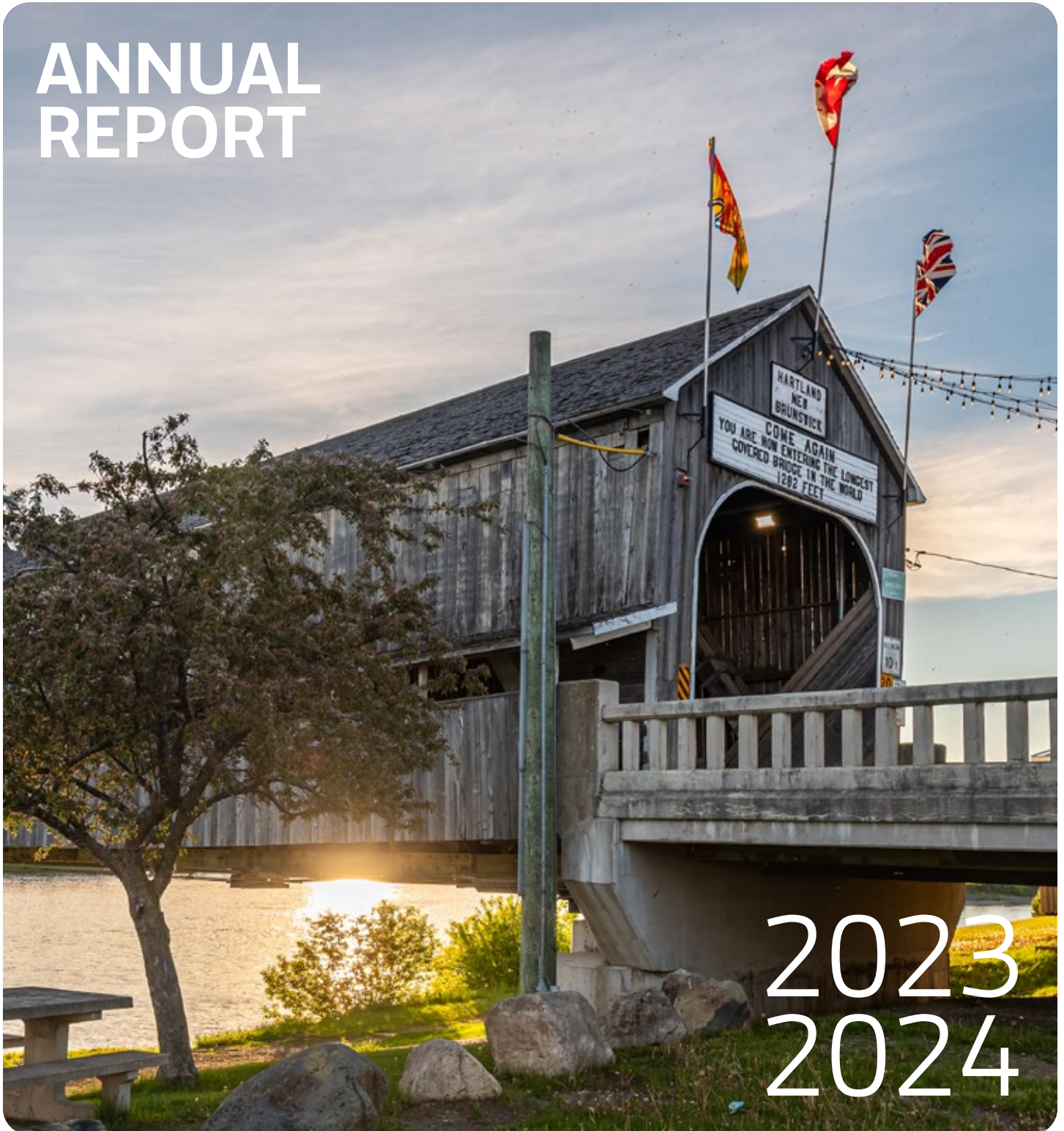




NEW BRUNSWICK
ENERGY & UTILITIES BOARD

COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS
NOUVEAU-BRUNSWICK

ANNUAL REPORT



2023
2024

ANNUAL REPORT 2023-2024

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NEW BRUNSWICK
ENERGY & UTILITIES BOARD
COMMISSION DE L'ÉNERGIE ET DES SERVICES PUBLICS
NOUVEAU-BRUNSWICK

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ACTING CHAIRPERSON'S MESSAGE



I am honoured to present the New Brunswick Energy and Utilities Board's Annual Report for the fiscal period of 2023-2024.

The Board has seen several changes over the past year. The Board bid farewell to member John Herron, whose term concluded in November. John made a valuable contribution to the New Brunswick energy sector and the Board, and the Board wishes him well in his future endeavors.

During this fiscal year, legislative changes added new mandates to the Board's responsibilities, including the mining sector and the independent adjudication in the financial and consumer service sectors. We will continue to listen, learn and act with integrity to uphold our guiding principles as we move forward with our new and existing mandates.

In addition to the entities it regulates, the Board considers residents of the Province as important stakeholders in its mandate to provide fair, transparent, and open processes. In the past year, the Board has been very active conducting thirty-eight proceedings with varying levels of complexity. Many of these proceedings included opportunities for public participation along with the independent adjudication of questions brought before the Board under a variety of Provincial legislation. Participation included written submissions, participation at public forums or as formal interveners in our utility and rate hearing processes, either in person or through video conferencing platforms. As part of its efforts to encourage and facilitate broad and accessible participation, the Board will continue to look at best practices.

There have been 52 price settings and 6 price interruptions for petroleum products in the past year. There were 25 inquiries received by the Board, most of them regarding motor fuel pricing. To address these inquiries, the Board continues to develop its public information materials. The Board recognizes that, as the complexity of the Board's functions and matters

evolve, accessible information and education for the public through virtual platforms is an emerging priority. As we move forward, we will continue to search for tools that will support our efforts, as we believe readily available information, diverse perspectives and expertise will make the process more credible and effective.

In the coming year, we will continue to work on initiatives to increase the effectiveness and efficiency of our regulatory activities.

In closing, I want to express my gratitude to our dedicated staff, Board members, and all stakeholders for their unwavering support and cooperation. Your commitment has been instrumental in the achievements of the past year, and I have no doubt that together we will overcome any challenges that lie ahead.

Sincerely,

A handwritten signature in blue ink that reads "Christopher J. Stewart". The signature is fluid and cursive, written over a white background.

Christopher J. Stewart
Acting Chairperson and CEO

NEW BRUNSWICK ENERGY AND UTILITIES BOARD OVERVIEW

The New Brunswick Energy and Utilities Board is an independent, quasi-judicial tribunal, which regulates the industries and utilities under its jurisdiction and serves as an independent administrative appeal tribunal under a wide variety of New Brunswick legislation. The Board and its processes are governed by legislation and common law rules that mandate procedural fairness in all of its proceedings.

Established under the *Energy and Utilities Board Act*, the Board has the same powers, rights, and privileges that are vested in the Court of King's Bench in relation to procedural, evidentiary and enforcement matters. Three members constitute a quorum in most regulatory proceedings.

Seventeen employees assist the Board in its duties. They provide legal and administrative support, regulatory and financial support and analysis, pipeline safety inspection and analysis, and electricity reliability and compliance support. The Board's head office is located at Suite 800, Brunswick House, 44 Chipman Hill, in Saint John. Its reliability and compliance office is located at 520 King Street in Fredericton.

The Board's website provides information and access to all aspects of the Board's functions, including its governing legislation, past and current decisions, procedural rules and questions and answers related to petroleum products.

The Board derives its regulatory mandate and powers from the following New Brunswick statutes and regulations:

- *Energy and Utilities Board Act*
- *Auctioneers Licence Act*
- *Collection and Debt Settlement Services Act*
- *Cost of Credit Disclosure and Payday Loans Act*
- *Credit Unions Act*
- *Credit Reporting Services Act*
- *Direct Sellers Act*
- *Electricity Act*
- *Gas Distribution Act, 1999*
- *Insurance Act*
- *Loan and Trust Companies Act*
- *Mining Act*
- *Mortgage Brokers Act*
- *Motor Carrier Act*
- *Motor Vehicle Act*
- *Pension Benefits Act*
- *Petroleum Products Pricing Act*
- *Pipeline Act, 2005*
- *Pre-arranged Funeral Services Act*
- *Real Estate Agents Act*
- *Securities Act*
- *Unclaimed Property Act*

Depending on which area of its jurisdiction it is exercising, the Board follows one of two sets of Rules of Procedure, which are intended as a comprehensive, consolidated set of procedural rules governing matters that come before the Board.

The Board's principal regulatory functions are described in detail later in this report.

The Attorney General files the approved annual operation budget for the Public Intervener for the Energy Sector with the Board. In addition, the Public Intervener submits an accounting of all their direct expenses to the Board. These expenses are included in the Board's assessments, in accordance with section 50 of the *Energy and Utilities Board Act*.

BOARD MEMBERS

The composition of the Board consists of at least three, but no more than six, full-time members, including a Chairperson and Vice-Chairperson. The Board may also have up to two part-time members.

The members are appointed by the Lieutenant-Governor in Council which also appoints one Chairperson and one Vice-Chairperson from the among the full-time membership. The Board finished the fiscal year with three full-time Board members.



Christopher Stewart
Acting Chairperson
and CEO



Stephanie Wilson
Vice Chairperson



Heather Black
Member

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ELECTRICITY

It is the responsibility of the Board to set just and reasonable electricity rates and terms of service for the customers of NB Power. The Board also approves a tariff governing the cost and terms of service or the use of NB Power's high voltage transmission system as well as the responsibility to review and consider the prudence of any NB Power capital projects in excess of \$50 million under Section 107 of the *Electricity Act*.

In June of 2023, the Board held the first in what will be a series of hearings stretching over a period of years to modify NB Power's customer rate designs to facilitate efficient price signals, help achieve energy policy goals, and protect customers. The goal is to make the electricity rates more understandable and equitable and, at the same time, prepare for a rapidly changing electricity and technological landscape.

In this first proceeding, the manner in which business and industrial customers will be categorized as small, medium, and large businesses was established. In the years to come, several changes will be implemented. In the subsequent phases of these rate design processes, NB Power will propose further modifications and the rates that these new customer classes will pay. An integral part of setting rates is ensuring that all customer types pay their fair share of NB Power costs. This process is called "cost allocation," and the Board has begun a process to review and establish the costs allocated to each of the new classes which will continue as the electricity system evolves. This matter will be heard in the Fall of 2024.

In December 2023, NB Power filed its first multi-year rate application. The application was for an average of 9.25% rate increases in fiscal years 2024/25 and 2025/26. In March, NB Power applied for approval of the increase on an interim basis pointing to an unusual delay in the filing of their rate increase application caused by changes beyond their control. After consideration of the evidence in support and the conduct of a public hearing, the Board granted the request for interim rates. Should the Board ultimately determine that the entire 9.25% average rate increase was not justified after a full public hearing of the rate increase application, any overpayment will be refunded to NB Power customers.

In a separate proceeding, the Board is required by Regulation to establish an extra charge - or a credit - on electricity rates to recover the difference between forecasted electricity costs and revenues and NB Power's actual costs and revenues. This extra charge, or "rate rider", is limited to costs from fuel or purchase power and the revenue from electricity sales. In March of 2024, the Board approved a rate rider of between 0.3 cents per kWh and 0.4 cents per kWh for the various NB Power customer classes.

In the summer of 2023, NB Power filed an application to the New Brunswick Court of Appeal on judicial review seeking to quash the Board's decision regarding electricity rates charged by NB Power beginning in April 2023. The hearing was held before the Court of Appeal in October of 2023 and in February of 2024 the Court of Appeal issued its ruling, dismissing NB Power's application for judicial review. The Court of Appeal rejected NB Power's submissions and declined to interfere with the Board's decision, finding that it was reasonable.

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ELECTRICITY RELIABILITY AND COMPLIANCE

The Board enforces standards adopted to ensure the reliability of New Brunswick’s bulk electric power system, including large scale electric generation facilities and high voltage transmission systems within the Province.

The reliability standards in New Brunswick are a set of rules or requirements that generally reflect those which apply to the North American electricity grid. Because of the interconnected nature of the grid, reliability standards are aimed at providing a continuous flow of power in the Province and minimizing instability, uncontrolled flows of electricity or cascading power failures within the grid.

The *Reliability Standards Regulation – Electricity Act* sets out specific requirements for the Board’s approval of reliability standards and related compliance, monitoring, and enforcement processes. The Board’s reliability standards generally align with those of the North American Electric Reliability Corporation an international regulatory authority whose mission is to assure the reliability and security of the bulk power system in North America.

Reliability Standards

When a reliability standard receives regulatory approval in the United States, NB Power is required to submit a corresponding proposal to the Board for approval, with appropriate modifications for New Brunswick. During the 2023-2024 reporting period, the Board approved one new reliability standard, revisions to seven reliability standards and six retirements. There are 98 reliability standards enforced in the Province, consisting of more than 1,200 individual requirements.

The Board is responsible for administering the New Brunswick Compliance Monitoring and Enforcement Program established by the Regulation. As part of its responsibility, the Board implements an Annual Implementation Plan for compliance monitoring, which includes regular auditing processes and enforcement actions.



RELIABILITY STANDARDS ENFORCED BY NBEUB



INDIVIDUAL REQUIREMENTS

There are six registered entities, including NB Power, that perform one or more functions related to the bulk electric power system in the Province, and are responsible for compliance with applicable reliability standards.

Compliance Monitoring

The Board engages the Northeast Power Coordinating Council to assist the Board in compliance monitoring and making recommendations on potential violations, mitigation plans and related enforcement actions. NPCC is responsible for promoting and enhancing the reliability of the bulk electric power system in Northeastern North America.

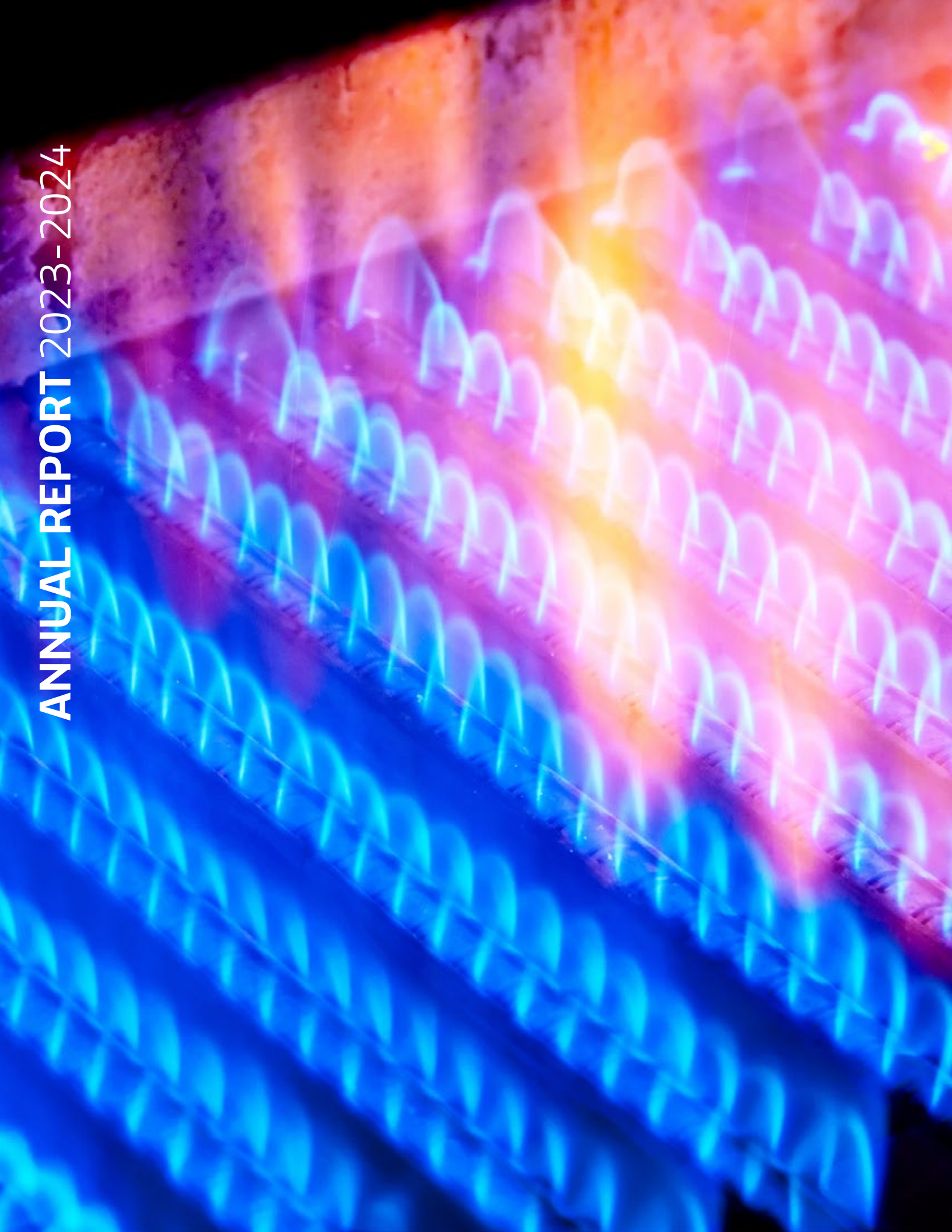
Compliance Activities

In 2023-2024 registered entities submitted 92 compliance self-certification and data submittal reports to the Board for review through the compliance program.

The Board approved two mitigation plans filed by a registered entity to address Operations and Planning reliability standard Violations. These low-risk Violations were fully mitigated under the Find Fix Track Process for Potential Violations.

The Board continues to refine its risk-based compliance monitoring plans. In this process, Board staff refers to Inherent Risk Assessments, which evaluate risks to the bulk electric power system posed by registered entities. The Board develops a Compliance Oversight Plan for each registered entity based on each entity’s risk profile.

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NATURAL GAS

A primary responsibility of the Board in regards to the natural gas market in New Brunswick is to regulate the activities of the utility which holds the natural gas franchise to distribute natural gas in the province.

As of March 31, 2024, the natural gas distribution system had 12,498 customers - a decrease of 30 customers over the previous year. In the last fiscal year, the system served 11 communities and delivered more than 6 million gigajoules of natural gas.

Rate Application for 2023

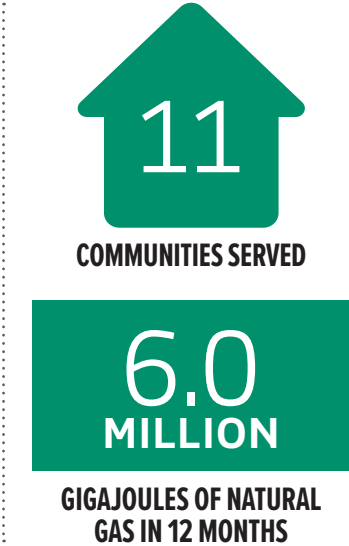
Liberty filed its application for approval of its 2023 rates on March 6, 2023. In addition, the application also sought approval of its 2021 regulatory financial statements, a revenue decoupling mechanism including a weather normalization adjustment, a related variance account, inclusion of Liberty’s corporate allocations, approval of amounts related to Liberty’s LICs Rate Class Variance Account, approval of amounts related to Liberty’s SEUF Fees Variance Account, and approval of amounts related to Liberty’s Revenue Requirement True-up Variance Account.

A public hearing was held for three days in July of 2023 and an oral decision in this Matter was issued September 21, 2023. The Order setting rates was issued September 29, 2023

Natural Gas Sales review

Liberty’s sales of natural gas to customers are reviewed by the Board annually. In order to prevent unfair competition with other licenced gas marketers in the province, Liberty is prohibited from making or losing money on the sale of its standard natural gas commodities. Consequently, the company must price its gas to reflect its costs and anticipated sales; inadvertent losses or gains from gas sales must be recouped or rebated over time. Board staff conducts a review of Liberty’s Natural Gas sales to ensure the calculations are correct and that the process unfolded according to regulation. The results of this review are presented to the Board for its consideration and approval.

As part of the annual review of 2023 gas sales, Board staff are conducting a study to include a review of Liberty’s competitiveness in terms of gas prices, a review of the calculation for lost and unaccounted for gas that leaves the system, and a review of Liberty’s corporate cost allocations to ensure Liberty’s costs are applied fairly to its business activities within New Brunswick.



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PIPELINE SAFETY

Among the Board’s mandates is ensuring the safety of pipelines under its jurisdiction, which includes intraprovincial pipelines that transport oil, natural gas, minerals, and other fluids related to oil and gas operations. Safety and environmental considerations must be taken into consideration during pipeline design, construction, operation, and abandonment. Inspections, education, compliance audits, and damage prevention programs help to achieve this.

Liberty Utilities

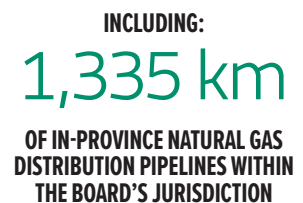
As part of Liberty Utilities’ natural gas distribution system, 6.6 km of new pipelines were added this year. A total of 172 services and 13 mainline projects were inspected as part of this pipeline construction inspection. Moncton, Dieppe, and Riverview account for 53% of the new distribution infrastructure.

NB Power

Formerly, NB Power used a fuel pipeline to transport Orimulsion from the Port of Dalhousie to the now-defunct Dalhousie generating station. The work involved the removal of approximately 2,900 meters of above-ground pipeline, the abandonment of approximately 600 meters of pipeline in three tunneled sections, as well as the abandonment of approximately 160 meters of underground pipeline. Board approval was granted in June 2022 for this work and it was completed over the following year.

Pipeline Incidents

During the reporting period, 14 pipeline incidents were reported in accordance with the Pipeline Regulation. Over 90% of these incidents were caused by third-party excavators working in the area of Liberty Utilities’ natural gas distribution system.



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PETROLEUM PRODUCTS

The Board regulates wholesale and retail petroleum sales in New Brunswick, by weekly settings of maximum prices for motor fuels and heating fuels. This includes all grades of gasoline, ultra-low sulphur diesel fuel, furnace oil, and propane used for heating.

The Board determines weekly maximum petroleum prices using a process prescribed by *Petroleum Products Pricing Act* and the regulations promulgated thereunder. This process involves establishing a benchmark price for each petroleum product, based on published product reference prices in actively traded markets, such as the New York Mercantile Exchange. The maximum regulated price for each regulated petroleum product consists of the benchmark price maximum wholesale and retail margins, a cost of carbon adjuster, a market adjuster, applicable taxes and fuel charges, plus a delivery cost allowance. A full service charge may be added where applicable. Weekly maximum price settings take effect at midnight each Friday

The Board has the authority to adjust the maximum wholesale and retail margins, as well as the delivery cost allowance and the full service charge. This is done following a public margin review process, during which the Board examines the evidence to determine if any adjustments are warranted. The Board last adjusted margins following a hearing in 2022, with adjustments made to the retail margins on furnace oil and motor fuels, as well as the maximum delivery cost for motor fuels. At the end of the reporting year, the Board-approved margins were (in cents per litre):

Fuel Type	Wholesale Margin	Retail Margin	Max. Delivery Cost	Max. Full Service Cost
Motor Fuel	6.51	8.46	3.75	3.00
Furnace Oil	5.50	27.21	5.00	n/a
Propane	25.0	25.0	10.0	n/a

Other Matters

In late 2022 amendments were made to the *Petroleum Products Pricing Act* which mandated the Board establish the proper parameters governing some of the elements upon which maximum petroleum prices are derived, including setting a Cost of Carbon Adjustor and determining the appropriate blend schedule for the winter blending of diesel fuel and furnace oil. In 2023-2024 the Board engaged expert opinion on the process for setting a Cost of Carbon Adjustor, undertook a review of the regulated price differential between regular and premium gasolines, commissioned a study of the reporting service(s) for setting maximum petroleum prices, and sought expert opinion on the appropriate blend mixture for setting the maximum prices for diesel fuel and furnace oil during the winter months.

On June 13, 2023, the Board released its decision on the mechanism for setting the Cost of Carbon Adjustor and implemented its use effective July 7, 2023. The decisions on the other matters were released on March 7, 2024, and became effective as of March 15, 2024, petroleum price setting. The Board also conducted a follow-up review of the Cost of Carbon Adjustor in January 2024, but a decision had not been released before the end of the fiscal year.

Site Inspections

As part of its ongoing market monitoring responsibility, Board staff conducts site inspections and retailer visits to ensure regulatory compliance with established maximum prices. In 2023-2024, Board staff completed 138 site inspections of motor fuel retail outlets.

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MOTOR CARRIER

As the regulator of public motor buses, it is the Board’s responsibility to grant motor carrier licences to approved applicants for specific routes or areas and as a scheduled or an irregular charter service.

Among other things, a vehicle inspection and a certificate from an insurance company confirming that the legislated minimum insurance requirements are in place have been met are required from applicants. An applicant may also be subject to any conditions that the Board deems necessary to impose on their licence.

An applicant for a motor carrier licence must satisfy the Board that it will not adversely affect the interests of users of public transportation, provincial economic or social development, or commercial activities.

Licences

In 2023-2024, the Board approved 3 new motor carrier licenses and 26 motor carrier licence renewals. Additionally, the Board issued 221 motor carrier plates to licenced carriers (up from 198 in 2022-2023).

Routes and schedules

Every licenced motor carrier is deemed, by legislation, to be a public utility and may not abandon or discontinue a service under its licence without an order of the Board, following a hearing. In accordance with this mandate, the Board supervises the activities of scheduled service motor carriers, including the fares, routes, and schedules of these carriers.

In March 2023, the Board approved the Acadian Peninsula Regional Service Commission’s application for a scheduled service licence for a pilot weekday service between Caraquet and Shippagan. Following a public hearing, the Board approved the carrier’s proposed fares, routes, and schedules in June 2023.

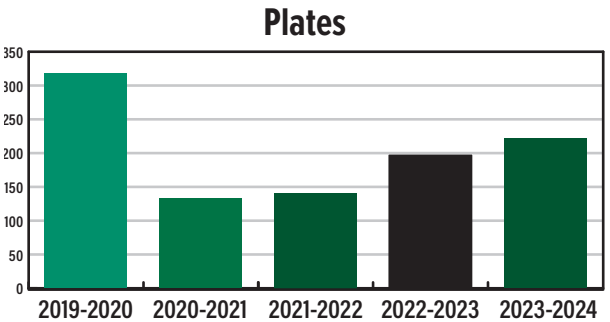
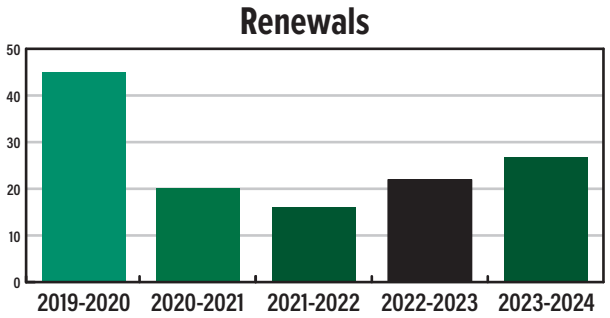
In September 2023 the Board approved a scheduled service licence for Takeoff Shuttles to provide daily service between Sackville and Moncton. However, the following month, the carrier applied to the Board to abandon its regular service due to a lack of ridership. By Order dated October 26, 2023, the Board approved the abandonment of service.

Fares

In 2012 the Board implemented a fuel surcharge mechanism for Coach Atlantic Transportation Group Inc., which operates the primary scheduled motor coach service within the Maritime provinces. This surcharge on regular fares results from fluctuating diesel fuel prices, the Board approved a floating fuel surcharge in order to reduce the need for fare adjustment applications. Coach Atlantic may apply to change its fuel surcharge once per quarter when the price of diesel fuel exceeds its historical threshold. Since 2013 the Board has reviewed the fuel surcharge quarterly and adjusted the surcharge when required.

In September 2023 Coach Atlantic applied to the Board for a variance of the Order approving the fuel surcharge mechanism, requesting that the fuel surcharge formula be updated to include additional government-mandated costs in the price of diesel fuel such as the federal fuel charge and the Cost of Carbon Adjustor. The Board considered the application, in coordination with the Nova Scotia Utility and Review Board (which sets Coach Atlantic’s fares in Nova Scotia). On October 27, 2023, the Board approved the requested variance to the fuel surcharge Order. As a consequence of the variance, the Board adjusted the fuel surcharge for the last quarter of 2023 from 9.5% to 14%, between November 22, 2023, and January 14, 2024.

Owing to fluctuations in the price of diesel fuel at the New York Harbour spot market, the Board’s quarterly fuel surcharge adjustments fluctuated over the course of 2023-2024; starting at 12.5% in April 2023, falling to 5.5% in July 2023, increasing to 9.5% in October 2023, and finishing at 15% at the January 2024 setting.



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MINING

In June of 2023, the *Mining Act* was amended to include the designation of the Board to hear all regulatory questions, disagreements, matters or claims arising out of the *Mining Act* and the regulations promulgated thereunder.

When disagreements involving mining matters cannot be resolved between the parties, they have access to the Board for the review, adjudication, and resolution of issues or disputes.

The Board typically conducts a hearing in a manner similar to the courts, tempered as the circumstances require in the administrative tribunal setting. These include what may or may not be entered into evidence and issuing summonses for witnesses. When disputes go before the Board, both sides in the dispute may be represented by lawyers but are free to represent themselves if they wish.

The Board held one public hearing in a mining proceeding in November 2023 and issued a decision in February 2024.

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FINANCIAL AND CONSUMER SERVICES

In 2023, the Board was given jurisdiction to give independent adjudication and oversight in the financial and consumer services sectors.

The Board may hear proceedings resulting from the application of the following legislations:

- *Auctioneers Licence Act*
- *Collection and Debt Settlement Services Act*
- *Cooperatives Act*
- *Cost of Credit Disclosure and Payday Loans Act*
- *Credit Unions Act*
- *Credit Reporting Services Act*
- *Direct Sellers Act*
- *Insurance Act*
- *Loan and Trust Companies Act*
- *Mortgage Brokers Act*
- *Pension Benefits Act*
- *Pre-arranged Funeral Services Act*
- *Real Estate Agents Act*
- *Securities Act*
- *Unclaimed Property Act*

In the 2023-2024 fiscal year, the Board conducted two public hearings in such matters and was involved with matters ranging from issues arising with real estate agent licence violations, unauthorized mortgage brokerings, matters involving direct sellers and an ongoing appeal from a decision of the Superintendent of Pensions. In these proceedings, the Board issued one decision and approved two settlement agreements.

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2024

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To the Acting Chairperson and Members of the New Brunswick Energy and Utilities Board

Opinion

We have audited the financial statements of the New Brunswick Energy and Utilities Board (the "Board"), which comprise the statement of financial position as at March 31, 2024, and the statements of change in accumulated surplus by sector, change in net financial assets (debt), operations and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2024, and the results of its operations and its 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 Auditors' 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.

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

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report to the Acting Chairperson and Members of the New Brunswick Energy and Utilities Board (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 auditors' 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 auditors' 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 communicated 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.

Saint John, N. B.

June 10, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash	\$ 1,687,384	\$ 828,281
Accounts receivable (Note 4)	<u>201,716</u>	<u>209,319</u>
	<u>1,889,100</u>	<u>1,037,600</u>
LIABILITIES		
Accounts payable and accrued liabilities (Notes 5 and 13)	571,176	1,333,319
Reserve for future hearings and service to the sector (Note 14)	<u>369,351</u>	<u>384,648</u>
	<u>940,527</u>	<u>1,717,967</u>
NET FINANCIAL ASSETS (DEBT)	<u>948,573</u>	<u>(680,367)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	30,421	28,423
Prepaid expenses	<u>342,408</u>	<u>271,587</u>
	<u>372,829</u>	<u>300,010</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 1,321,402</u>	<u>\$ (380,357)</u>
COMMITMENTS (Note 16)		

APPROVED ON BEHALF OF THE BOARD:



Acting Chairperson

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

STATEMENT OF CHANGE IN ACCUMULATED SURPLUS (DEFICIT) BY SECTOR

FOR THE YEAR ENDED MARCH 31, 2024

	Balance at Beginning of <u>Year</u>	<u>Surplus</u>	Balance at End of <u>Year</u>
ELECTRICITY SECTOR	\$ (482,294)	\$ 1,325,765	\$ 843,471
NATURAL GAS SECTOR	61,007	193,046	254,053
PIPELINE SECTOR	40,930	93,471	134,401
PETROLEUM SECTOR	-	-	-
MOTOR CARRIER SECTOR	-	-	-
FINANCIAL AND CONSUMER SERVICES TRIBUNAL SECTOR	-	62,432	62,432
MINING SECTOR	<u>-</u>	<u>27,045</u>	<u>27,045</u>
	<u>\$ (380,357)</u>	<u>\$ 1,701,759</u>	<u>\$ 1,321,402</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

AS AT MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
Excess (deficiency) of revenue over expenses	\$ 1,701,759	\$ (983,754)
Purchase of tangible capital assets	(20,084)	(22,332)
Amortization of tangible capital assets	18,086	20,403
Loss on sale of tangible capital assets	<u>-</u>	<u>409</u>
	1,699,761	(985,274)
Increase in prepaid expenses	<u>(70,821)</u>	<u>(40,671)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	1,628,940	(1,025,945)
NET FINANCIAL ASSETS (DEBT) AT BEGINNING OF YEAR	<u>(680,367)</u>	<u>345,578</u>
NET FINANCIAL ASSETS (DEBT) AT END OF YEAR	<u>\$ 948,573</u>	<u>\$ (680,367)</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u> Budget	<u>2024</u> Actual	<u>2023</u> Actual
REVENUE			
Electricity Sector (Note 7)	\$ 4,001,201	\$ 4,577,744	\$ 2,412,012
Natural Gas Sector (Note 8)	981,017	943,746	608,772
Pipeline Sector (Note 9)	592,598	561,447	536,145
Petroleum Sector (Notes 10 and 14)	711,498	678,843	714,068
Financial and Consumer Services Sector (Note 11)	237,393	238,933	-
Mining Sector (Note 12)	<u>57,676</u>	<u>58,189</u>	<u>-</u>
	<u>6,581,383</u>	<u>7,058,902</u>	<u>4,270,997</u>
DIRECT EXPENSES			
Electricity Sector	1,896,400	1,670,134	1,695,097
Natural Gas Sector	163,354	127,221	46,142
Pipeline Sector	5,000	7,553	13,315
Petroleum Sector (Note 14)	164,762	267,151	202,346
Financial and Consumer Services Sector	25,000	15,256	-
Mining Sector	<u>25,000</u>	<u>10</u>	<u>-</u>
	<u>2,279,516</u>	<u>2,087,325</u>	<u>1,956,900</u>
NET REVENUE BEFORE COMMON EXPENSES	<u>4,301,867</u>	<u>4,971,577</u>	<u>2,314,097</u>
COMMON EXPENSES			
Salaries and benefits	3,294,176	2,532,302	2,585,783
Office and administration (Note 16)	807,555	652,800	591,649
Training	166,290	66,630	100,016
Amortization	<u>33,846</u>	<u>18,086</u>	<u>20,403</u>
	<u>4,301,867</u>	<u>3,269,818</u>	<u>3,297,851</u>
SURPLUS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ 1,701,759</u>	<u>\$ (983,754)</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 1,701,759	\$ (983,754)
Item not involving cash		
Amortization	<u>18,086</u>	<u>20,403</u>
	1,719,845	(963,351)
Changes in non-cash working capital balances		
Accounts receivable	7,603	9,531
Prepaid expenses	(70,821)	(40,671)
Accounts payable and accrued liabilities	(762,143)	1,056,293
Reserve for future hearings and service to the sector	<u>(15,297)</u>	<u>(156,430)</u>
	<u>879,187</u>	<u>(94,628)</u>
Investing activities		
Purchase of tangible capital assets	(20,084)	(22,332)
Loss on disposal of tangible capital assets	<u>-</u>	<u>409</u>
INCREASE (DECREASE) IN CASH	859,103	(116,551)
CASH AT BEGINNING OF YEAR	<u>828,281</u>	<u>944,832</u>
CASH AT END OF YEAR	<u>\$ 1,687,384</u>	<u>\$ 828,281</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	<u>\$ 127,802</u>	<u>\$ 53,224</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

1. PURPOSE OF THE ORGANIZATION

The Board is comprised of three full time members. The Board has regulatory responsibilities under various Acts primarily involving electricity, pipelines, natural gas, petroleum products and public motor carriers. The *Energy and Utilities Board Act* was amended on June 16, 2023 to include certain responsibilities under the *Financial and Consumer Services Commission Act* and the *Mining Act*. The Board operates with funds received from the industries it regulates. The Board is exempt from income tax under paragraph 149(1)(d) of the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards ("PSAS").

Tangible Capital Assets

Tangible capital assets are recorded at cost. Minor expenditures for furniture and fixtures are expensed in the year of acquisition. Amortization is recorded using the straight-line method at the following annual rates:

Computer equipment	33 1/3%
Vehicles	20%

Revenue Recognition

The Board follows the deferral method of accounting for revenue. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest revenue is recorded on an accrual basis.

Common Expense Allocations

In determining the surplus (deficit) for each of the sectors, common expenses have been allocated based on management's best judgment and actual activity during the year.

Direct Expenses

Direct expenses may include consultants' fees, hearing costs, travel, training, out of pocket expenses and assessments from the North American Electric Reliability Corporation ("NERC") directly attributable to a specific area of regulatory responsibility.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equity instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenses. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Board considers cash on hand and balances with banks, net of overdrafts, as cash or cash equivalents.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Examples of significant estimates include:

- the estimated useful lives of assets; and
- the recoverability of tangible capital assets.

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 Board's risk exposure and concentration as of March 31, 2024:

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Board is subject to credit risk through accounts receivable. The Board minimizes its credit risk through ongoing credit management. The Board does not have significant credit risk exposure to any individual customer.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its receipt of funds from the sectors it regulates and other related sources, accounts payable and accrued liabilities and other obligations.

Currency Risk

Currency risk is the risk to the Board that may arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Board is exposed to foreign currency exchange risk for expenses incurred in U.S. dollars.

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

3. FINANCIAL INSTRUMENTS (cont'd)

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 not exposed to interest rate risk as it does not have any interest bearing debt.

4. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Trade accounts receivable	\$ 8,850	\$ 31,362
HST receivable	91,405	77,390
Public intervenor assessments (Note 11)	96,196	96,196
Travel advances	<u>5,265</u>	<u>4,371</u>
	<u>\$ 201,716</u>	<u>\$ 209,319</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Trade accounts payable	\$ 420,240	\$ 1,216,217
Due to Province of New Brunswick	19,755	768
Wages and benefits	<u>131,181</u>	<u>116,334</u>
	<u>\$ 571,176</u>	<u>\$ 1,333,319</u>

6. TANGIBLE CAPITAL ASSETS

	<u>2024</u>			<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 80,973	\$ 51,754	\$ 29,219	\$ 20,016
Vehicles	<u>83,912</u>	<u>82,710</u>	<u>1,202</u>	<u>8,407</u>
	<u>\$ 164,885</u>	<u>\$ 134,464</u>	<u>\$ 30,421</u>	<u>\$ 28,423</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

7. ELECTRICITY SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, certain corporations are assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2024</u>	<u>2023</u>
Estimate of common expenses	\$ 2,104,801	\$ 1,889,440
Estimate of direct expenses	<u>1,896,400</u>	<u>1,062,100</u>
	4,001,201	2,951,540
Deficit (surplus) from prior year	<u>482,294</u>	<u>(579,625)</u>
Assessment of electric utilities	4,483,495	2,371,915
Deduct: other expenses	-	(409)
Add: interest income	<u>94,249</u>	<u>40,506</u>
	<u>\$ 4,577,744</u>	<u>\$ 2,412,012</u>

8. NATURAL GAS SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, natural gas distributors are assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2024</u>	<u>2023</u>
Estimate of common expenses	\$ 817,663	\$ 489,350
Estimate of direct expenses	<u>163,354</u>	<u>52,994</u>
	981,017	542,344
Deficit (surplus) from prior year	<u>(61,007)</u>	<u>59,876</u>
Assessment of natural gas distributors	920,010	602,220
Add: other income	2,015	2,072
Add: interest income	<u>21,721</u>	<u>4,480</u>
	<u>\$ 943,746</u>	<u>\$ 608,772</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

9. PIPELINE SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, certain pipeline owners are assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget.

	<u>2024</u>	<u>2023</u>
Estimate of common expenses	\$ 587,598	\$ 611,556
Estimate of direct expenses	<u>5,000</u>	<u>-</u>
	592,598	611,556
Surplus from prior year	<u>(40,930)</u>	<u>(83,648)</u>
Assessment of pipeline owners	551,668	527,908
Add: interest income	<u>9,779</u>	<u>8,237</u>
	<u>\$ 561,447</u>	<u>\$ 536,145</u>

10. PETROLEUM SECTOR REVENUE

Section 26 of the *Petroleum Products Pricing Act* (the "PPP Act") requires each wholesaler, as defined in the *Gasoline and Motive Fuel Act*, to pay an annual levy to the Board. Per amended legislation passed in September 2014, the levy shall be based on the volume of gasoline and motive fuel, as defined by the *Gasoline and Motive Fuel Tax Act*, or based on each litre of gasoline and motive fuel sold in the twelve month period ending October 31st preceeding the calendar year for which its wholesaler's license was issued. The levy is used to defray the Board's expenses under the PPP Act as well as defraying the expenses incurred by the Public Intervener for the Energy Sector as a result of a review conducted by the Board under subsection 14(1).

11. FINANCIAL AND CONSUMER SERVICES SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, Financial and Consumer Services Commission is assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2024</u>
Estimate of common expenses	\$ 222,137
Estimate of direct expenses	<u>15,256</u>
	237,393
Surplus from prior year	<u>-</u>
Assessment of Financial and Consumers Services Commission	237,393
Add: interest income	<u>1,540</u>
	<u>\$ 238,933</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

12. MINING SECTOR REVENUE

In accordance with section 50 of the *Energy and Utilities Board Act*, Minister of Natural Resources and Energy Development is assessed each year for their estimated direct expenses together with their estimated share of the Board's common expense budget. Assessments are adjusted to include the audited surplus or deficit from the prior year.

	<u>2024</u>
Estimate of common expenses	\$ 57,666
Estimate of direct expenses	<u>10</u>
	57,676
Surplus from prior year	<u>-</u>
Assessment of Mining Sector Revenue	57,676
Add: interest income	<u>513</u>
	<u>\$ 58,189</u>

13. ASSESSMENT FOR PUBLIC INTERVENER

Pursuant to section 10 of the *Act Respecting a Public Intervener for the Energy Sector*, costs incurred by the Public Intervener are to be included in the annual expenses of the Board for the purposes of assessment under section 50 of the *Energy and Utilities Board Act* and remitted to the Minister of Finance. During the year, \$418,612 (2023 - \$416,712) was remitted to the Minister of Finance. The funds remitted consisted of direct assessments collected from the Electricity, Natural Gas and Pipeline Sectors totaling \$364,787 (2023 - \$339,235), and \$53,825 (2023 - \$74,639) collected from the Petroleum Sector via levies. The amounts directly assessed to the Electricity, Natural Gas and Pipeline Sectors are not included in the revenue and expenses of the Board. There was no amount (2023 - \$nil) due to the Minister of Finance as at March 31, 2024. There were \$96,196 of assessments due to the Board at March 31, 2024 (2023 - \$96,196).

14. RESERVE FOR FUTURE HEARINGS AND SERVICE TO THE SECTOR

The Board has established a reserve to assist in the cost of future hearings and service to the sector in the Petroleum Sector. The levies received to cover the costs of such hearings are included in the reserve and will be recognized when the hearing costs are incurred. The activity during the year was as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 384,648	\$ 541,078
Less: hearing costs during the year	<u>15,297</u>	<u>156,430</u>
Balance at end of year	<u>\$ 369,351</u>	<u>\$ 384,648</u>

NEW BRUNSWICK ENERGY AND UTILITIES BOARD

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2024

15. PENSION PLAN

On January 1, 2014, the Province replaced the *Public Service Superannuation Act* with the Public Service Shared Risk Plan, which is now known as the New Brunswick Public Service Pension Plan ("NBPSPP"). For pension entitlements earned after January 1, 2014, the employer will make defined contributions to the plan, with no guarantee of the benefit payout at retirement. The NBPSPP will pay cost of living increases and other ancillary benefits only to the extent that funds are available for such benefits. The NBPSPP is governed by an independent board of trustees. Other changes include retirement age as well as increases in pension reduction for early retirement.

16. COMMITMENTS

Saint John

The Board signed a lease extension for its office premises for an additional forty-one month period commencing February 28, 2021 and expiring July 31, 2024. The minimum lease payments due within the next fiscal year is \$58,720.

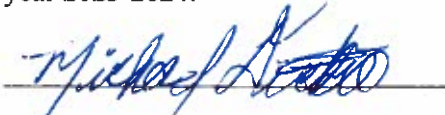
Fredericton

The Board signed a lease for its office premises for a ten year period commencing March 1, 2024 and expiring February 28, 2034. The minimum annual lease payments due within the next five fiscal years are as follows:

2025	\$	39,540
2026		39,540
2027		39,540
2028		39,540
2029		<u>39,540</u>
	\$	<u>197,700</u>

17. EXECUTIVE DIRECTOR - FINANCE

Internal financial accounting and reporting is completed under my supervision as Executive Director - Finance for the Board. I confirm that the audited financial statements as at March 31, 2024, as prepared by Teed Saunders Doyle accurately report the financial results of the Board for the fiscal year 2023-2024.



Michael Dickie CPA, CGA
Executive Director - Finance