Annual Report 2015-2016

Énergie NB Power

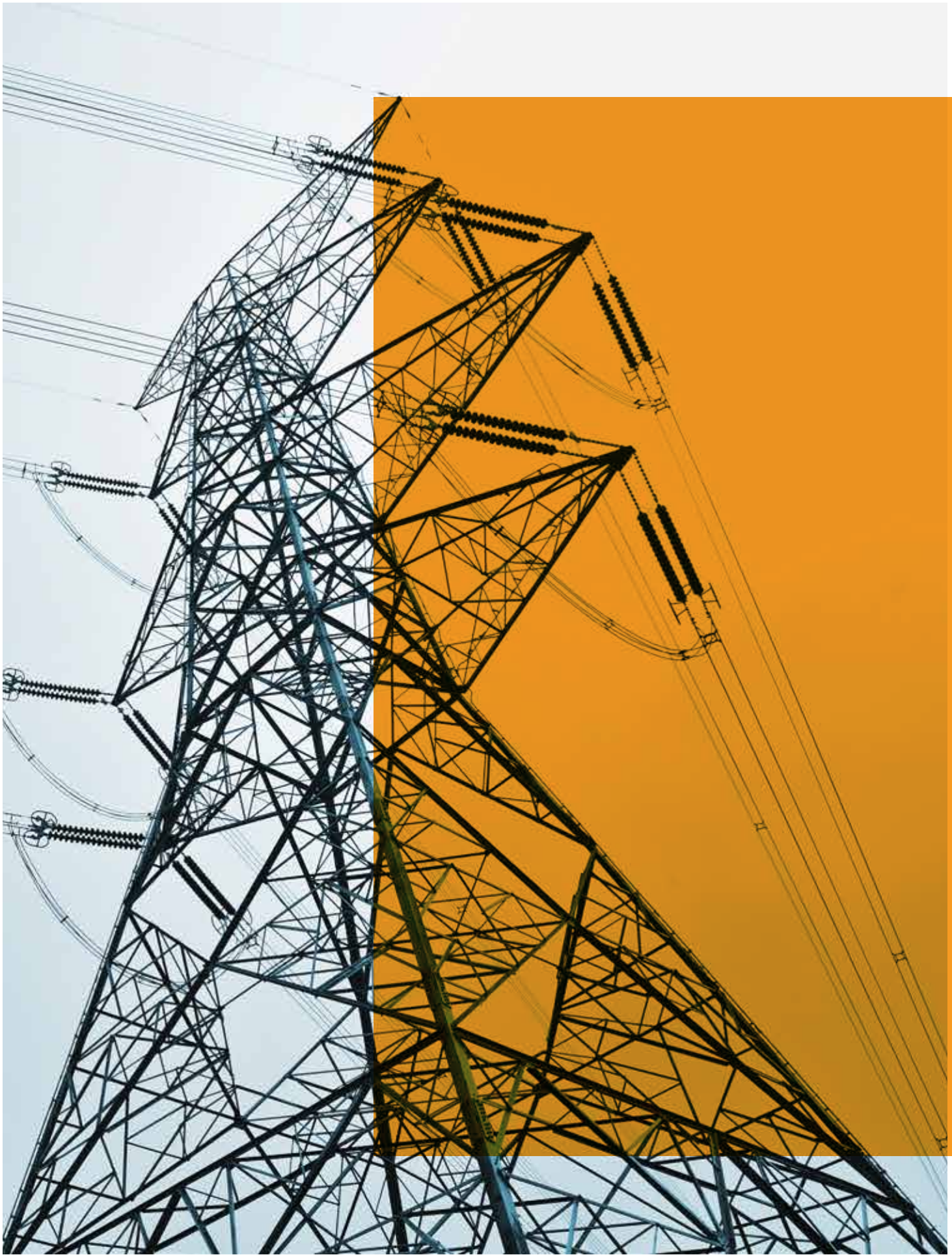


Table of Contents

SUBMISSION LETTER

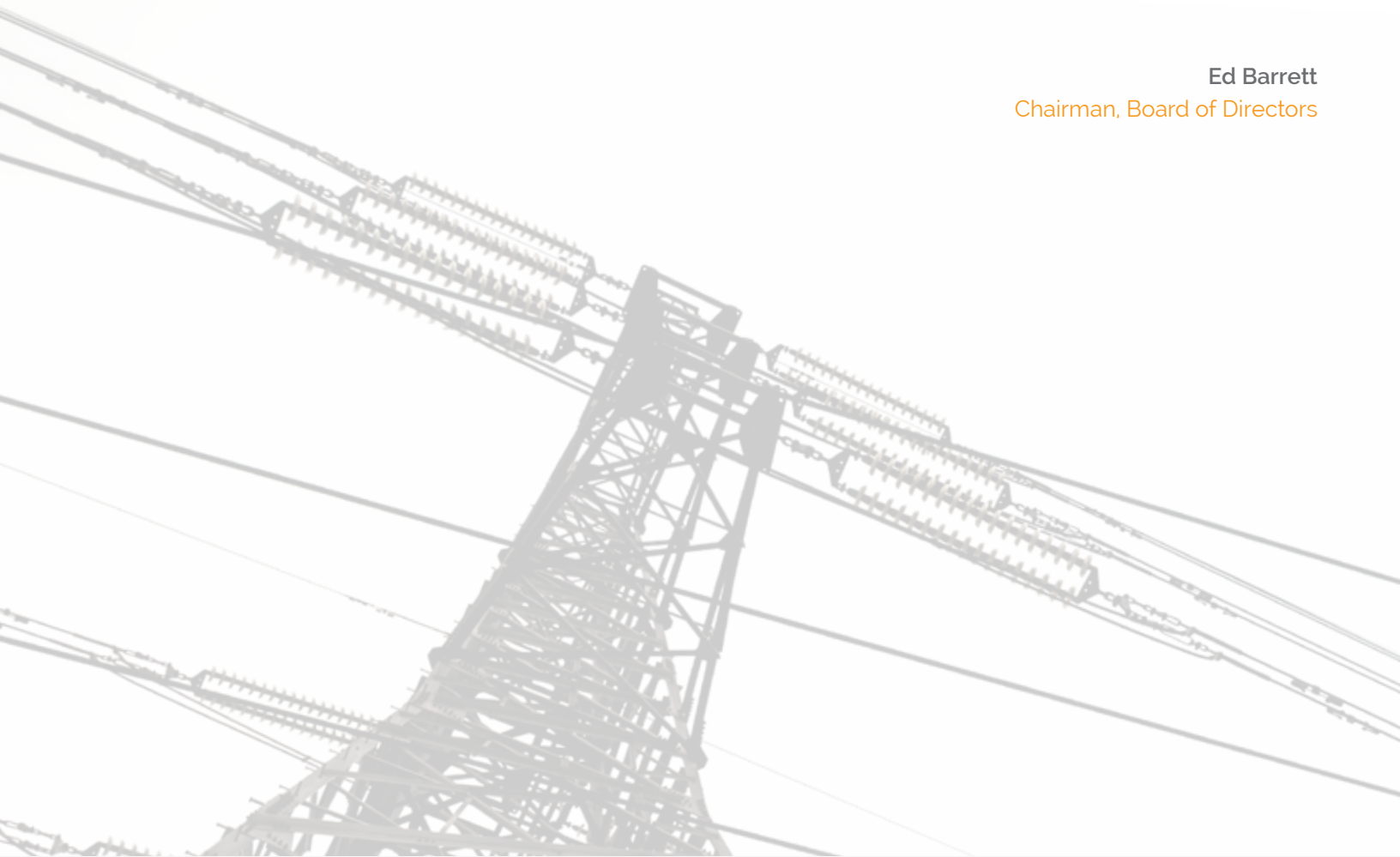
July 2016

Honourable Rick Doucet
Minister of Energy and Resource Development
Province of New Brunswick
Fredericton, NB
E3B 5H1

Sir:

I am pleased to submit the Annual Report of New Brunswick Power Corporation for the fiscal year ended March 31, 2016 in compliance with Section 42 of the *Electricity Act.*

Ed Barrett
Chairman, Board of Directors



HOW WE POWER NEW BRUNSWICK

NB Power has developed one of the most diverse generation fleets in North America to meet the very unique daily and seasonal power needs of New Brunswickers.

As a "winter-peaking" province, we see big swings in energy usage between summer and winter. An average summer day might see a peak system load of 1,500 MW being required to meet the demand, while a very cold January day might see this usage peak at near 3,000 MW. This huge swing in demand requires us to keep generation on standby to ensure New Brunswickers have the power they need when they want it.

We have a combined total generating capacity of 3,513 MW plus additional installed capacity of 294 MW of wind and 444 MW of other capacity provided by third parties through Power Purchase Agreements (PPAs). We also import electricity from Québec or New England when electricity markets are favourable.

Our ability to buy and sell electricity through the New Brunswick Energy Marketing Corporation at favourable prices helps keep rates low and stable for in-province customers.

Most days, New Brunswickers receive their power from a combination of generation sources such as nuclear at Point Lepreau, thermal at Belledune, hydro generated from any or all of our seven dams, wind from any or all of the three wind farms, natural gas from PPAs with Bayside and Grandview, biomass from a PPA with Twin Rivers and imports from New England and/or Québec.

As days get colder, additional capacity is likely to be added to the system from our oil-fired plant at Coleson Cove.

NB Power is working to find new ways of putting renewable energy sources onto the existing grid as we work toward a Government mandated goal of having 40 per cent of our in-province energy come from renewable sources by 2020.

In the past year, NB Power continued to make progress with one of our partners Siemens Canada on building an integrated smart grid in New Brunswick. This innovative strategy to overlay the communications grid on top of the electrical grid will help NB Power better optimize our assets, integrate more renewable energy, offer our customers more choice, convenience and control over their usage and help keep customer rates low and stable.

System Map

Nuclear	Thermal	345 kV Lines
Hydro	Combustion Turbine	230 kV Lines
Wind	Terminal	138 kV Lines
	Interconnection	

Generating Capacity Thermal	
Coleson Cove	972 MW
Belledune	467 MW
Total Thermal	**1,439 MW**
Generating Capacity Hydro	
Mactaquac	668 MW
Beechwood	112 MW
Grand Falls	66 MW
Tobique	20 MW
Nepisiguit Falls	11 MW
Sisson	9 MW
Milltown	3 MW
Total Hydro	**889 MW**
Generating Capacity Nuclear	
Point Lepreau	**660 MW**
Generating Capacity Combustion Turbine	
Millbank	397 MW
Ste.-Rose	99 MW
Grand Manan	29 MW
Total Combustion Turbine	**525 MW**
Total Generating Capacity	
Thermal	1,439 MW
Hydro	889 MW
Nuclear	660 MW
Cumbustion Turbine	525 MW
Total Generating Capacity	**3,513 MW**
Power Purchase Agreements (PPAs)	
Kent Hills (Wind)	150 MW*
Caribou Mountain (Wind)	99 MW*
Lamèque (Wind)	45 MW*
Bayside (Natural Gas)	285 MW
Grandview (Natural Gas)	90 MW
Twin Rivers (Biomass)	39 MW
St George (Hydro)	15 MW
Edmunston Hydro	9 MW*
Other Renewable	6 MW*
Total	**738 MW**
Number of Lines	
Distribution Lines	21,050 km
Transmission Lines	6,830 km
Exporting and Importing Capacity	
Export Capacity	2,137 MW
Import Capacity	2,378 MW
Number of Customers	
# of Direct Customers	353,813
# of Indirect Customers	45,242
Total Customers	**399,055**

*Nameplate Capacity: This capacity may not be fully available during times of peak demand

MESSAGE FROM THE CHAIRMAN

Ed Barrett, Chairman, Board of Directors

I am pleased to present our Annual Report for 2015-2016. I remain satisfied that our employees are working together toward a common goal of transforming NB Power into the customer-focused utility that New Brunswickers demand and deserve.

Despite the financial challenges of the last year, our financial and operating results demonstrate progress toward our goal. We achieved modest earnings and continued debt payments, improvements to reliability and continued to add to our array of innovative programs, products and services designed to help our customers save energy and money.

In addition, we invited all New Brunswickers to learn about the complex decisions ahead regarding the Mactaquac Generating Station and share what's most important to them about the future of the facility. The process we have adopted to evaluate the options ahead is unique to NB Power and to Atlantic Canada. It is the first time residents of New Brunswick have ever been consulted on this scale on a pending infrastructure decision in the history of the province. Rest assured that our recommendation in late 2016 will be based on facts, evidence and the values expressed by our customers. As we look to this decision, we also will consider NB Power's mandate to provide safe, reliable energy at low and stable prices while fulfilling our legal and regulatory requirements for an environmentally and socially responsible solution.

In keeping with our commitment to financial management transparency, NB Power met several significant milestones in 2015-2016.

- Our second 10-year strategic, financial and capital investment plan was filed with the Energy and Utilities Board in October of last year, laying out financial and business goals for the next decade.

- We participated in the first of what will be annual General Rate Application hearings with the EUB, laying bare our utility finances for scrutiny and welcoming members of the public into a special session to respond to individual customer questions.

- We participated in a critical regulatory hearing on the company's Class Cost Allocation Methodology, to allow the EUB to arrive at fair and reasonable rates for all customers.

We are particularly proud that NB Power was named to Greentech Media's Grid Edge 20 as one of the 20 most innovative firms working to build the future of the electric power industry in North America, along with such world-leading innovators as Tesla, Solar City, and O-Power.

As a Board of Directors, we remain committed to building on the achievements of the last year by continuing to operate NB Power efficiently, while maintaining high standards of reliability, safety and customer service that our customers and shareholder expect and laying out a challenging vision for all of NB Power's employees to pursue.

MESSAGE FROM THE PRESIDENT AND CEO

Gaëtan Thomas, President and CEO, NB Power

Thanks to the efforts of our management and staff, NB Power posted positive financial results for the sixth consecutive year in 2015-2016.

Our audited financial statements report earnings of $12 million for the year ending March 31, 2016. In addition, we reduced NB Power's net debt by $2 million.

As CEO of NB Power, I am dedicated to finding new ways to improve the lives of our nearly 400,000 customers through electricity while delivering on their expectations of reliable, affordable and clean power.

I am very proud that last year marked the third season of improved reliability. Our extra investment and focus on tree trimming and emergency outage response has resulted in fewer and shorter power outages last year. This was our third year of enhancing system reliability with major investments in transmission lines and replacement of protection equipment at all substations. Our partnership with Siemens Canada is also leading to technological improvements in all parts of the New Brunswick grid, which will enable the company to identify, assess and respond to outages more quickly.

While we remain committed to reliable service, we continue to pursue our plans to help customers save energy at home while shifting their use of energy to non-peak times.

In the near future, our customers will see new and innovative products coupled with incentive programs to help them save energy at home. These efforts represent a new-and-improved NB Power, intent on helping customers stop paying for energy they don't need.

Our ultimate goal is to move our grid away from fossil fuel energy sources, introducing more renewable and non-emitting energy while reducing demand overall. This will help avoid the need for long-term investments in new power plants, saving everyone money. This must be done carefully and gradually so as not to impose new costs on customers.

Meanwhile, we are taking care of business to ensure we keep costs under control so we can pass savings onto customers. We are continuing to find ways to work more efficiently and improve our processes through Lean Six Sigma methods, while seeking savings through joint efforts with our sister utility in Nova Scotia.

Finding ways to work more efficiently, while reducing our energy demand will help ensure rates remain low and stable, create a more reliable and greener grid, and provide our customers with better control over their personal comfort and their monthly electric bill. This is our goal today and every day at NB Power.

BOARD OF DIRECTORS

Effective March 31, 2016

The Board of Directors is responsible for administering the business and affairs of the corporation on a commercial basis taking into consideration government policy. The President and Chief Executive Officer reports to the Board of Directors and, subject to the Board's direction, is charged with the general direction, supervision and control of the business of the Corporation.

The Board establishes committees on an as needed basis where it believes they add value in assisting the Board in the discharge of its duties. During fiscal 2015-2016, NB Power had the following committees:

The **Audit Committee** is mandated to assist the Board in meeting its responsibilities with respect to financial reporting, internal control and risk management. The committee interacts directly with the internal and external auditors.

The **Capital Investment and Planning Committee** assists the Board in establishing and maintaining appropriate board policies that guide the company in respect to investment management decisions and business planning.

The **Safety, Human Resources and Environment Committee** assists the Board of Directors in providing advice and direction on safety and environmental issues and performance as well as on human resource and compensation issues.

The **Nominating, Governance and Shareholder Relations Committee** assists the Board in establishing and maintaining an effective system of corporate governance, ensuring NB Power's communications with the Shareholder are consistent with expectations and delivered in a professional and timely manner and in maintaining a full slate of directors with the appropriate personal characteristics, experience and skill sets that provide for a mix of competencies on the Board.

The **Nuclear Oversight Committee** is responsible for monitoring nuclear performance, particularly with respect to safety and operations issues, and nuclear risk.

EDWARD BARRETT
CHAIRMAN

NORM BETTS
VICE CHAIRMAN

JUDITH ATHAIDE

ALAIN BOSSÉ

CHARLES FIRLOTTE

ANDREW
MACGILLIVRAY

PAUL MCCOY

LISE OUELLETTE

MARK REDDEMANN

MICHAEL SELLMAN

BARBARA TRENHOLM

VICKI
WALLACE-GODBOUT

MIKE WILSON

ROBERT YOUDEN

GAËTAN THOMAS

EXECUTIVE

Effective March 31, 2016

GAËTAN THOMAS,
PRESIDENT AND CEO

LYNN ARSENAULT,
VICE PRESIDENT,
CUSTOMER SERVICE

KEITH CRONKHITE,
VICE PRESIDENT,
BUSINESS DEVELOPMENT
AND GENERATION

DARREN MURPHY,
CFO AND VICE PRESIDENT,
CORPORATE SERVICES

BRETT PLUMMER,
VICE PRESIDENT AND
CHIEF NUCLEAR OFFICER

LORI CLARK, VICE
PRESIDENT OF STRATEGIC
INITIATIVES AND
REGULATORY AFFAIRS

SHERRY THOMSON,
CHIEF HUMAN
RESOURCES OFFICER

TONY O'HARA,
CHIEF TECHNOLOGY
OFFICER AND VICE
PRESIDENT OF
ENGINEERING

WANDA HARRISON,
CORPORATE SECRETARY
AND GENERAL COUNSEL

BRENT STAEBEN,
DIRECTOR, MARKETING
AND COMMUNICATIONS

ABOUT NB POWER

NB Power provides all New Brunswickers with consistent, safe, reliable and sustainable energy at the lowest possible cost.

Electricity is generated at 13 facilities and delivered via power lines, substations and terminals to nearly 400,000 direct and indirect customers. We also export electricity to New England, Québec, Nova Scotia and Prince Edward Island through our subsidiary, New Brunswick Energy Marketing.

NB Power is the largest electric utility in Atlantic Canada and is responsible for the generation, transmission and distribution of electricity throughout New Brunswick. It has a net capacity of 3,513 MW.

NB Power has five divisions, including Customer Service, Generation and Business Development, Nuclear, Technology, Engineering and System Operations and Corporate Services.

Customer Service is designated as the standard supplier, responsible for securing adequate capacity and energy to meet our customers' needs in New Brunswick. It delivers safe, reliable and reasonably-priced energy to direct and indirect customers by way of its 21,050 km of distribution lines and substations. The division maintains and operates 49 terminals and switchyards that are interconnected by over 6,830 km of transmission lines ranging in voltage from 69 kV to 345 kV. It also provides valuable customer services through its customer interaction centres, business and residential customer advisors and field operations resources.

Generation and Business Development operates and maintains one of North America's most diverse generating systems consisting of 12 hydro, coal, oil and diesel-powered generating stations with an installed net capacity of 2,853 MW. Generation supplies approximately 75 per cent of in-province load to Distribution. It also exports energy to neighbouring New England, Québec, Prince Edward Island and Nova Scotia markets.

Nuclear operates and maintains a CANDU 6 - 710 MW (gross capacity) reactor at the Point Lepreau Generating Station. The Station provides approximately 30 per cent of New Brunswick's electrical energy requirements. It also sells five per cent of its energy production to Maritime Electric Company Limited.

The **Technology, Engineering and System Operations Division** is responsible for the adequacy and security and directs the operation of NB Power's transmission and distribution electrical grid, including interconnections with Quebec, Maine, Nova Scotia, and Prince Edward Island. These interconnections represent 2,137MW of export capacity and 2,378MW of import capacity. This division is also responsible for administering the NB Open Access Transmission Tariff which enables NB Power to comply with requirements of the North American Electric Reliability Corporation (NERC) and thereby allowing New Brunswick to take full advantage of import and export capabilities. This division is also responsible for the development and implementation of Transmission and Distribution Asset Management strategies, System Planning, Protection and Control, Design Engineering, Information Technology, and the Corporate Project Management Office.

Corporate Services provides strategic direction, communications, finance, accounting, internal audit, human resources, environmental, compliance, legal, and supply chain support to the operating divisions.

NB Power also has one wholly-owned subsidiary known as **New Brunswick Energy Marketing Corporation**. New Brunswick Energy Marketing Corporation, a Crown Corporation, conducts energy trading activities in markets outside New Brunswick, both to purchase electricity to serve load in New Brunswick and to serve standard offer service outside New Brunswick, and to market excess energy generated in New Brunswick to other jurisdictions.

Year in Review

2015
2016

Point Lepreau Nuclear Generating Station performance

Despite equipment reliability challenges in the first part of the year, Point Lepreau Generating Station operated safely and reliably at high power for 167 consecutive days from October 18, 2015, to the end of this reporting period. While challenges with equipment resulted in unplanned outages during the year, the Station provided reliable electricity for customers during the coldest winter months. This was the third consecutive year that the Station carried New Brunswick's base load during the critical weeks of the winter home heating season.

Investments in tree trimming to bolster grid reliability

NB Power invested nearly $13 Million in tree maintenance throughout 2015-2016 to help maintain grid reliability and keep customers connected, especially during extreme weather events. Following a series of historic extreme weather events causing tree-related power outages in 2013-2014, NB Power continued increased investment and building capacity into its vegetation management program.

Fewer, shorter power outages for customers

NB Power customers experienced fewer and shorter outages in 2015 compared to 2014. There was a 40 per cent decrease in the length of outages and 19 per cent decrease in the number of outages in the final six months of 2015 compared to the final six months of 2014. These numbers represent substantial improvement in customer reliability thanks to prior and on-going investments in tree-trimming and infrastructure.

SMART HABITS SAVE NEW BRUNSWICKERS ENERGY AND MONEY

Efficiency NB joined NB Power

Effective April 1, 2015, Efficiency NB joined NB Power and became an integrated part of our customer service team. The Energy Efficiency Services office and its staff of 12 now develop and administer a suite of residential and commercial programs, rebates and awareness activities, to help New Brunswickers reduce energy consumption and lower their costs. These programs are an important part of NB Power's long-term strategy to reduce reliance on fossil-fuel energy, lower future costs and provide customers with tools to control their monthly bills.

Home Insulation Energy Savings Program launched

In June, NB Power announced a new program to help homeowners make their homes more energy efficient. The Home Insulation Energy Savings Program provides targeted advice and financial incentives for insulation and air-sealing upgrades. The program rounds out a suite of energy efficiency programs offered by the utility, which include the Energy Smart Commercial Buildings Retrofit Program, the Low Income Energy Savings Program as well as the Smart Habits Rebate Program which offered mail-in rebates on the purchase of qualifying clothes-washers and refrigerators.

Smart Habits product rebate campaigns exceed targets

New Brunswickers saved money and energy by purchasing energy efficient LED bulbs, programmable thermostats and low-flow showerheads in the spring and fall Smart Habits rebate campaigns. NB Power offered $5 to $8 rebates on select single and multipack LED bulbs and a $10 rebate on select water-efficient showerheads. The spring campaign exceeded targets set for 125,000 LED light bulbs and 1,000 low-flow showerheads. Actual sales added up to 1,227 showerheads and 137,902 LEDS sold in April alone, resulting in an estimated net energy savings of 4.4 million kilowatt hours (kWh annually). This is the equivalent of taking 150 homes off the grid.

New Brunswickers embrace ductless heat pump rebate program

The Smart Habits rebate program expanded to include a $500 rebate on high-efficiency, cold climate ductless heat pumps. The rebate, applied at the point of sale by registered contractors, encourages uptake of heat pump models that work efficiently at colder temperatures common to New Brunswick winters. The rebate helps create jobs and increase business for local contractors, and reduces reliance on fossil fuel during extreme cold, all while helping customers reduce their electricity bills. NB Power rebated 7,293 heat pumps in 2015-2016.

MAKING PROGRESS ON THE FUTURE OF MACTAQUAC GENERATING STATION

Natural Sciences and Engineering Research Council (NSERC) awards $2.8 million to project supporting Mactaquac Project

The Canadian Rivers Institute was awarded $2.8 million toward its ongoing aquatic ecosystem study of the Saint John River to support NB Power's future decision on the Mactaquac Generating Station. In 2013, NB Power invested $2.5 million bringing the project total to $5.3 million. Under the leadership of Dr. Allen Curry, the project team is evaluating key environmental challenges, including river health, fish passage and flow management. The NSERC award is the largest Collaborative Research and Development Grant ever awarded in Atlantic Canada.

New Brunswickers invited to help shape future Mactaquac Generating Station

Fall of 2015 saw the launch of a province wide public input and consultation process led by NB Power on the future of the Mactaquac Generating Station. From September 21, 2015 to May 31, 2016, New Brunswickers were invited to help shape the future of the station through an online survey, open house events, presentations, workshops and community meetings. Members of the public were also invited to comment on draft reports examining social and environmental aspects of the project. This is the first time New Brunswickers have ever been consulted on this scale on a pending infrastructure decision.

Exercise Intrepid 2015 proves response readiness

NB Power with New Brunswick's Emergency Measures Organization (NBEMO) tested nuclear emergency response plans in a full scale, two day exercise in November. Exercise Intrepid put to test response plans at all levels of government, to ensure integration and maximized readiness of all responding organizations. The exercise demonstrated preparedness to effectively mitigate, respond to and manage a highly unlikely nuclear emergency. The exercise involved a simulated, realistic and challenging incident at the Point Lepreau Nuclear Generating Station and was designed to challenge 30 different organizations, involving more than 1,500 players who have a role in responding to a nuclear emergency. Exercise Intrepid 2015 allowed NB Power, with the support of the Province of New Brunswick and neighbouring jurisdictions, to demonstrate an effective and coordinated response effort to a simulated nuclear emergency with a heavy emphasis on: actions to protect workers and the public, and on public communications.

First Nations invited to participate in renewable energy program

NB Power and the Government of New Brunswick invited First Nations communities to participate in a new program to integrate small-scale renewable energy projects onto the provincial power grid. The program – known as Locally-Owned Renewable Energy Small Scale (LORESS) Program - allows for production of 40 MW of electricity from renewable resources like hydro, biomass, wind and solar energy. The program ensures First Nations inclusion and participation in the energy sector and is intended to create business opportunities, jobs and expertise for their communities, while recognizing and supporting First Nations interest in renewable energy and is aligned with cultural environmental values.

Beat the Peak

A Beat the Peak awareness campaign was held during a four week period in February, driven by a short video about what peak power is, and with the answer to "what can I do about it?" embedded. The Beat the Peak video was promoted online via ads, social media and through the NB Power Smart Habits e-newsletter. By any measure, the campaign was a success. The video received nearly 275,000 views, 2,600 likes, engaged over 650 individuals and received 690 shares online.

CEA Vice President's Award of Safety Excellence for generation

NB Power received a Canadian Electricity Association Vice President's Award of Safety Excellence in the generation category. To receive this CEA Award, a CEA Corporate Utility reporting must be ranked within the top 25 per cent for both All Injury/Illness Frequency Rate and Lost-Time Injury Severity Rate within the generation category. The CEA Vice President's Award of Safety Excellence is based on the results of CEA's Annual Safety Incident Statistics Report.

Our Commitment to Sustainable Electricity

NB Power is committed to a vision of sustainable electricity defined as being reasonably priced, socially responsible and environmentally friendly. This vision is driven by our corporate strategic objectives which enable NB Power to provide value to the Province of New Brunswick and its customers while positioning itself as a North American leader in innovation in our industry.

NB Power is a committed participant in the Canadian Electricity Association's Sustainable Electricity Program (SEP) which was established in 2009. Founded on a thorough and rigorous process involving all utility members, the program addresses the three pillars of sustainability: environmental, societal, and economic impacts and challenges. A holistic approach is taken in order to manage industry impacts and secure a collective energy future.

Sustainable electricity as defined by the Canadian Electricity Association (CEA) has three basic pillars: environment, social and economic.

With these three pillars in mind, NB Power is committed to:

Caring for the environment using a managed, risk-based process that avoids or minimizes impacts on the environment;

Communicating and engaging with stakeholders and partners in an open and transparent manner for all proposed and established operations and activities; and

Providing economic benefits to our shareholder and the citizens of the province.

Last year, NB Power made progress toward sustainable electricity in all three pillars.

CARING FOR THE ENVIRONMENT

At NB Power, caring for the environment is integrated into decision making and daily activities through the existing environmental management systems, balancing generation needs with environmental impact and interest groups' concerns, and responding to climate change through research, mitigation, emissions reduction, and adaptation.

ENVIRONMENTAL MANAGEMENT SYSTEMS - ISO 14001

Environmental risks are managed following ISO 14001:2004 Environmental management systems -- Requirements with guidance for use. At NB Power, environmental management systems are implemented at the facility or business level and are registered to or consistent with ISO 14001 as determined by annual audits.

Currently, separate environmental management systems can be found in each operating division, and through these NB Power has established local environmental objectives, such as reducing energy usage in specific facilities by converting to LED lights, and eliminating the use of desktop printers.

In the upcoming year and in alignment with several key initiatives underway within the utility focused on innovation and continuous improvement, NB Power will be merging existing, facility based, environmental management systems into a single Corporate EMS that is consistent with the ISO14001:2015 Standard on environmental management systems and aligned with the Corporate *Sustainable Development Policy*, and consistent high level objectives.

FISH AND FISH HABITAT IN THE SAINT JOHN RIVER WATERSHED

NB Power recognizes the importance of Atlantic salmon in the Saint John River and is taking action to improve survival rates of fish that pass through our hydro facilities.

NB Power is a significant player on the Saint John River and to ensure a balance between operational (generation) needs, the environment and various interest groups, NB Power and the Department of Fisheries and Oceans Canada have worked in conjunction with various First Nation and community groups to identify opportunities to address fish related issues. This cooperative approach led to development of the *Protocol Agreement for Fish and Fish Habitat Management in Relation to New Brunswick Power Hydroelectric Generating Facilities on the Saint John River System* in 2010.

The agreement provides for a structured approach for identifying and prioritizing fish and fish habitat issues and for establishing and implementing action plans to address the priority issues.

The actions are meant to complement the upstream fish passage systems already in place at Mactaquac, Beechwood, and Tobique and the efforts being undertaken by DFO and others to enhance fish stocks.

The prioritizing of issues and the development of action plans is done in an open way to ensure input from First Nations and the various associations along the river.

Through the protocol, fish passage at Tobique and operation of storage reservoirs above Tobique were identified as priority focus areas, and a series of projects were identified to improve fish passage or fish habitat.

Some key developments in this area in 2015-2016 include:

- Installation of new gates to protect salmon eggs from the risk of premature hatching in our reservoir at Trouser Lake;
- Modifying operations of the Tobique Dam to improve downstream passage of smolts (young salmon); and,
- Starting design work for physical modifications at Tobique to further improve downstream passage of smolts (young salmon) and kelts (post spawned adults).

In 2015 planning began for investments in projects to support the viability of salmon and other important species in the Saint John River. The planned projects follow best practices for fish passage, based on expert advice from the Canadian Rivers Institute and the Department of Fisheries and Oceans.

Work to address priority issues on the Saint John will continue for the foreseeable future, with the goal of ensuring an equitable balance between NB Power, environmental, and community needs and interests.

NB Power is proud to invest in these important projects to support the viability of salmon and other important species in the Saint John River.

CARBON AND CLIMATE CHANGE

The effects of climate change are already evident in New Brunswick, with measured changes in various parameters including sea level, snow pack, and the frequency of winter thaws. Climate change has also already impacted society, the environment and financial aspects of New Brunswick.

Looking forward, scientists are predicting further changes that will occur, which may impact various aspects of NB Power's operations and influence decision making. Recognising this, NB Power has been actively engaged in understanding, responding to and preparing for climate change for several years, and its activities can be summarized under six main headings.

NB Power's "Climate Change Management Strategy" identifies the following key elements for managing the effects of climate change on NB Power activities:

1. **Research/Understanding** - Improving our understanding of climate change.
2. **Mitigation** - Continuing emission reduction strategies (consistent with legislative and policy mandates).
3. **Scenario Definition** - Defining a credible scenario for future conditions.
4. **Vulnerability Assessment** - Assessing the vulnerability of existing facilities and business strategies to the future conditions.
5. **Adaptation Options** - Identifying and selecting options for managing the impacts on existing facilities.
6. **Decision Making** - Incorporating climate change considerations into long term decision making.

Research and Understanding

In efforts to improve our understanding of climate change, NB Power was or is a participant in the following:

- The External Advisory Commitee for the University of Waterloo Project:"Understanding the Current State of Awareness and Action on Adaptation in the Electricity Generation and Transmission Sectors"

- The Project Advisory Committee for the CEA Project: "Adapting to Climate Change: State of Play and Recommendations for the Electricity Sector in Canada" Canadian Electricity Association Report published in March 2016;

- The CEA Climate Change Adaptation working group; and,

- works closely with the NB Climate Change Secretariat.

Mitigation

With regard to climate change mitigation (primarily related to reducing emissions), NB Power:

- Has reduced its annual emissions of carbon dioxide by 67 per cent when compared to 2005 (from 8.79 to 2.93 million tonnes in 2015);

- Has incorporated the requirements of the Renewable Portfolio Standard in the IntegratedResourcePlan 2014;

- Is committed to reducing peak electricity demand, limiting generation emissions through a combination of increased efficiencies and Reduce And Shift Demand (RASD);

- Is investigating options for reducing system technical losses (thus improving overall system efficiency) and for improving hydro efficiency thus increasing renewable energy generation;

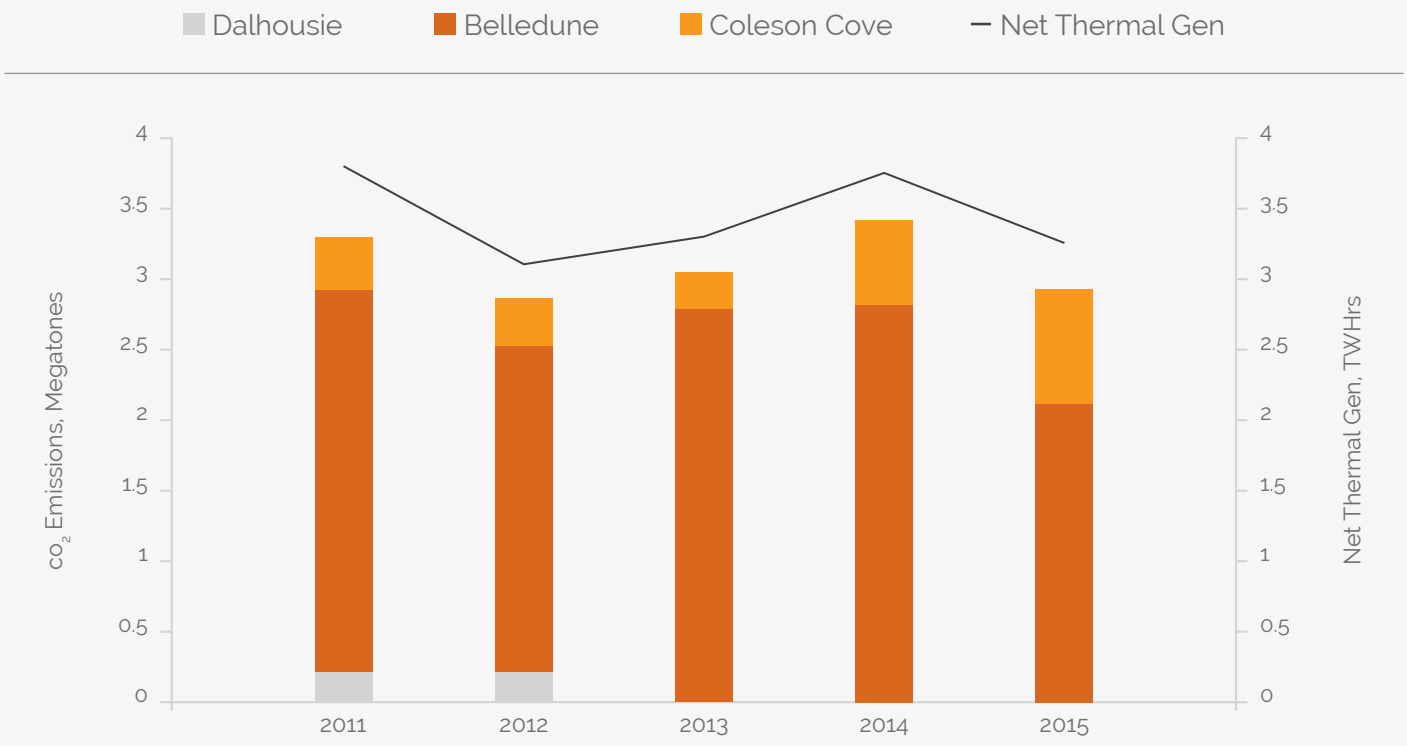
- Will continue to report on its mitigation activities, based on carbon dioxide emissions (annual), per cent non-emitting generation; and per cent renewable generation; and,

- Will comply with provincial and federal CO_2 emission requirements.

In the coming year, NB Power will be actively involved in province wide discussions related to climate change and carbon dioxide management. These discussions will consider different ways to reduce province wide emissions, while minimizing impacts on residents and the provincial economy.

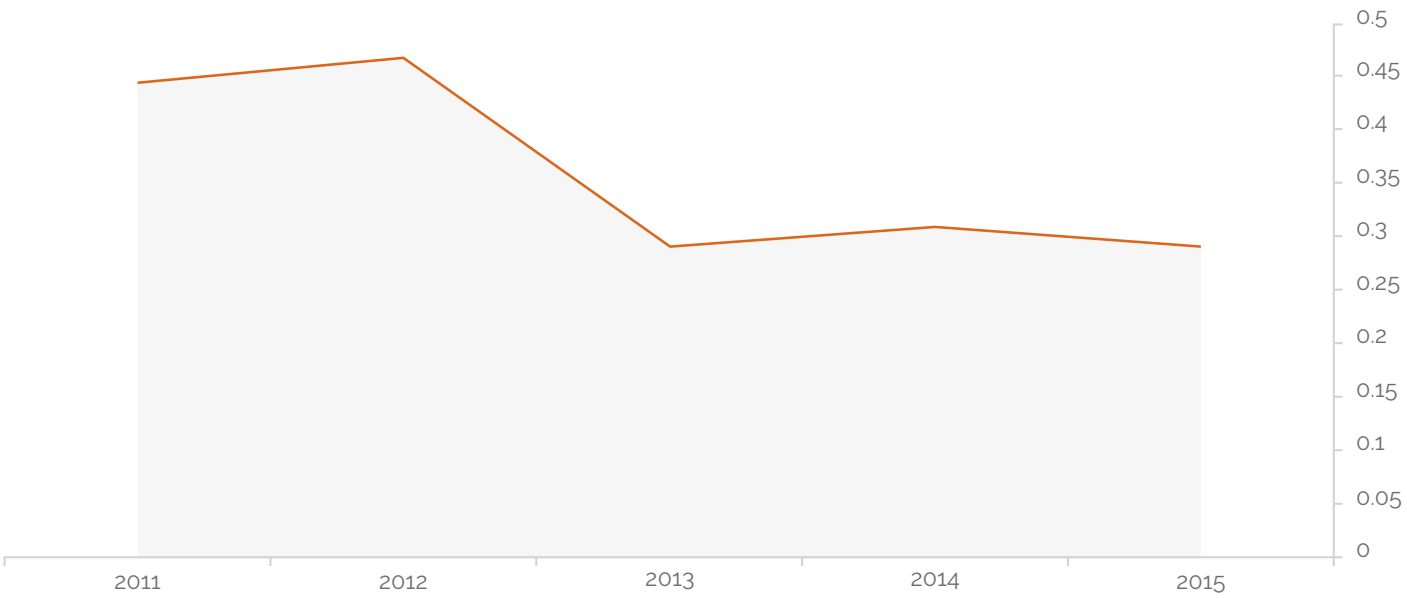
NB POWER GENERATION - CARBON DIOXIDE EMISSIONS 2011-2015

(Based on Mass Balance Calculations)



NB POWER GENERATION – CO_2 NET SYSTEM INTENSITY RATES 2011 TO 2015

(Based on Mass Balance Calculations) in kilograms/kWh



Scenario definition

A scenario is not a prediction; rather it is a plausible description of possible future conditions, which can be used to support a vulnerability assessment and subsequent decision making. In 2015-2016 NB Power has:

- Partnered with the New Brunswick Climate Change Secretariat and Ouranos to develop future scenarios of temperature and precipitation in New Brunswick;
- Initiated a review of predictions from Natural Resources Canada concerning sea level rise; and
- Initiated a review of potential inland flooding due to changes in precipitation.

These activities lead directly into vulnerability assessments.

Vulnerability Assessments

As climate change scenarios become available, NB Power will conduct vulnerability assessments of its existing infrastructure and operations. In 2015-2016 NB Power undertook two significant assessments:

- Piloting the use of LiDAR technology in conjunction with growth models to efficiently identify where trees have potential to come into contact with power lines (due to wind or freezing rain), a key step in understanding the vulnerability of the transmission and distribution system to changes in wind and precipitation events.
- Participated in the Chignecto Isthmus Case Study, conducted by various government departments from New Brunswick and Nova Scotia, economists from St. Francis Xavier University, Nova Scotia Power Inc., and CN Rail, to understand the potential impacts of climate change on infrastructure in the area between Amherst and Truro and to conduct a cost-benefit analysis (CBA) of adaptation options to address impacts.

Adaptation Options

NB Power will identify potential adaptation options, taking into account: costs and benefits, risks, and rate implications. The output from the LiDAR pilot project has been incorporated into daily activities, supporting operational decisions related to vegetation management priorities. The result of the Chignecto Isthmus Case Study indicates that at this time NB Power facilities are not at significant risk from climate change.

Decision Making / Reporting

NB Power will continue to document how it is managing climate change by providing periodic reports summarized in the Annual Report, relating to:

- Involvement in research related to climate change;
- Climate change scenarios being employed by NB Power;
- Results of vulnerability assessments;
- Adaptation options considered; and,
- Key decisions made with regard to options selected.

COMMUNICATING AND ENGAGING WITH STAKEHOLDERS AND PARTNERS

NB Power is committed to communicating and engaging with our customers, stakeholders and partners.

The 2015-2016 fiscal year saw exciting and new methods of engagement: We grew our Facebook community to more than 12,000, continued conversations with more than 13,000 Twitter followers, launched an extensive public consultation regarding the future of Mactaquac Generating Station, and expanded our permanent First Nations Liaison team. NB Power also participated in nearly 100 events throughout the province, from home shows to farmers markets to emergency preparedness sessions. In addition, NB Power continued its work with community liaison committees at the following generating stations: Dalhousie, Belledune, Point Lepreau, Coleson Cove, and Mactaquac. These committees are an important two-way dialogue with community members that allow NB Power to communicate initiatives and address issues of concern.

MACTAQUAC PUBLIC ENGAGEMENT

Mactaquac Generating Station is a hydroelectric generating facility located west of Fredericton on the Saint John River. The station began operating in 1968, and has the capacity to generate approximately 670 megawatts of energy using the flow of water through six turbines. The station supplies about 12 per cent of New Brunswick homes and businesses with clean, low-cost power. Due to a problem with concrete expansion, known as Alkali-Aggregate Reaction (AAR), the concrete portions of the station, which include the spill ways and the powerhouse, are expected to reach the end of their service lives in 2030.

Between September 21, 2015 and May 31, 2016, New Brunswickers were invited to help shape the future of the station through an online survey, open house events, presentations, workshops and community meetings. Members of the public were also invited to comment on draft reports examining social and environmental aspects of the project.

This public engagement process makes up one tier of a three pronged approach where environmental, social and economic impacts of the three options for the future of the station are being considered.

See the Mactaquac case study on page 25 for further details or visit (www.mactaquac.ca) to read the reports.

ABORIGINAL ENGAGEMENT

The First Nations Engagement Strategy for the Mactaquac Project is founded on the principles of inclusion, respect and responsiveness. As such, one successful effort over the last fiscal year was the hiring of a First Nations Liaison – Field Monitor.

In response to input gathered from meetings with community leadership and Consultation Coordinators, duties for the Field Monitor were identified, in order to provide respectful participation in the Mactaquac project that met the mutual interests of First Nations and NB Power. Following the job advertisement being posted in the six Maliseet communities, a candidate was selected. The Field Monitor then participated in many field studies, reporting weekly experience and observations from a First Nations perspective to both Management and the communities.

Consequently, tremendous confidence in the conduct and transparency of NB Power has been built. An improved set of relationships with the Maliseet communities was fostered, in addition to an increased overall understanding of First Nations interests with NB Power.

The establishment of Consultation Coordinators for each of the Maliseet communities funded by the province of New Brunswick and selected by their communities has also greatly facilitated dialogue and engagement with those communities. Through the Coordinators, two community open houses and one community meeting regarding the Mactaquac project were organized. Additionally, other meetings were held to discuss the project, consultation protocol and requirements for capacity to deliver valuable input regarding studies and potential impacts from a First Nation perspective. This works continues into 2016-2017.

Other engagement highlights from 2015-2016 include sponsorship of Elephant Thoughts, a week-long, hands-on science camp offered to First Nations students in Kingsclear, Tobique and Elsipogtog, where NB Power staff gave presentations about electricity, safety and energy conservation. In addition, NB Power continued financial contributions to pow wows, the Indigenous Summer Games and the First Nation Children's Fund.

ECONOMIC EXCELLENCE

NB Power will deliver sustainable electricity by providing reliable power through competent management and economic excellence at NB Power.

The Smart Habits rebates programs and work promoting electric vehicle uptake demonstrate the utility's commitment to evolving as our customers' service provider of choice. NB Power's evolution is driven by helping our customers use less energy smarter while meeting our business goals and lessening our impact on the environment.

SMART HABITS

In July of 2014, NB Power released its *Integrated Resource Plan* (IRP), a document which provides a plan for NB Power to move towards sustainable electricity and fulfils the utility's renewed commitment to develop a long-term plan that considers economics, the environment, long-term societal interests, and various sensitivities. Energy efficiency, demand management and demand reduction (also known as Reduce and Shift Demand – RASD) are vital to the Integrated Resource Plan.

Energy efficiency and conservation is an integral part of NB Power's Reduce and Shift Demand program. It is the "reduce" part of the RASD program. This part of the program provides benefit to the participating customers through direct savings on their power bills. It also provides benefit to NB Power in the long term by avoiding the costs of new generation infrastructure to meet future demand. This in turn provides indirect benefits to all customers by ensuring low and stable rates.

"Why use electricity you don't need?" That's the Smart Habits brand motto, and just as it suggests, Smart Habits are promoted by NB Power to help customers get control of their energy use and lower their monthly bills. Smart Habits, encouraged by rebates and advice, help to strengthen our relationship with our customers, while building good-will and trust by helping New Brunswickers use less electricity.

In fiscal year 2015-2016, the Smart Habits programs offered incentives on: home insulation and air sealing, ductless heat pumps, refrigerators, clothes washers, LED light bulbs, water-efficient showerheads, and programmable thermostats. Other energy efficiency initiatives led by NB Power included: the Energy Smart commercial buildings retrofit program, LED streetlights project, and a Low Income Energy Savings Program.

Thanks to the energy efficiency programs and rebates, customers are realising a total net annual energy savings of 33,421,040 kWh.

ELECTRIC VEHICLES

Electric vehicles (EVs) are a recognized part of the solution to climate change mitigation and creation of a sustainable energy future that embraces renewable energy sources and reduces reliance on fossil fuels.

It is anticipated that EVs will become an integral part of the smart grid future, not only providing opportunities for new off peak electrical load, but also serving as a new resource - mobile energy storage - by storing energy acquired during periods of high electricity generation from renewable sources (for example, wind). What's more, in the future, EVs can feed electricity back onto the grid in times of high demand, thanks to enabling smart grid technology. The environmental and economic benefits of EVs, both to individuals and to society, include reduced CO2 emissions (up to 65 per cent less) and lower fuel costs compared to a gas car (up to 85 per cent less).

The emergence of electric vehicle mobility and charging infrastructure in the North American market place coincides with the implementation of NB Power's strategic Reduce and Shift Demand (RASD) program and the 10-year Siemens smart grid modernization plan. NB Power envisions a new and exciting future that includes energy products and services that will increasingly keep pace with and engage customers in offerings that enhance their lifestyle while contributing to energy efficiency goals and reducing electricity consumption at peak.

Fiscal year 2015-2016 saw new developments in Electric Vehicle promotion with a number of networked chargers installed in Fredericton and Moncton. Six NB Power fleet chargers were installed at NB Power work sites. These chargers are being used in conjunction with a Smart Charging project with FleetCarma and Sustainable Development Technology Canada to curtail and delay charging on a select number of NB Power fleet electric vehicles. This technology will be an important piece of smart grid allowing NB Power to monitor energy consumption, curtail vehicle charge, and gain knowledge in the emerging technologies of battery storage and Vehicle-to-Grid (V2G). In addition to the NB Power fleet chargers, a networked level 2 public charger was installed at the Town of Quispamsis along with one at the Moncton operations centre.

NB Power partnered with the Harvest Jazz and Blues Festival to include a car show featuring electric vehicles owned by New Brunswickers. This event was in addition to a Test Drive an EV event, held for the third year in partnership with New Brunswick certified car dealers. The Test Drive an EV event provides patrons with the opportunity to test drive a selection of electric vehicles.

Throughout the year, NB Power was an active participant in the New Brunswick Electric Vehicle Advisory group, contributing to the development of the New Brunswick Electric Vehicle Roadmap as well as the Drive Electric NB - Communications Plan. In addition, NB Power was a participant in the Electric Mobility Canada conference in Halifax, where President and CEO Gaëtan Thomas was the keynote speaker and Brad Wasson, Project Director, Reduce and Shift Demand, delivered a presentation on "A Smart Energy Roadmap for Electric Vehicles."


20063
de bonnes habitudes.ca

CASE STUDY:

MACTAQUAC PUBLIC ENGAGEMENT

THE DELICATE BALANCE OF SOCIAL, ENVIRONMENT AND ECONOMIC RESPONSIBILITIES REPRESENTED IN ONE PROJECT.

The recent public engagement and consultation regarding the future of the Mactaquac Generating Station reflect the combined considerations of sustainability: social responsibility, economic excellence and environmental responsibility. Environmental studies at and around the Mactaquac site, extensive public engagement through in-person community meetings, an online survey and written submissions, along with financial analysis and forecasting are joined and balanced to ensure a transparent, representative, and socially responsible decision-making process.

All New Brunswickers have a stake in the eventual decision about Mactaquac. The cost will likely be paid for by customers. The Saint John River is a shared natural resource with environmental and aesthetic value. The station has created a community of landowners who value the natural beauty and recreational opportunities of the dam's reservoir. For these reasons and others, NB Power has invited all of its customers to be part of the discussion about the future.

Dozens of scientists and other experts are studying the potential environmental, scientific and social impacts of this decision, with the results captured in two draft reports, the Comparative Environmental Review (CER) and Social Impact Comparative Review (SICR), which are published online (www.mactaquac.ca).

The University of New Brunswick's Canadian Rivers Institute is conducting the largest-ever aquatic ecosystem study of the Saint John River to capture baseline data and model what might happen in each of the end-of-life options proposed for the station in peer-reviewed studies. The full scope of their research is available online (http://canadariversgis.maps.arcgis.com/home/index.html).

New Brunswickers have been invited to comment on the draft CER and SICR reports and the project in general, and thousands have already shared their thoughts and feelings in person, in writing or through an online survey (www.mactaquaction.ca). The project hosted seven open houses attended by approximately 950 New Brunswickers during phase one of the engagement. The feedback received will be compiled into a final 'what was said' report to be made public in late 2016.

In addition, the interests and rights of First Nations are being considered through a separate engagement. It is important to note that the scientific, environmental and social factors will influence the cost of the project and therefore will be considered as part of the business case. As those elements are gathered they are being fed into a cost-benefit and technical analysis. This work is in progress and must be complete prior to any recommendation being made.

This process is unique to NB Power and to Atlantic Canada. In fact, this may be the first time residents have ever been consulted on this scale, on a pending infrastructure decision, in the history of New Brunswick.

What is the goal of the public engagement process for Mactaquac?

To gather broad, values-based input from New Brunswickers to inform NB Power's recommendation in late 2016

What is NB Power's promise to the public for this engagement?

WE WILL	Share information;
	Listen to and acknowledge the concerns and aspirations of those affected;
	Provide feedback on how public input will influence our recommendation.

What topics can be influenced through public feedback?

Common values identified during the engagement process will be reflected in the option selected. For example, reflecting what's most important to New Brunswickers in the areas of cost, environment, community impacts, sources of renewable energy, and potential economy activity.

Feedback we receive can influence the process and techniques by which we consult with New Brunswickers. For example, reflecting identified preferences around online tools, face to face meetings, submitting written comments and other methods of contact.

New information uncovered during the engagement process will be considered.

What topics cannot be influenced by public feedback?

NB Power must continue to provide safe, reliable electricity at low and stable rates.

NB Power must operate in compliance with environmental regulations.

We are respectful of First Nation's rights and interests.

A recommendation must be made by the end of 2016.

WORKING TOWARD A DURABLE DECISION

NB Power is working to make a sound and lasting decision about the future of Mactaquac. It must make good business sense for NB Power and be something that all New Brunswickers, current and future, can live with and afford.

We know that the most durable decisions – those deemed most acceptable in the long term – successfully balance the following factors: They must be technically feasible, financially viable, socially acceptable and environmentally responsible. NB Power has advanced different options for the future of Mactaquac to gather information on each of these factors from various sources.

The financial and technical viability will be first considered by NB Power and its Board of Directors, and then by the Province of New Brunswick and ultimately its regulator, the New Brunswick Energy and Utilities Board.

For the Mactaquac decision process, NB Power will consider a fact-based methodology that seeks to balance these four factors as expressed through the CER, the SICR, the public engagement process and the final business and technical analysis. NB Power will continue to study the business case and refine the potential technical solutions to the situation at Mactaquac, keeping in mind that society, and more specifically the legal and regulatory requirements, will require an environmentally and socially responsible solution.

The eventual path forward must demonstrate that, in considering these elements, NB Power has selected the best-cost approach that meets the reliability, environmental and financial targets set by its owners, the people of New Brunswick, and its regulator, the New Brunswick Energy and Utilities Board. By the end of 2016, NB Power will seek to arrive at a responsible decision for Mactaquac Generating Station that meets the present and future needs of New Brunswick's energy system and reflect the values of the New Brunswickers.

Report on Performance

NB Power continues to work in pursuit of three key strategies that support our mandate from our shareholder, the Province of New Brunswick. Since 2011, we have been directed to operate as a commercial enterprise, provide safe and reliable service, and to maintain and enhance shareholder value through efficient operations and long-term debt and asset management.

Strategy 1

Become among the best at what we do

NB Power will work toward being a top quartile (in the top 25 per cent) performer as compared to public and private utilities in North America.

Strategy 2

Reduce our debt so we can invest in the future

Systematically reduce debt to ensure NB Power is in a financial position to invest in new generation when necessary to ensure stable rates for New Brunswick.

Strategy 3

Reduce and shift electricity demand

Invest in technology, educate customers and incent consumption to reduce and shift demand for electricity and ultimately defer the next significant generation investment.

These strategies are also outlined in NB Power's 30-Year Strategic Plan. They are intended to allow NB Power to replace future generation as needed while taking advantage of future energy options and operating as efficiently as possible. They are also intended to help New Brunswickers understand how to reduce electricity consumption and shift demand patterns without affecting personal comfort.

During fiscal 2015-2016, NB Power continued to make progress advancing these strategies with a series of large and small projects, along with structural and operational changes and improvements.

Strategy One

Become among the best at what we do.

1

NB Power remains committed to becoming among the top performing utilities in North America. For our utility, becoming a top quartile performer means excelling in a number of critical areas, including safety, reliability, environment, financial and customer service.

SAFETY

In the area of safety, 2015-2016 saw the continuation of our multi-year safety improvement plan. We are working together with our labour partner, International Brotherhood of Electrical Workers (IBEW) Local 37 to develop a world-class safety culture that speaks loudly in everything we do.

For employees and managers this included:

- Aligning leadership and employee behaviors with safety action statements as stated in a Shared Safety Commitment signed by NB Power executive representatives and the senior management team of IBEW Local 37.
- Tools and training to aid with additional mental focus and eliminate distractions.
- Improved leadership and coaching/feedback through regular field observations.

For our customers, NB Power continued to promote awareness of potential electrical dangers in the following areas:

- Staying safe during severe weather events (information and education)
- Safe use of generators and tree safety
- Hydro safety
- Contractor safety focused on working around power lines.

As a nuclear utility, NB Power also recognizes the need to promote nuclear safety excellence. In support of its Nuclear Safety Policy, NB Power continued to actively monitor its nuclear safety culture and challenge itself to continuously improve.

NB Power was recognized for these efforts with the receipt of a CEA Vice President's Award of Safety Excellence in the generation category. As recipient of this award, NB Power, a reporting CEA Corporate Utility, ranked within the top 25 per cent for both All Injury/Illness Frequency Rate and Lost-Time Injury Severity Rates within the generation category.

RELIABILITY

In 2015-2016 NB Power invested approximately 40 per cent of the total planned capital program, or $93 million, in the reliability of the electrical infrastructure, including projects to rebuild aging transmission and distribution lines, and refurbishments and the replacement of critical aging enabling and support systems. In addition, assessments and reviews of outstanding preventative maintenance work continued. This effort supported prioritization and completion of critical maintenance activities in line with industry best practice.

Following after action reviews of the major weather events of 2013-2014, NB Power created development plans to improve overall reliability, emergency response and preparedness. Last year, that included approximately $13 million investment in vegetation management, enhancements to customer communications regarding estimated restoration times and emergency response progress, and enhancements to the Corporate Emergency Response framework to improve cross corporate coordination and communication.

As highlighted in the Year in the Review, NB Power and New Brunswick's Emergency Measures Organizations (NBEMO) tested our collective nuclear emergency response plans in a full scale, multi-jurisdictional exercise in November 2015. The exercise simulated a 'beyond design accident' at Point Lepreau Nuclear Generating Station and successfully demonstrated our preparedness and ability to work collectively with partners at the provincial and federal level. The exercise involved the full participation of NB Power's Emergency Response Organization, which included many staff on site and personnel across the company, the Canadian Nuclear Safety Commission and a number of other government agencies.

In addition, NB Power tested emergency response plans related to grid reliability and stability through a North America-wide table-top exercise among power operators on November 18 and 19.

Belledune Generating Station underwent a 5-week planned maintenance outage in 2015-2016 to inspect and repair main boiler and boiler tubes, a re-heater tube replacement, main boiler feed pump turbine overhaul and repairs to duct work and scrubbers.

Despite significant operational challenges at Point Lepreau Nuclear Generating Station during 2015-2016 due to unplanned outages due to equipment challenges, the station operated consistently during the cold winter months. The actual capacity factor of the station was 78.5 per cent.

ENVIRONMENTAL

Environmental leadership is a very important element of NB Power's vision of Sustainable Electricity. NB Power has one of the most diversified generation fleet of facilities in North America. Decisions to develop hydro and biomass resources, made decades ago, and the more recent development of wind resources, have enabled NB Power to become a North American leader in diverse renewable energy generation.

The Province of New Brunswick has committed to increasing the development of further renewable energy through the creation of a new Renewable Portfolio Standard that targets 40 per cent of in-province electricity sales being provided from renewable energy. NB Power is well on its way to meeting this target.

In 2015-2016, NB Power achieved 42 per cent of its in-province electricity from renewables and a total of 75 per cent from non-emitting sources of generation. This higher than expected number results from a warm winter requiring less use of fossil fuel plants and additional out-of-province hydro purchased to offset a maintenance outage at Point Lepreau. In 2015-2016, out-of-province hydro remained the lowest-cost replacement option, thanks to NB Power's good long-term relationships with its suppliers.

NB Power continues on a steady path to achieve the target set by the Government of New Brunswick through the development of in-province renewable sources. This includes a plan to build in 80 megawatts of renewable energy through our Community Energy Program and First Nation Renewable Energy programs, launched earlier in the year.

A decision on the future of the Mactaquac Generating Station is one of the biggest environmental and investment decisions facing NB Power over the next five years.

The Mactaquac Generating Station is expected to reach the end of its service life by 2030 due to problems with concrete expansion in all of its concrete structures. NB Power is examining how future options might impact people and the environment, along with engineering, economic and scientific considerations, and will choose a path forward in 2016. For more information, see the Mactaquac Case Study on p.25.

NB Power continued working closely with the Lower Saint John River Community Liaison Committee, a cross section of community members, representatives of environmental groups, first responders and municipal representatives from the Saint John River Valley, to ensure the public and stakeholders are well-informed on station activities and the project.

FINANCIAL

In fiscal 2015-2016, NB Power focused on the continued roll-out of Formal Management System Standards to ensure that operations, products and services meet or exceed customer expectations, monitor the health of the organization and drive continuous improvement. It is an effective way to ensure compliance with regulatory requirements critical to continued operations.

This corporate-wide initiative is centered around the importance of standardizing and managing by integrated processes based on leading industry practices. Process reviews and improvements were facilitated through the use of trained internal Lean Six Sigma black belt practitioners focused on eliminating waste and improving efficiencies. Productivity and process improvement reviews contributed $6.6 million in additional hard and soft savings last year.

NB Energy Marketing Corporation focused on maximizing the value of NB Power's generation and transmission assets through export energy sales and transactions. The increased focus and attention on this specialized and competitive industry helped keep rates as low as possible for NB Power customers. Last year, we developed and embarked on a strategy that will focus on securing long-term agreements with existing Canadian customers and increasing customers in the State of Maine.

Finally, to improve transparency and accountability, NB Power demonstrated its entire costs, revenues and policies to stakeholders and the Energy and Utilities Board through a series of critical regulatory hearings and filings that included:

- Class Cost Allocation Methodology
- 10-year Capital Plan
- 2015-2016 General Rate Application

Detailed financial reports can be found at the end of this Annual Report.

CUSTOMER SERVICE

Customer Service excellence in our core business builds trust and reinforces the customers' confidence in choosing NB Power's products and services. Positive customer experience is critical to build support and participation in our suite of energy efficiency programs, product offerings and services that contribute to the success of the Reduce and Shift Demand strategy as well as becoming our customers' partner of choice for energy products and services.

Last year, NB Power rebuilt its website and online self-serve bill management to ensure customers could receive modern, mobile and on demand service when and where they need. Capturing customer feedback creates continuous improvement opportunities resulting in process improvements. We continue to track customer experience through surveys, measures and social media trending. With continued focus on efficiency, these leading indicators are reviewed monthly to identify opportunities to adjust and refine our service offerings.

Employees and contractors delivering service to our customers is another key touch point. Our training, policies and procedures are designed to consider the needs of customers. Our agents, employees and contractors are empowered to resolve issues and ensure customer satisfaction remains a priority.

Strategy Two

Systematically reduce debt to ensure that NB Power is in a financial position to invest in new generation that will ensure stable rates for New Brunswick.

NB Power has committed to a substantial reduction in debt between 2011 and 2021. This reduction is expected to improve NB Power's capital structure and align the utility with other top-performing Crown-owned utilities. Through debt reduction, NB Power will reduce its risk of rising interest rates/costs and ensure its financial flexibility to make necessary investment decisions in the future.

In 2015-2016, NB Power focused on incremental cash flow to create equity (retained earnings) while making progress on debt repayment. The primary focus areas included:

- Continued cost reductions through process improvements (see strategy one), increased revenue through out-of-province markets, new products and services and an incremental per cent rate increase.
- Effective nuclear fund investment strategies.
- Effective investment management/governance and project management standards.

Also in 2015-2016, NB Power continued efforts to collaborate with neighbouring jurisdictions to reduce costs and improve service to customers.

Strategy Three

Invest in technology, educate customers and incent consumption that will reduce and shift demand (RASD) for electricity and ultimately defer the next significant generation investment.

ENERGY EFFICIENCY SERVICES

In its 2014 Integrated Resources Plan (IRP), NB Power stressed the pivotal role that demand-side management (DSM) resources, such as energy efficiency and demand response programs, can play in meeting New Brunswick's future power needs. These programs, the IRP emphasized, can not only help reduce demand, but also shift loads off-peak, to the benefit of the utility (such as avoided generation and capacity costs, higher overall efficiency), ratepayers (lower energy consumption and bills) and the environment.

On April 1st, 2015 Efficiency NB, its staff and existing programs became a part of NB Power. These programs coupled with NB Power's new and existing Smart Habits Rebate Program as well as the ongoing LED Street Light Program comprise the basis of NB Power's Demand Side Management Plan for the year.

In addition to meeting the DSM Plan energy savings targets, these programs provide education and financial incentives to help our customers use energy more efficiently, make better energy choices, manage energy expenses and lessen the impact of energy use on the environment.

RESIDENTIAL ENERGY EFFICIENCY PROGRAMS

Home Insulation Energy Savings Program

In June of 2015 NB Power launched the Home Insulation Energy Savings Program. This program was created to provide information and incentives to homeowners to help reduce their energy consumption through targeted air sealing and insulation upgrades.

Homeowners register for the program and undergo a pre-upgrade evaluation at their home ($210) which results in a report itemizing what insulation upgrades are recommended for their home. Once the upgrades are complete and evaluated, homeowners receive financial incentives based on the level of insulation added.

In 2015-2016 this program was funded by government and provided incentives for all fuels. 99 participants completed their upgrades by March 31st, 2016.

Low-Income Energy Savings Program

Funded 100 per cent by Social Development and the Government of New Brunswick and delivered by NB Power, the Low-Income Energy Savings Program assists low-income homeowners in New Brunswick by reducing their energy consumption and energy costs through targeted energy efficiency retrofits.

Eligible homeowners are offered a series of major upgrades, such as the addition of basement insulation, attic and/or wall insulation and/or heating system upgrades; health and safety measures such as addition of ventilation to deal with air quality and/or humidity issues; and Low-Cost Measures such as the installation of energy efficient light bulbs and/or low-flow showerheads to help reduce lighting and hot water energy consumption. Homes can qualify for some or all of the potential upgrades.

Annual funding for this program is $2 million. In 2015-2016 251 homes went through the program.

Ductless Mini-Split Heat Pump Program

October 1, 2015, NB Power launched a $500 rebate to incent customers already thinking about buying a mini-split heat pump, to purchase a High Efficiency Cold Climate Heat Pump. This incentive was provided through a network of 170 participating contractors to customers purchasing eligible heat pumps.

In 2015-16 NB Power provided 7,293 rebates equaling $3,646,500.

Smart Habits Product Rebate Programs

The successful Save Twice rebate programs which began in Fall of 2013 continued this year under the new Smart Habits brand campaigns in April and October/November as well as a yearlong Large Appliance Program.

Through a network of over 150 retailers, the Smart Habits program has seen over 432,000 LED light bulbs purchased by our customers as well as over 2,100 thermostats, 1,900 low flow showerheads, 940 washers and 520 refrigerators in 2015-16 alone.

COMMERCIAL ENERGY EFFICIENCY PROGRAMS

Commercial Building Retrofit Program

An existing program from Efficiency NB the Commercial Buildings Retrofit Program provides up to $3,000 towards an audit to determine the potential for energy efficiency upgrades in a commercial building and up to $75,000 towards the energy retrofitting project costs. Program participants have 18 months to complete the program.

In 2015-2016 55 new buildings entered the program and 33 buildings received implementation incentives.

LED Streetlight Program

In its third year, the LED street light replacement program continued on track with a goal to deploy 72,000 LED energy-saving streetlights throughout New Brunswick by 2017.

In fiscal 2015-16, the LED replacement program finished successfully with over 15,000 fixtures installed. The project continues to progress on schedule and anticipates similar results in fiscal year 2016-2017 as the target of a total of 72,000 replacements is reached.

Program	Savings in Annual Energy Consumption (kWh)
Home Retrofit Direct Install	141,650
Home Insulation Energy Savings Program	488,440
Smart Habits In-Store Rebates (Low Cost Measures)	12,581,400
Ductless Mini-Split Heatpumps	10,426,420
Low Income Energy Savings Program	2,151,810
Energy Smart Commercial Building Retrofit Program	1,168,780
LED Streetlights	6,463,540
TOTAL	**33,421,04**

RESEARCH AND DEVELOPMENT

NB Power's RASD strategy is a holistic organizational change approach that includes the following:

The strategy represents a transformation of the traditional energy value chain and the relationship NB Power has had with our customers. It is one of the biggest and most valuable customer-focused investments NB Power will make during the next decade.

Throughout 2015-2016, NB Power continued its 10-year partnership with Siemens Canada to integrate Smart Grid technologies and operations into the provincial electrical system. NB Power and Siemens continue to work towards building Canada's first fully-integrated 'energy internet' enabling two-way communications between customers and their homes, power plants, and distribution systems. These are fundamental changes and enhancements to the grid which will enable all energy stakeholders to benefit from a modernized, robust grid.

Last year, NB Power's RASD work focused on both energy efficiency and load-shifting/peak-shaving initiatives:

Integrated Load Management

The implementation of the initial version of the Integrated Load Management (ILM) software was completed in December to support various pilot projects executed in the winter months. This software implementation allowed for commands to be sent to smart devices (water heaters, thermostats and building management systems) to shift energy usage away from the system peak. As the RASD program progresses this software will continue to evolve, allowing communication with additional types of devices and providing enhanced control capabilities. The implementation of the next version of the ILM software is targeted for December of 2016.

Technology for Demand Side Management programs

Technology for Demand Side Management (DSM) programs continues to be explored and tested. In 2015-2016 technology was implemented as part of pilot projects allowing communication with, and control of, smart devices on customer premises to help shift our peak energy demand. While still operating at the pilot level, energy demand was successfully shifted by managing thermal energy stored in water heaters, and in residential homes and commercial buildings (airspace) using thermostats. Further development of these technologies will continue as a full program offering is designed around new business capabilities that will maximize ability to shift peak load with no impact on our customers.

Communications infrastructure to support smart grid technologies

Work continued in the design of a communications infrastructure to support smart grid technologies. The high level conceptual design of the communications infrastructure was completed and approved with work now beginning on a detailed design that will support future procurement activities. Work will continue on these initiatives over the next several years.

New smart products and services portfolio to reduce and shift demand

A Products and Services Portfolio Committee was created to oversee a formal gating process that progressively commits investments to products and services which contribute to key performance indicators that align with NB Power's strategy and long term vision. The New Product Introduction (NPI) process developed by the Products and Services Development team also ensures a standard methodology is followed as the products/services are evaluated, developed, and introduced into the market as an NB Power offering.

Products and Services Lab tours offered

Cross-province tours with a mobile smart grid demonstration lab helped employees become ambassadors for the new products and services being developed for our customers.

The products and services development lab at Head Office was expanded during fiscal year 2015-2016 with the launch of a new interpretive centre. Employees, board members, partners, international visitors, developers and members of the public toured the lab facility and interpretive centre over the past year. The lab has proven beneficial for smart grid technology testing and development as well as providing invaluable first-person learning opportunities.

Other notable accomplishments under the RASD program included:

- The successful implementation of a Supervisory Control and Data Acquisition (SCADA) system allowing for improved monitoring and control of substations and other equipment on the distribution grid. Four substations were successfully connected with additional substations to be connected in future years.

- The launch of the Smart Grid Innovation Network (SGIN), in partnership with the University of New Brunswick and Siemens, to help promote the development of new smart grid related products.

Management's Discussion and Analysis

Management's discussion and analysis reviews the financial and operational results for the fiscal year ended March 31, 2016, relative to the previous year. This section should be read in conjunction with the Consolidated Financial Statements and the accompanying notes.

CONTENTS OF MANAGEMENT'S DISCUSSION AND ANALYSIS

Topic	Purpose
Financial and operating performance factors	Identifies and explains the effect of factors contributing to variability in earnings
Financial performance summary	Provides a summary of the year's key financial results
Significant events	Highlights significant events impacting the statement of financial position and earnings results in the past year
Year over year financial results	Explains the financial results for 2015/16 including a year-over-year variance analysis
Regulatory deferrals	Explains the impact of the regulatory deferrals
Financial instruments	Explains how financial instruments impact financial results
Liquidity and capital resources	Identifies and explains changes to liquidity and capital resources
Capital management	Identifies and explains debt reduction objective and strategy
Critical accounting policies	Describes changes in accounting policies and their impact on the consolidated financial statements
Significant accounting estimates	Explains the estimates made and how they impact earnings

FINANCIAL AND OPERATING PERFORMANCE FACTORS

This explains why the NB Power earnings are subject to significant variability under normal operations.

IMPACT OF FINANCIAL AND OPERATING PERFORMANCE FACTORS

There are many factors that impact earnings that are outside the control of management. These factors result in significant swings in year-over-year results because they affect the cost of generation or price competitiveness in export markets.

FACTORS THAT AFFECT FINANCIAL AND OPERATING PERFORMANCE

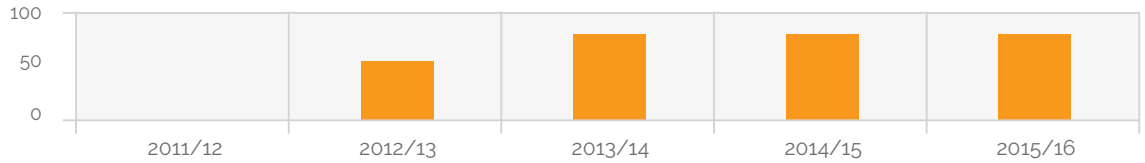
These are the major factors that have historically affected NB Power's variability in earnings. This table explains how each factor can affect the variability of revenue and expenses.

FINANCIAL AND OPERATING PERFORMANCE FACTORS (CONT'D)

Factor	Description
Short-term energy purchases	Represents • approximately 30 to 40 per cent of total supply requirements, and • approximately 55 to 60 per cent of total fuel and purchased power costs. Depending on world oil prices, lower cost energy is purchased to displace internal oil-fired generation. Typically, NB Power enters into forward purchase contracts for energy to supply forecasted requirements.
Nuclear based generation	Nuclear generation represents up to 26 per cent of total production through the Point Lepreau Generating Station, of which effective operation is essential for NB Power's positive financial performance. Represents • approximately 25 to 30 per cent of total supply requirements, and • approximately 0 to 5 per cent of total fuel and purchased power costs. Reliability risks are being addressed through the Point Lepreau Generation Station's excellence plan which focuses on leadership, process, equipment, safety, and operational excellence.
Purchased power contracts based on natural gas	Represents • approximately 7 to 10 per cent of total supply, and • approximately 15 to 20 per cent of the total fuel and purchased power costs. A portion of the price of NB Power's purchased power contracts is based on natural gas prices. When possible, NB Power manages this exposure by entering into forward purchase contracts for natural gas.
Coal/petcoke based generation	Represents • approximately 10 to 15 per cent of total supply, and • approximately 10 to 15 per cent of the fuel and purchased power costs. Coal is normally purchased through tendered contracts. As a mixture of coal types are blended and burned, coal is procured from a number of counterparties, at indexed or firm fixed prices. Petcoke is also normally purchased through tendered contracts. A floating price component is typically built into petcoke contracts in which the purchase price is reflective of an index price at the time the petcoke is delivered.

POINT LEPREAU GENERATING STATION NET CAPACITY FACTOR

(percentage)



FINANCIAL AND OPERATING PERFORMANCE FACTORS (CONT'D)

<table>
<tr><th>Factor</th><th>Description</th></tr>
<tr><td>Hydro based generation</td><td>Represents NB Power's lowest-cost fuel for generating electricity. It typically represents
• 15 to 20 per cent of total production.

The table below describes how hydro flows can increase or decrease generation costs.

<table><tr><th>If hydro flows are</th><th>then NB Power</th></tr><tr><td>below anticipated levels</td><td>uses other more expensive fuel to make up the shortfall and increases its generation costs</td></tr><tr><td>higher than anticipated</td><td>reduces the use of expensive fuels and decreases its generation costs</td></tr></table>
Hydro net generation as a percentage of the long-term average over the past 10 years has ranged from 95 to 143 per cent.</td></tr>
<tr><td>Heavy fuel oil based generation</td><td>Heavy fuel oil subject to market price fluctuations represents
• approximately 0 to 5 per cent of total supply, and
• 5 to 10 per cent of fuel and purchased power costs.

To minimize short-to medium-term heavy fuel oil price exposure, NB Power typically enters into forward purchase contracts for its forecasted in-province and firm export heavy fuel oil requirements.</td></tr>
<tr><td>Out-of-province margins</td><td>NB Power is a price-taker in regional energy markets. Market prices in the surrounding regions are typically driven by the cost of natural gas generation.

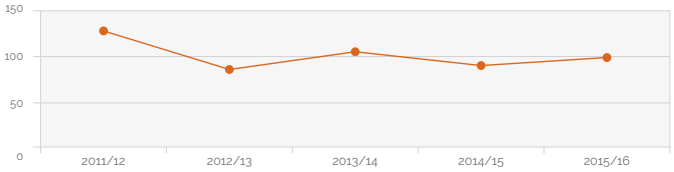
In the normal course of business, the lowest cost or must-take energy is directed to in-province use and any remaining energy is available for out-of-province sales.

Subject to operating conditions, NB Power enters into forward electricity sales contracts which provides for more predictable out-of-province margins.</td></tr>
<tr><td>Exchange rates</td><td>NB Power is exposed to foreign exchange risk when purchases of fuel and purchased power in US dollars are not offset by the revenue received in US dollars.

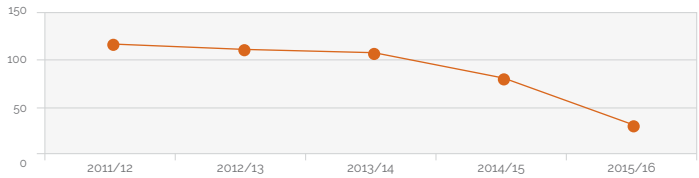
NB Power typically enters into forward purchase contracts for US dollar requirements net of expected US dollar revenue.

There was a fair amount of volatility in the Canadian dollar during the past year. The value of the Canadian dollar, against the US dollar, varied between $1.20 and $1.46 at different times of the year.</td></tr>
</table>

HYDRO NET GENERATION
(per cent of long-term average)



HEAVY FUEL OIL PRICE
($US/bbl average)



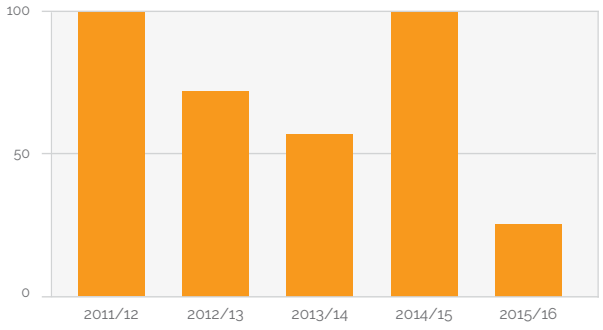
FINANCIAL PERFORMANCE

This provides an overview of NB Power's financial performance for the year.

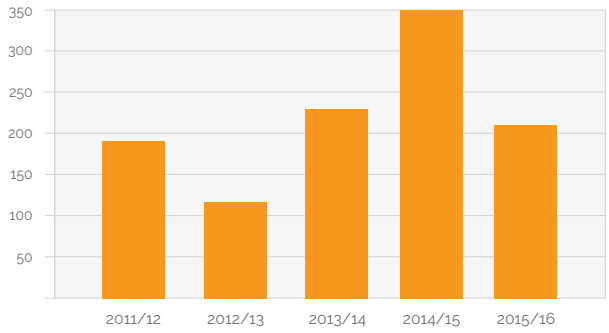
KEY MEASURES OF FINANCIAL PERFORMANCE

Financial Performance (in millions)	2015/16	2014/15
Earnings before depreciation, finance costs, investment income, and changes in regulatory balances	$471	$510
Net earnings	$12	$100
Operating cash flows	$183	$365
Net expenditures on property, plant and equipment	$231	$264
Total net debt at end of year	$4,913	$4,915
Decrease in net debt	($2)	($103)

NET EARNINGS (LOSS)
(in millions of dollars)



CASH FLOW PROVIDED BY OPERATING ACTIVITIES
(in millions of dollars)



FINANCIAL RATIOS AND PERCENTAGES

Financial Ratios and Percentages	2015/16	2014/15
Gross margin	51.3%	52.0%
Operating cash flow/capital expenditures	0.79	1.38
Operating cash flow/total debt	0.04	0.07
Capital expenditures/carrying amount of property, plant and equipment	5%	6%
Per cent of debt in capital structure	96%	94%

HIGHLIGHTS

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The current year balances are in accordance with IFRS and prior year balances have been restated to be in accordance with IFRS. As a result of the transition to IFRS, retained earnings and accumulated other comprehensive income (AOCI) were adjusted. Neither cash nor debt balances were impacted by the transition to IFRS. The major variances related to change in discount rate of the decommissioning liabilities and the fair-value measurement of post-employment benefits.

CHANGE IN NET DEBT

Change in net debt was $2 million in 2015/16, a decrease of $101 million compared to 2014/15. The primary reasons for the decrease were higher fuel inventory, lower gross margin, higher OM&A, and higher nuclear investment fund withdrawals partially offset by decreased capital expenditures. (see Liquidity and Capital Resources section for more detail)

FINANCIAL OVERVIEW

NB Power's net earnings were $12 million for the year ended March 31, 2016, compared to $100 million in the prior year. The decrease in net earnings of $88 million was largely attributable to increases in expenses related to unplanned outages and improvement initiatives at the Point Lepreau Generating Station, warmer weather, and lower nuclear investment funds earnings.

ELECTRICITY OPERATIONS

NB Power incurred earnings before depreciation, finance costs, investment income, and changes in regulatory balances of $471 million for the year compared to $510 million for the prior year.

Revenue from electricity sales within New Brunswick totaled $1,336 million for the year, which was $38 million or 3% lower than the prior year. The decrease was primarily attributed to the warmer temperatures partially offset by the change in rates in October 2014 and October 2015. Out-of-province revenues of $370 million were $24 million or 7% higher than the prior year reflecting higher out-of-province export prices due to market conditions.

Expenses attributed to electricity operations were $1,279 million for the year, an increase of $35 million or 2.8% higher than the prior year. Higher supply costs were partially offset by higher hydro and lower volumes. Operations, maintenance and administration (OM&A) costs were $30 million higher mainly due to higher costs associated with unplanned outages and improvement initiatives at the Point Lepreau Generating Station.

OTHER EXPENSES

Other expenses (depreciation, and finance costs less investment income) have the potential for variability due to changes in market values, discount rates, and interest rates.

In 2015/16 other expenses were $53 million higher than the prior year. This was as a result of finance costs less investment income increasing $57 million or 35% compared to the prior year, primarily due to lower realized gains and higher unrealized losses on investments. This increase was partially offset by lower depreciation expense of $4 million.

***(see Year-over-Year Results section for more detail)**

SIGNIFICANT EVENTS

The following significant events impacted NB Power's financial results.

POINT LEPREAU GENERATING STATION

Equipment challenges on the non-nuclear side of the station impacted performance at the Point Lepreau Generating Station during the year. The Station was brought safely offline for equipment issues with its fuel handling machine and heat transport system, repairs to a reheater in the turbine, and repairs to the standby safety system. During the outages New Brunswick Energy Marketing Corporation purchased energy to replace the lost production.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

NB Power transitioned from Canadian GAAP (CGAAP) to IFRS for the fiscal year ended March 31, 2016. The prior year numbers have been restated.

RATE INCREASE

NB Power applied for a 2% rate increase to begin July 1, 2015. A rate increase of 1.6% beginning October 1, 2015 was granted by the Energy Utilities Board (EUB).

REVISED INVESTMENT STRATEGY FOR NUCLEAR FUNDS

In 2015/16 NB Power completed its revision to the investment strategy that began in 2014/15. The 2015/16 year included investment gains of $30 million incurred on the transition of investments. The investment portfolio was transitioned to a more diversified asset mix to provide better inflation protection and reduce future expected contributions over the long term.

LIFE EXTENSIONS AT COLESON COVE AND BELLEDUNE GENERATING STATIONS

NB Power extended the useful lives of both the Coleson Cove and Belledune Generating Stations. This extension was due to new engineering studies that align with the Integrated Resource Plan. The impact in-year was reduced depreciation of $20 million and reduced amortization savings in the regulatory deferral.

YEAR-OVER-YEAR RESULTS - ELECTRICITY OPERATIONS

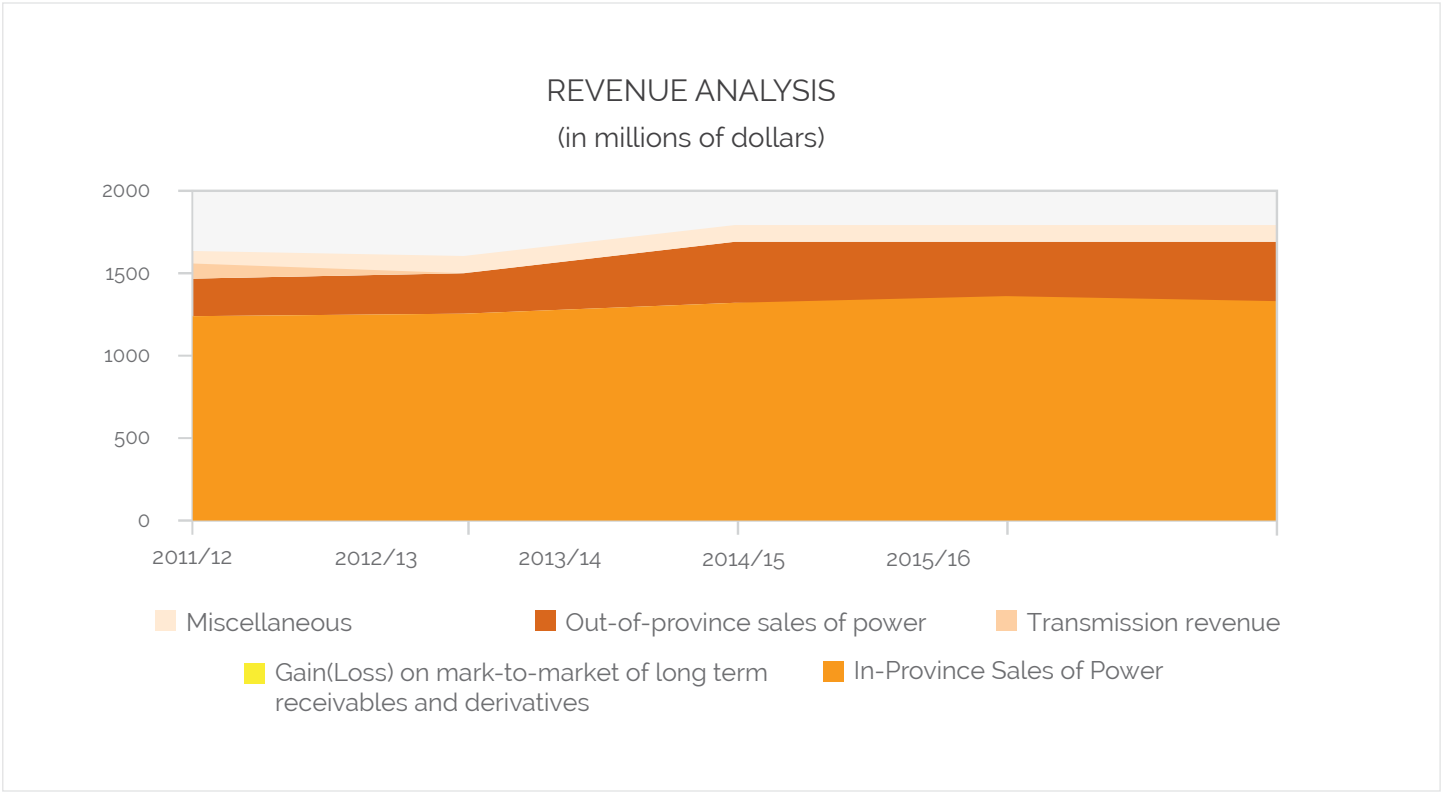
NB Power incurred earnings before depreciation, finance costs, investment income, and changes in regulatory balances of $471 million for the year compared to $510 million for the prior year. The following discusses the contributing factors that impacted electricity operations in 2015/16 compared to the prior year.

REVENUES

This provides an overview of NB Power's revenues for the year and compares them with previous years.

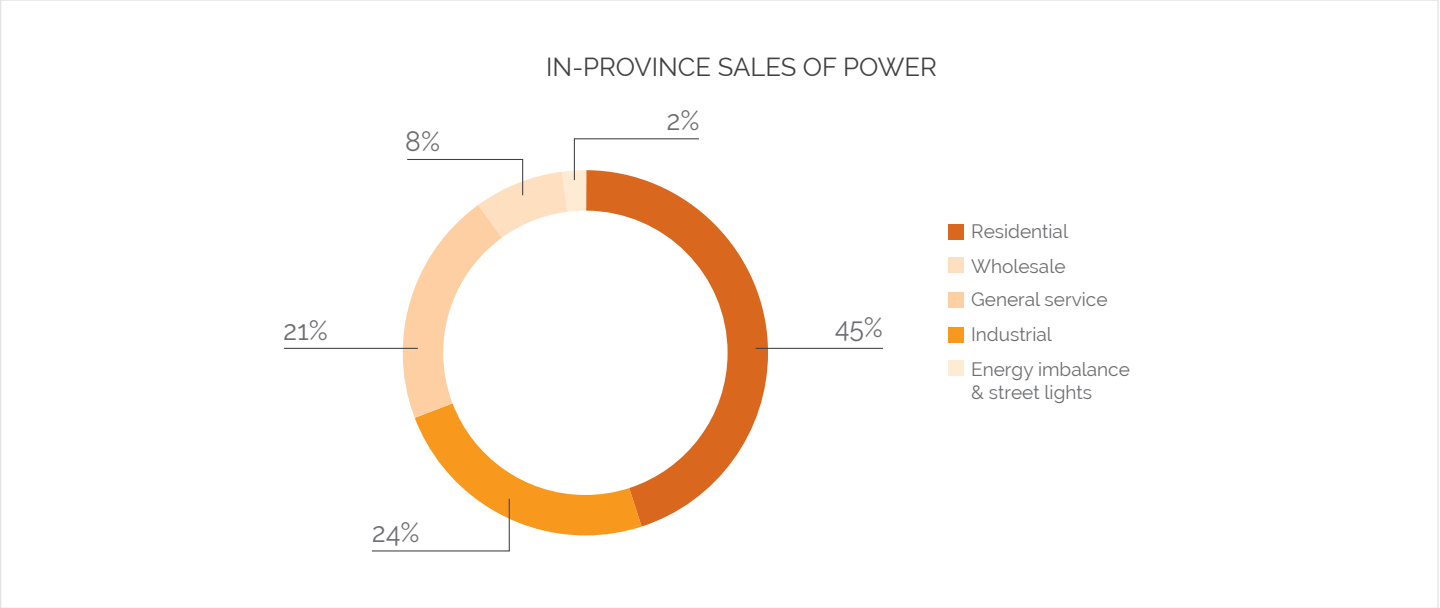
REVENUE OVERVIEW

Revenue Overview (in millions)	2015/16	2014/15
Sales of power		
In-province	$1,336	$1,374
Out-of-province	370	346
Miscellaneous	85	71
Total revenues	1,791	$1,791
Per cent (decrease) increase year-over-year	(-%)	(-%)



IN-PROVINCE SALES OF POWER

In-province sales of power (in millions)	2015/16	2014/15
Residential	$601	$635
Industrial	322	318
General service	280	285
Wholesale	109	112
Street lights	24	24
Total	$1,336	$1,374
Per cent (decrease) increase year-over-year	(3%)	3%
GWh	13,090	13,648
Per cent (decrease) increase year-over-year	(3%)	2%



Major contributors to year-over-year in-province sales variance

In-province sales of power totaled $1,336 million in 2015/16, representing a $38 million or three per cent decrease compared to 2014/15. The main contributors to the year-over-year variance were as follows

Revenues	By this amount	Due to
Contributing factors		
decreased	$60 million	warmer weather in 2015/16
decreased	$6 million	interruptible sales
decreased	$2 million	weather adjusted load (decreased residential partially offset by increased industrial transmission)
(increased)	($30 million)	October 2014 and 2015 rate increases

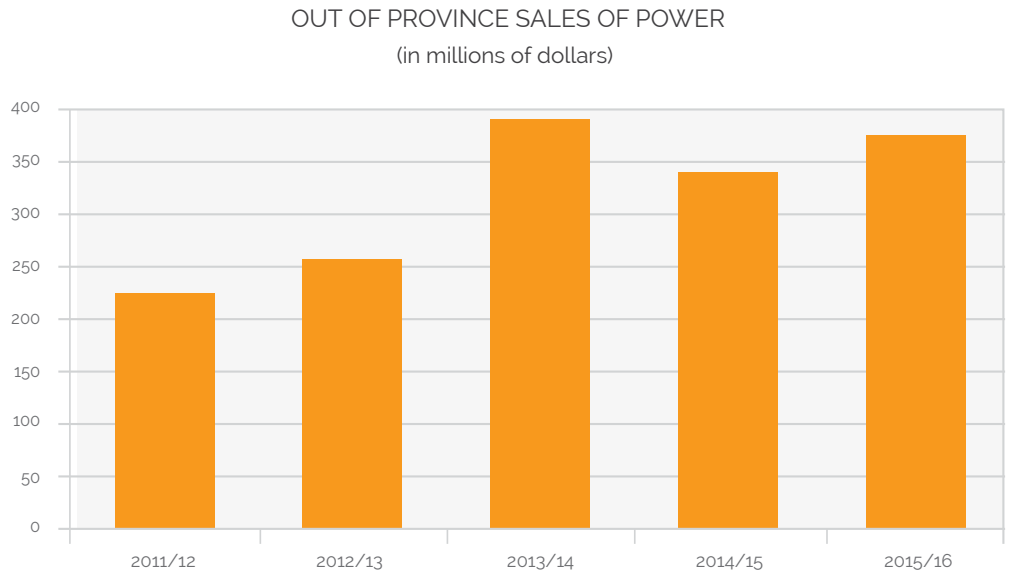
OUT-OF-PROVINCE SALES OF POWER

Out-of-province sales of power (in millions)	2015/16	2014/15
Revenue	$370	$346
Per cent (decrease) increase	6.9%	11.5%
MWh	4,533	4,575
Per cent (decrease) increase year-over-year	(0.9%)	(8%)

Major contributors to year-over-year out-of-province sales variance

In 2015/16, out-of-province sales of power increased by $24 million or 6.9 per cent compared to 2014/15. The main contributors to the year-over-year variance were:

Revenues	By this amount	Due to
Contributing factors		
increased	$27 million	higher market prices
(decreased)	($3 million)	lower volumes mainly due to loss of some export contracts and less opportunity sales to US



MISCELLANEOUS REVENUE

Miscellaneous revenue consists primarily of

- efficiency programs
- water heater rentals
- pole attachment fees
- point-to-point tariff
- net transmission revenue and expense
- generation by-products

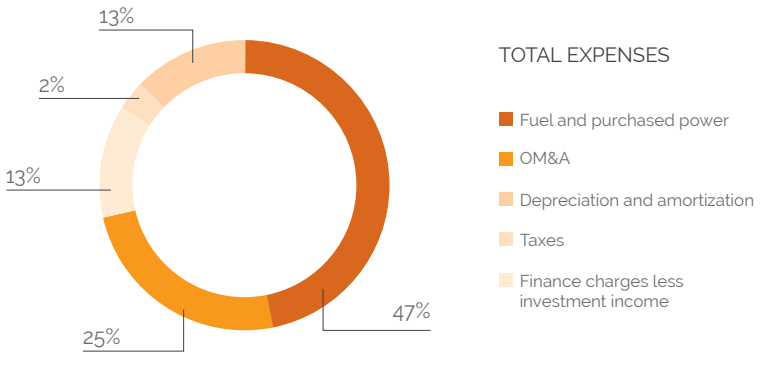
Major contributors to miscellaneous revenue variance

Miscellaneous revenue was $85 million in 2015/16, an increase of $14 million compared to 2014/15. This increase was mainly due to efficiency program revenue (offset in OM&A) and sale of LED streetlights (mainly offset in OM&A).

YEAR-OVER-YEAR RESULTS - EXPENSES

EXPENSES OVERVIEW

Expenses (in millions)	2015/16		2014/15	
	$	%	$	%
Fuel and purchased power	$830	47%	$825	49%
Operations, maintenance & administration	449	25	419	25
Depreciation and amortization	226	13	230	14
Taxes	41	2	37	2
Finance costs	286	16	327	19
Sinking funds and other investment income	(67)	(3)	(123)	(7)
Mark-to-market losses (gains) of fair value through profit or loss investments	1	-	(41)	(2)
Total	$1,763	100%	$1,674	100%
Per cent (decrease) increase year-over-year		5%		(4%)

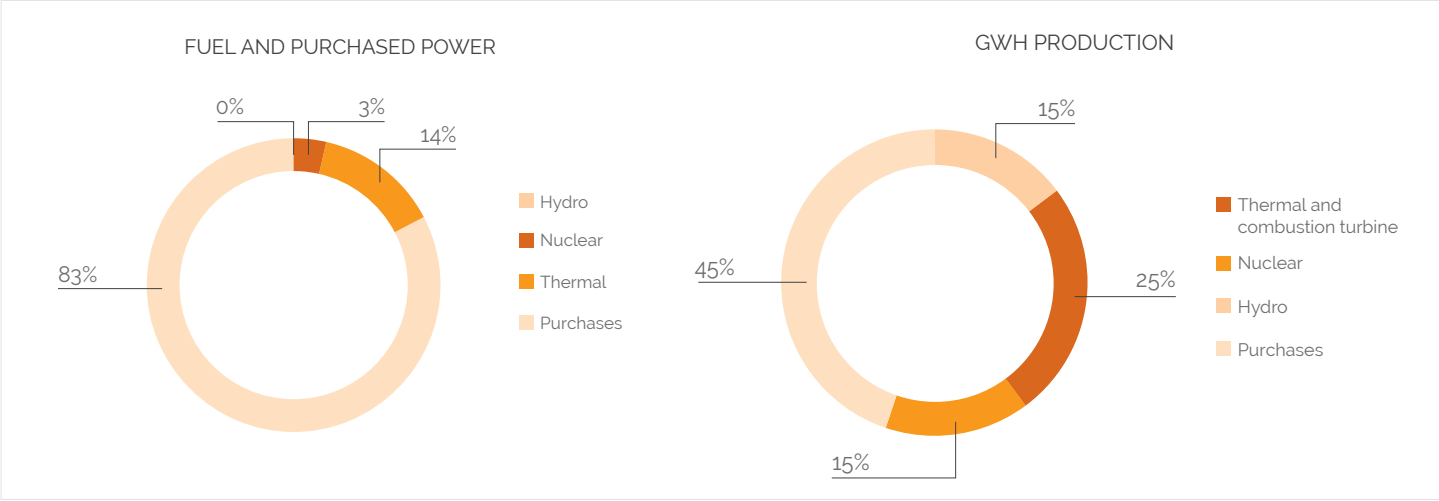


YEAR-OVER-YEAR RESULTS - EXPENSES RELATED TO ELECTRICITY OPERATIONS

This provides an overview of NB Power's expenses associated with electricity operations for 2015/16 compared to the prior year.

FUEL AND PURCHASED POWER

Expenses (in millions)	2015/16		2014/15	
	$	%	$	%
Hydro	$ -	-	$ -	-
Nuclear	29	3	21	3
Thermal	114	14	253	30
Purchases	687	83	551	67
Total	$830	100%	$825	100%
Per cent (decrease) increase year-over-year		(-%)		(1%)



Major contributors to year-over-year fuel and purchased power expense variance

The cost of fuel and purchased power was $830 million in 2015/16, an increase of $5 million from 2014/15.

The year-over-year increase in fuel and purchased power costs was mainly attributable to:

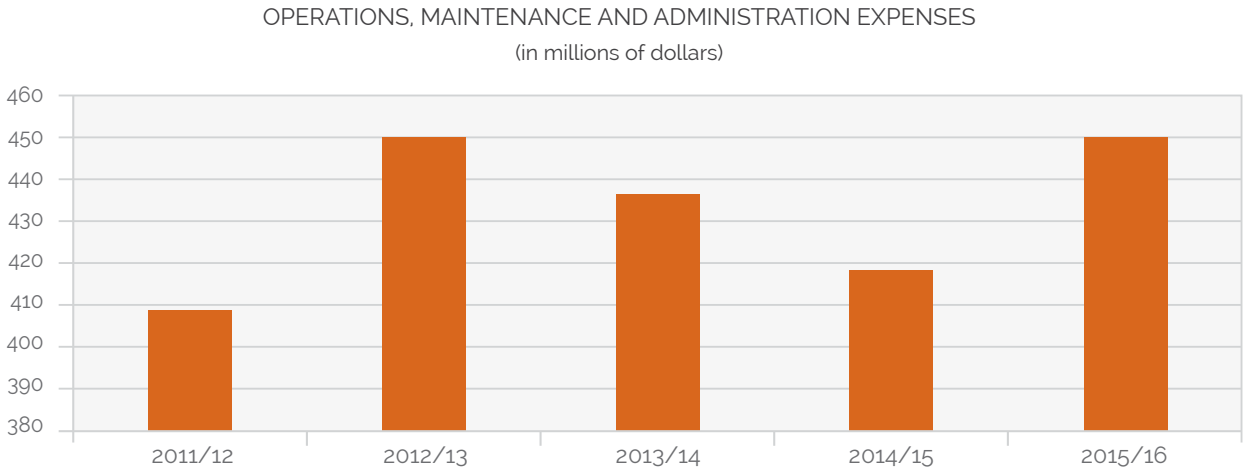
Fuel and purchased power expenses	By this amount	Due to
Contributing factors		
increased	$37 million	higher supply costs (purchased power prices)
(decreased)	($22 million)	lower overall volumes required
(decreased)	($10 million)	higher hydro flows

YEAR-OVER-YEAR RESULTS - EXPENSES RELATED TO ELECTRICITY OPERATIONS

OPERATIONS, MAINTENANCE AND ADMINISTRATION

The table below shows the operations, maintenance and administration expenses compared with previous year.

Operations, maintenance and administration (in millions)	2015/16	2014/15
Operations, maintenance and administration expenses	$449	$419
Per cent increase (decrease) year-over-year	7%	(4%)



Major contributors to year-over-year operations, maintenance and administration variance

Operations, maintenance and administration costs were $449 million in 2015/16, a $30 million or seven per cent increase compared to 2014/15. The significant changes were:

Operations, maintenance and administration expenses	By this amount	Due to
Contributing factors		
increased	$25 million	higher costs associated with PLGS unplanned outages and improvement initiatives
increased	$24 million	higher costs associated with Efficiency NB Merger (offset in miscellaneous revenue), contract amendments, professional services, computer and office equipment and union raises, and LED street light sales (offset in miscellaneous revenue)
(decreased)	($19 million)	higher costs associated with storms in 2014/15

YEAR-OVER-YEAR RESULTS - OTHER EXPENSES

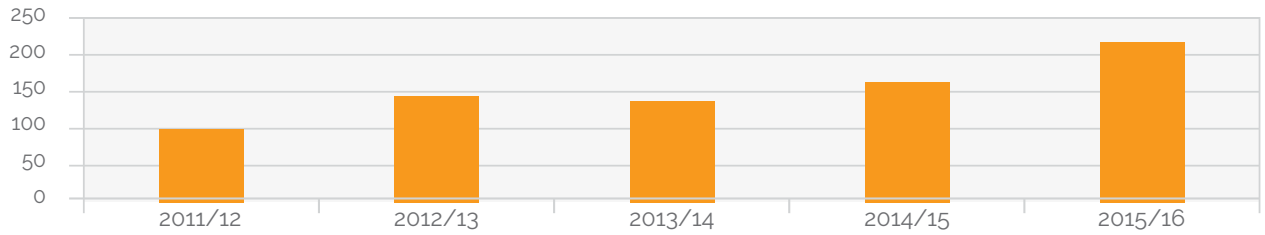
This provides an overview of NB Power's other expenses (finance costs less investment income, and depreciation and amortization) for the year and compares them with previous years. These expenses have the potential for variability due to changes in market values, discount rates, and interest rates.

FINANCE COSTS LESS INVESTMENT INCOME

Finance Costs Less Investment Income (in millions)	2015/16	2014/15
Finance costs	$286	$327
Sinking funds and other investment income	(67)	(123)
Mark-to-market of held for trading investments	1	(41)
Finance costs less investment income	$220	$163
Per cent increase year-over-year	35%	19%

FINANCE CHARGES LESS INVESTMENT INCOME

(in millions of dollars)



CONTRIBUTING FACTORS TO CHANGES IN FINANCE COSTS LESS INVESTMENT INCOME

Finance costs less investment income were $220 million in 2015/16 a $57 million or 35 per cent increase from 2014/15. This was mainly due to:

Finance charges less investment income	By this amount	Due to
Contributing factors		
increased	$57 million	lower realized gains and higher unrealized mark-to-market losses on investment funds due to changes in market conditions partially offset by lower interest expense due to lower interest rates

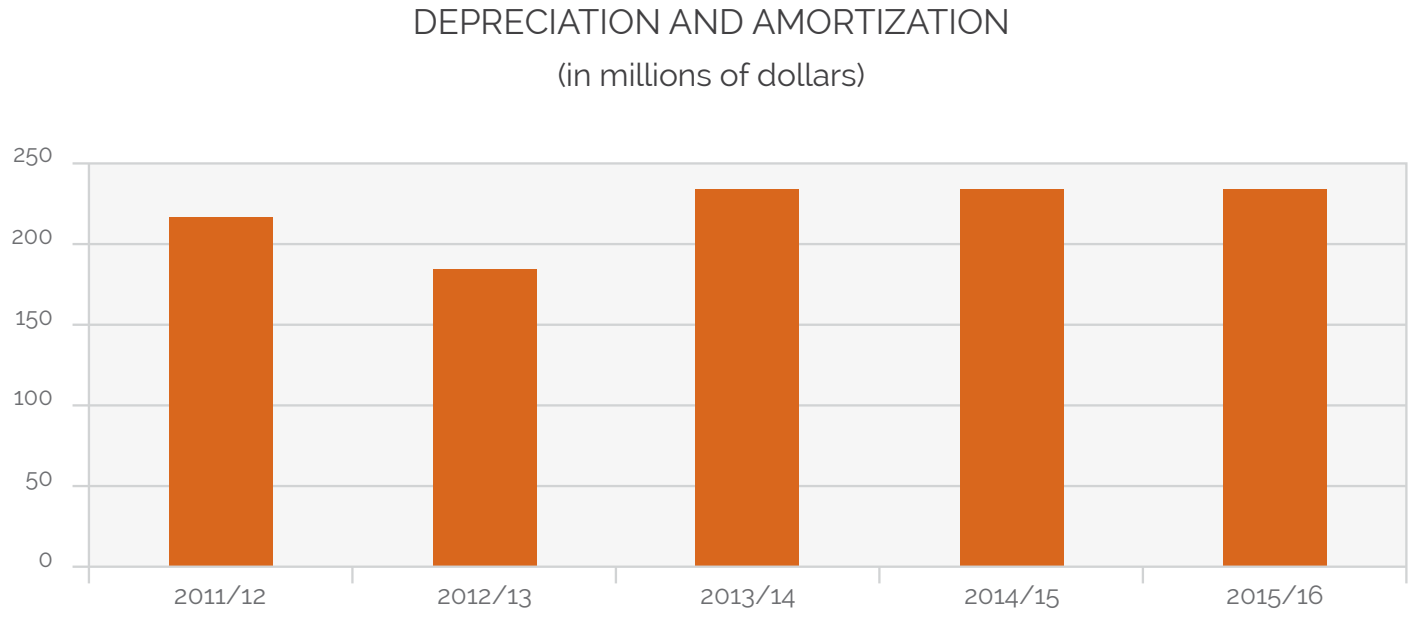
DEPRECIATION AND AMORTIZATION

Depreciation and amortization (in millions)	2015/16	2014/15
Depreciation and amortization	$226	$230
Per cent increase year-over-year	(2%)	-%

Contributing factors to changes in depreciation and amortization

Depreciation and amortization costs were $226 million in 2015/16, a $4 million or two per cent decrease compared to 2014/15. The significant changes were:

Depreciation and amortization expenses	By this amount	Due to
Contributing factors		
decreased	$20 million	life extension at Coleson Cove and Belledune generating stations
(increased)	($16 million)	additional outage costs and shortened life of defective nuclear closure plugs



REGULATORY BALANCES

REGULATORY BALANCE – POINT LEPREAU GENERATING STATION REFURBISHMENT

BACKGROUND

A legislated regulatory balance[1] was created for non-capital costs incurred during the refurbishment period of the Point Lepreau Generating Station (March 28, 2008 through November 23, 2012). The refurbishment of the Point Lepreau Generating Station enables electricity to be provided to future generations of customers. The deferral and amortization of these costs over the life of the Station provides for inter-generational equity. The regulatory balance consists of the period costs of the nuclear division, net of any revenues, and the additional costs to supply energy during the period of refurbishment.

IMPACT ON EARNINGS

These amounts are to be recovered over the operating life of the refurbished Point Lepreau Generating Station and are to be reflected in the charges, rates and tolls charged to customers.

During 2015/16, $20 million in changes to regulatory balances were made to earnings ($70 million amortization of deferral offset by $50 million interest on deferral).

REGULATORY BALANCE – LAWSUIT SETTLEMENT WITH PETROLEOS DE VENEZUELA S.A. (PDVSA)

BACKGROUND

On August 23, 2007, the Energy and Utilities Board approved a regulatory balance for the purpose of returning the benefit of the lawsuit settlement with PDVSA to customers in a levelized manner. The levelized benefit is being paid to customers over 17 years (eight years remaining as of March 31, 2016). NB Power is recovering the depreciation and interest savings over the life of the Coleson Cove Generating Station.

IMPACT ON EARNINGS

During 2015/16, ($7) million in changes to regulatory balances were made as follows:

- $23 million of a levelized benefit to customers
- $3 million of interest charges

Partially offset by:

- $19 million in amortization and interest savings resulting from the lawsuit settlement

NET EARNINGS ADJUSTED TO REMOVE EFFECTS OF REGULATORY ACCOUNTING

As a rate regulated entity NB Power applies regulatory accounting. If NB Power did not apply regulatory accounting then net earnings would be as follows:

	2015/16	2014/15
Net earnings	$12	$100
Remove impact of changes in regulatory balances on earnings	13	17
Net earnings adjusted to remove the effects of regulatory accounting	$25	$117

[1] **Section 139 of the Electricity Act provides for the establishment of this regulatory deferral related to the refurbishment of the Point Lepreau Generating Station.**

FINANCIAL INSTRUMENTS

NB Power enters into forward contracts for commodities. The accounting impacts of these financial instruments can be found in Note 27 of the Financial Statements.

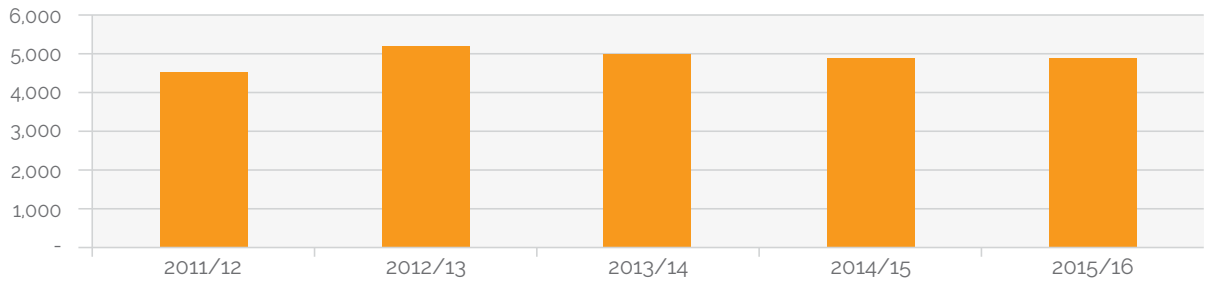
LIQUIDITY AND CAPITAL RESOURCES

This provides an overview of NB Power's liquidity and capital resources. The two main items which impact NB Power's net debt are capital expenditures and cash flow from operating activities.

TOTAL NET DEBT

Total Net Debt (in millions)	2015/16	2014/15
Long-term debt	$4,124	$4,025
Current portion of long-term debt	400	580
Short-term indebtedness	855	784
Sinking fund receivable	(464)	(471)
Cash	(2)	(3)
Total net debt	$4,913	$4,915

TOTAL NET DEBT (in millions of dollars)



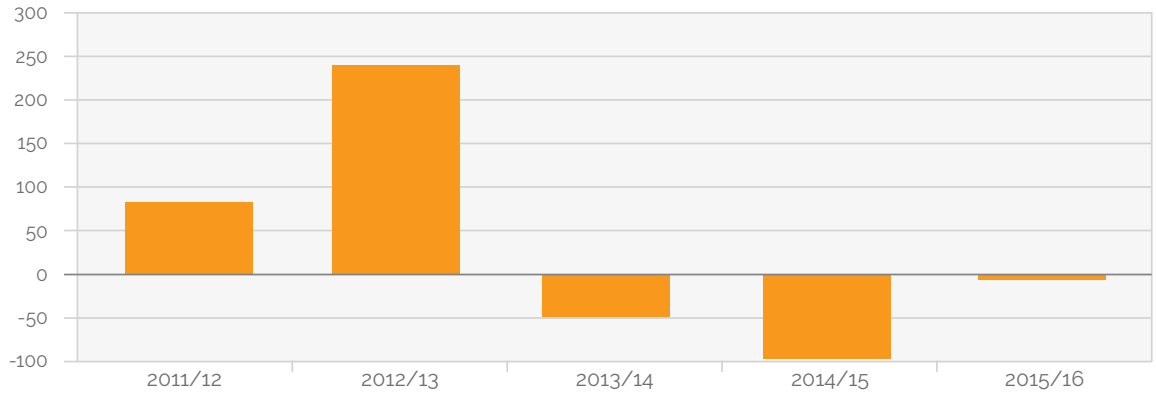
YEAR-OVER-YEAR CHANGE TO TOTAL DEBT LEVEL

Total net debt decreased by $2 million in 2015/16 due to the following:

CHANGE IN NET DEBT

Decrease (increase) in net debt (in millions)	2015/16	2014/15
Cash flow from operating activities	$183	$365
Add back non-cash component of net debt	23	20
Capital expenditures less proceeds on disposal	(231)	(264)
Nuclear fuel investment fund withdrawals (deposits)	40	(7)
Cash expenditures on decommissioning	(13)	(11)
Decrease in net debt	$2	$103

REDUCTION / INCREASE IN DEBT
(in millions of dollars)



LIQUIDITY AND CAPITAL RESOURCES

Contributing factors to change in net debt

Change in net debt was $2 million in 2015/16, a decrease of $101 million compared to 2014/15. The primary reasons for the decrease were higher fuel inventory, lower gross margin, higher OM&A, and higher nuclear investment fund withdrawals partially offset by decreased capital expenditures.

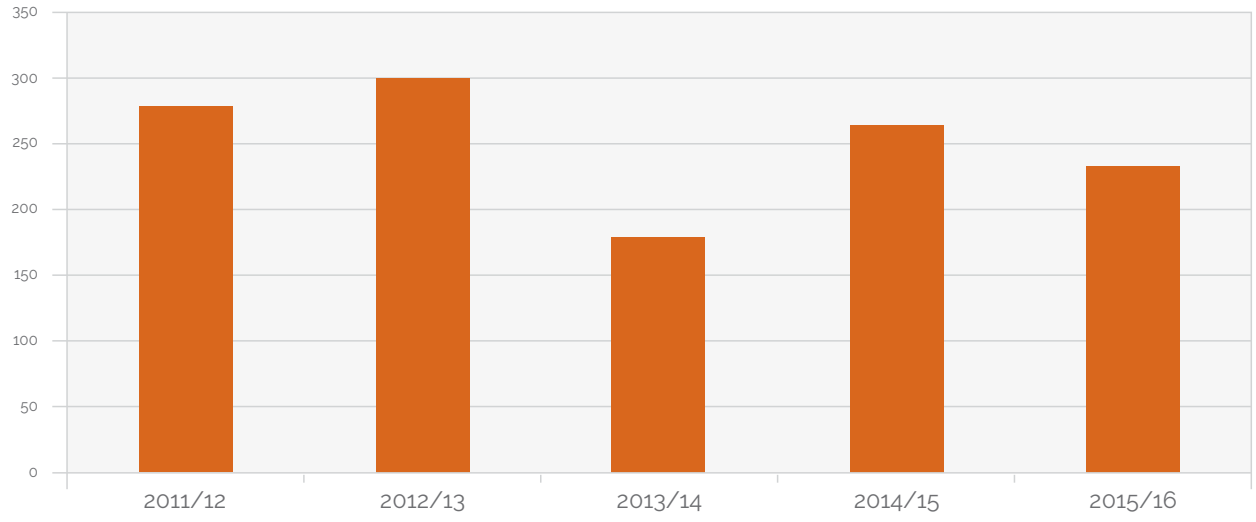
Contributing factors to changes in investing activities

Investing activities were $204 million in 2015/16. This year-over-year decrease of $78 million or 28 per cent resulted primarily from the following:

Investing activities	By this amount	Due to
Contributing factors		
decreased	$62 million	decreased spending on safety and regulatory projects at Lepreau and Transmission projects
decreased	$47 million	withdrawal from nuclear funds
(increased)	($30 million)	increased spending on Generation projects including Mactaquac

CAPITAL EXPENDITURES

(in millions of dollars)



CAPITAL MANAGEMENT

NB Power has a statutory goal established through the *Electricity Act* to achieve a debt/equity ratio of at least 80/20 and is mandated to do so by fiscal year 2020/21. NB Power plans to achieve this goal through low and stable rate increases and debt reduction as a result of continuous improvement, cost management, and new revenue streams. This will provide NB Power with some flexibility to respond to changing markets and technologies and to better prepare for future investment requirements. The percentage of net debt in capital structure is as follows:

	2015/16	2014/15
Total net debt	$4,913	$4,915
Retained earnings	420	408
Accumulated other comprehensive income (AOCI)	(213)	(72)
Total capital	$5,120	$5,251
Percentage of net debt in capital structure	96%	94%
Percentage of net debt in capital structure (excluding AOCI)	92%	92%

CRITICAL ACCOUNTING POLICY CHANGES

This provides an overview of NB Power's accounting policies that have changed.

Topic	Purpose
Change in accounting policies for fiscal 2016	Describes changes required by the Corporation related to adopting IFRS.
Future change	Describes future changes required by the Corporation related to IFRS.

CHANGES IN ACCOUNTING POLICIES

In February 2013, the Accounting Standards Board (AcSB) confirmed that all rate regulated enterprises in Canada must report under IFRS effective for fiscal years beginning after January 1, 2015. As such the current year financial statements and comparatives have been prepared in accordance with IFRS and IFRS 1 *first-time application of IFRS* has been applied. For further details refer to notes 30 and 31 of the financial statements.

FUTURE CHANGES

New standards to be implemented include: IFRS 9 Financial Instruments which will be effective for fiscal years beginning after January 1, 2017, IFRS 15 *Revenue from Contracts with Customers* which will be effective for fiscal years beginning after January 1, 2018, IFRS 16 *Leases*, which will be effective for fiscal years beginning after April 1, 2019.

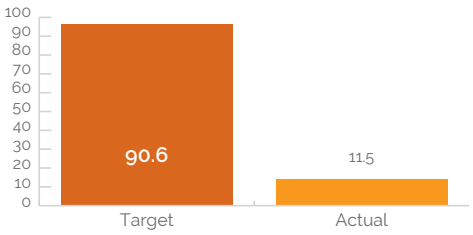
SIGNIFICANT ACCOUNTING ESTIMATES

Please refer to note 2(b) of the Financial Statements for a listing of NB Power's significant accounting estimates.

KEY PERFORMANCE INDICATORS

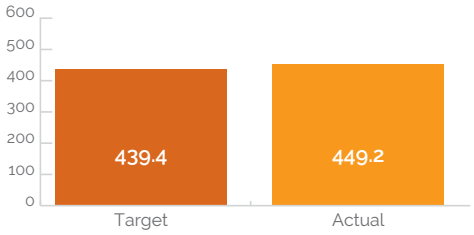
FINANCIAL RESULTS

Net Earnings (in millions of dollars)



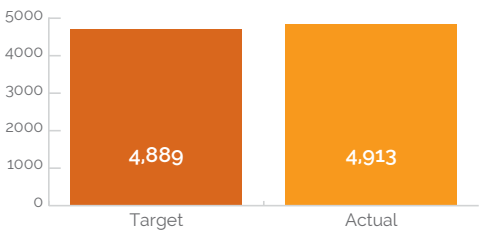
Net earnings is a measure of our profitability.

OM&A (in millions of dollars)



Operations, maintenance and administration (OM&A) costs are largely controllable by management over the medium term and are an important measure of financial success.

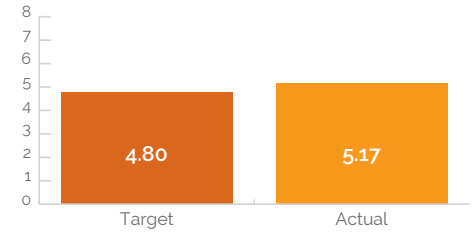
Net Debt (in millions of dollars)



The total amount of short and long-term debt outstanding less deferred debt charges, sinking funds and cash.

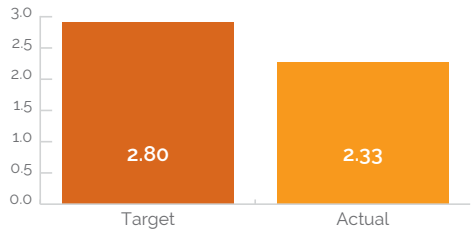
RELIABILITY

SAIDI



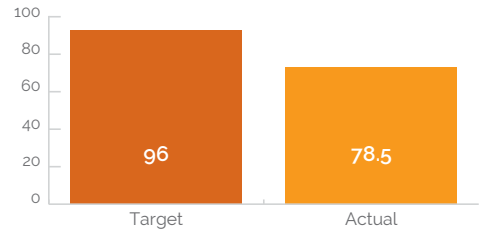
System Average Interruption Duration Index (SAIDI) is a standard utility indice that measures average total outage duration (excludes major event days).

SAIFI



System Average Interruption Frequency Index (SAIFI) is astandard utility indice that measures the average frequency of interruption per customer served (excludes major event days).

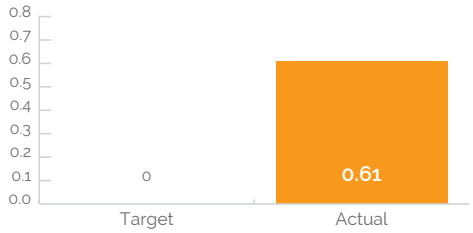
Point Lepreau Capacity Factor (%)



Capacity factor is the total amount of energy Point Lepreau produced during the year divided by the amount of energy the Station would have produced at full capacity. This is a measure of reliability.

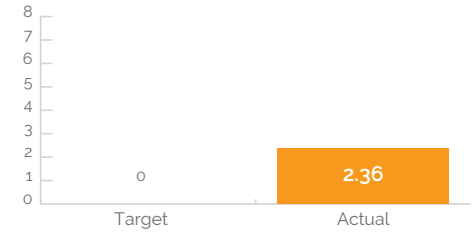
SAFETY

All Injury Frequency Rate



The all injury rate represents a summary of all injuries per each 200,000 hours of actual hours worked.

Lost-Time Injury Severity Rate



The lost-time injury rate represents the total number of work days lost per each 200,000 hours of actual hours worked.

Consolidated Financial Statements

March 31st, 2016

KPMG LLP
Frederick Square
700-77 Westmorland Street
Fredericton NB E3B 6Z3
Telephone (506) 452-8000
Fax (506) 450-0072

One Factory Lane
PO Box 827
Moncton NB E1C 8N6
Telephone (506) 856-4400
Fax (506) 856-4499

133 Prince William Street
PO Box 2388 Stn Main
Saint John NB E2L 3V6
Telephone (506) 634-1000
Fax (506) 633-8828

INDEPENDENT AUDITORS' REPORT

To the Honourable Jocelyne Roy-Vienneau
Lieutenant-Governor of New Brunswick
Fredericton, New Brunswick

Your Honour,

We have audited the accompanying consolidated financial statements of New Brunswick Power Corporation, which comprise the consolidated statements of financial position as at March 31, 2016, March 31, 2015 and April 1, 2014, the consolidated statements of earnings, comprehensive income, equity and cash flows for the years ended March 31, 2016, and March 31, 2015, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of New Brunswick Power Corporation as at March 31, 2016, March 31, 2015 and April 1, 2014, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2016, and March 31, 2015 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants
June 14, 2016
Fredericton, Canada

New Brunswick Power Corporation
Consolidated Statement of Financial Position
(in millions)

March 31	Note	2016	2015	April 1, 2014
Assets				
Current				
Cash		**$ 2**	$ 3	$ 3
Accounts receivable	5	**235**	269	305
Materials, supplies and fuel	6	**204**	148	178
Prepaid expenses		**11**	10	8
Current portion of long-term receivable	10	**1**	1	1
Derivative assets	26	**16**	67	132
Total current assets		**469**	498	627
Non-current assets				
Property, plant and equipment	7	**4,237**	4,382	4,194
Intangible assets	8	**33**	33	36
Nuclear decommissioning and used fuel management funds	9	**673**	720	611
Long-term receivable	10	**16**	16	16
Sinking fund receivable	11	**464**	471	404
Derivative assets	26	**1**	6	25
Other assets		**2**	2	2
Total non-current assets		**5,426**	5,630	5,288
Total assets		**5,895**	6,128	5,915
Regulatory balances	12	**1,021**	1,034	1,051
Total assets and regulatory balances		**$ 6,916**	$ 7,162	$ 6,966

New Brunswick Power Corporation
Consolidated Statement of Financial Position
(in millions)

March 31	Note	2016	2015	April 1, 2014
Liabilities and equity				
Current liabilities				
Short-term indebtedness	13	$ **855**	$ 784	$ 858
Accounts payable and accrued liabilities		**255**	262	241
Accrued interest		**41**	47	45
Current portion of long-term debt	14	**400**	580	-
Derivative liabilities	26	**95**	73	13
Total current liabilities		**1,646**	1,746	1,157
Non-current liabilities				
Long-term debt	14	**4,124**	4,025	4,567
Decommissioning and used fuel management liability	16	**739**	866	688
Post-employment benefits	17	**137**	153	140
Provisions for other liabilities and charges	18	**21**	16	13
Derivative liabilities	26	**42**	20	1
Total non-current liabilities		**5,063**	5,080	5,409
Total liabilities		**6,709**	6,826	6,566
Shareholder's equity				
Accumulated other comprehensive (loss) income		**(213)**	(72)	92
Retained earnings		**420**	408	308
Total equity		**207**	336	400
Total liabilities and equity		$ **6,916**	$ 7,162	$ 6,966

On behalf of New Brunswick Power Corporation:

Chairman

President and Chief Executive Officer

The accompanying notes form part of the financial statements

New Brunswick Power Corporation
Consolidated Statement of Earnings
(in millions)

For the year ended March 31	Note	2016	2015
Revenue			
Sales of power			
In-province		**$ 1,336**	$ 1,374
Out-of-province		**370**	346
Miscellaneous	19	**85**	71
		1,791	1,791
Expenses			
Fuel and purchased power		**830**	825
Operations, maintenance and administration	20	**449**	419
Depreciation and amortization	21	**226**	230
Taxes	22	**41**	37
		1,546	1,511
Operating earnings		**245**	280
Finance costs	23	**286**	327
Sinking funds and other investment income		**(67)**	(123)
Mark-to-market of fair value through profit and loss investments		**1**	(41)
Net earnings before changes in regulatory balances		**25**	117
Net changes in regulatory balances	12	**(13)**	(17)
Net earnings		**$ 12**	$ 100

Consolidated statement of Comprehensive income
(in millions)

For the year ended March 31	2016	2015
Net earnings	**$ 12**	$ 100
Other comprehensive (loss) income		
Items that may be reclassified subsequently to earnings:		
Net unrealized loss on derivatives designated as cash flow hedges	**(252)**	(123)
Amortization of interest settlement	**2**	2
Net unrealized (loss) gain on mark-to-market of nuclear funds	**(15)**	45
Reclassification to income of settlement on interest rate hedge	**(8)**	-
Reclassification to income of earnings on nuclear funds	**(30)**	(46)
Reclassification to income of settled derivatives designated as cash flow hedges	**153**	(25)
	(150)	(147)
Items that will not be reclassified to earnings:		
Net actuarial gain (loss) on post-employment benefits	**9**	(17)
Other comprehensive (loss) income	**(141)**	(164)
Total comprehensive (loss) income	**$ (129)**	$ (64)

The accompanying notes form part of the financial statements

New Brunswick Power Corporation
Consolidated Statement of Equity
(in millions)

	Accumulated other comprehensive income (AOCI)						
	Cash flow hedges	Amortization interest settlement	Post-employment benefits actuarial (losses) gains	Nuclear investment funds	Total AOCI	Retained earnings	Total equity
Balance, April 1, 2014	$ 134	$ (44)	$ (55)	$ 57	$ 92	$ 308	$ 400
Net earnings for the year	-	-	-	-	-	100	100
Other comprehensive income (loss)	(148)	2	(17)	(1)	(164)	-	(164)
Balance, March 31, 2015	$ (14)	$ (42)	$ (72)	$ 56	$ (72)	$ 408	$ 336
Balance, April 1, 2015	$ (14)	$ (42)	$ (72)	$ 56	$ (72)	$ 408	$ 336
Net earnings for the year	-	-	-	-	-	12	12
Other comprehensive income (loss)	(99)	(6)	9	(45)	(141)	-	(141)
Balance, March 31, 2016	$ (113)	$ (48)	$ (63)	$ 11	$ (213)	$ 420	$ 207

New Brunswick Power Corporation
Consolidated Statement of Cash Flows
(in millions)

For the Year Ended March 31	Note	2016	2015
Operating activities			
Net earnings		**$ 12**	$ 100
Finance costs	23	**286**	327
Depreciation and amortization	21	**226**	230
Amounts charged or credited to operations not requiring a cash payment	24	**(47)**	(119)
		477	538
Net change in non-cash working capital balances	25	**(33)**	88
Interest paid		**(248)**	(250)
Post-employment benefits		**(16)**	(14)
Customer contributions		**3**	3
Cash provided by operating activities		**183**	365
Investing activities			
Expenditure on property, plant and equipment, net of proceeds on disposal		**(231)**	(264)
Nuclear investment funds withdrawals (deposits)		**40**	(7)
Cash expenditures on decommissioning		**(13)**	(11)
Cash used in investing activities		**(204)**	(282)
Financing activities			
Proceeds from long-term debt		**494**	-
Increase (decrease) in short-term indebtedness		**71**	(74)
Sinking fund installments	11	**(45)**	(46)
Sinking fund redemptions	11	**80**	37
Debt retirements	14	**(580)**	-
Cash provided by (used in) financing activities		**20**	(83)
Net cash (outflow) inflow		**(1)**	-
Cash, beginning of year		**3**	3
Cash, end of year		**$ 2**	$ 3

New Brunswick Power Corporation
Notes to the Financial Statements

For the Year Ended March 31, 2016
(in millions)

1. DESCRIPTION OF BUSINESS

New Brunswick Power Corporation (NB Power) is a provincially owned Crown Corporation and was established in the Province of New Brunswick in 1920. NB Power generates, purchases, transmits, distributes and sells electricity and operates under the mandate and authority of the *New Brunswick Electricity Act*. NB Power has one wholly owned subsidiary, New Brunswick Energy Marketing Corporation (NB Energy Marketing). NB Energy Marketing, also a provincial Crown Corporation, conducts energy trading activities in markets outside of New Brunswick. Its mandate is to purchase electricity to serve load in New Brunswick and outside New Brunswick and to market excess energy generated to other jurisdictions. The financial results of NB Energy Marketing are included in the consolidated financial statements of NB Power.

NB Power and NB Energy Marketing's head offices are located in Fredericton, New Brunswick.

As provincial Crown Corporations, NB Power and NB Energy Marketing are not subject to federal and provincial income taxes.

2. BASIS OF PREPARATION

NB Power's annual audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. These are NB Power's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time application of IFRS* has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of NB Power is provided in Notes 30 and 31. These consolidated financial statements have been prepared on the historical cost basis except for the derivative instruments (see Note 26) and the nuclear decommissioning and used fuel management funds (see Note 9). These consolidated financial statements are presented in millions of Canadian dollars, which is the functional currency of NB Power. These consolidated financial statements were authorized for issue by the Board of Directors on June 14, 2016.

a. Assumptions and estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect

- the application of accounting policies,
- the reported amounts of assets and liabilities at the date of the financial statements,
- the reported amounts of revenues and expenses during the reporting period, and
- the disclosure of contingent assets and liabilities.

Actual results could differ from the estimates.

Estimates and assumptions are reviewed on an ongoing basis. Any revisions to these estimates or assumptions are recognized in the period of the change and any future period as applicable.

2. BASIS OF PREPARATION (continued)

b. Estimates

The following lists the notes that refer to the significant estimates:

Note reference	Estimate
Note 3b	Recognition, measurement and recovery of regulatory balances
Note 3d	Estimation of useful life of property, plant and equipment
Note 3g	Recognition and measurement of decommissioning and used nuclear fuel management liabilities
Note 3h	Measurement of defined benefit obligations: key actuarial assumptions
Note 3i	Recognition and measurement of provisions and contingencies
Note 3j	Measurement of unbilled revenue
Note 3n	Financial instruments: fair value measurement

c. Judgments

The following lists the notes where judgment is applied in accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements:

Note reference	Judgment
Note 3l	Determination of the functional currency of the subsidiary
Note 3m	Leases: whether an arrangement contains a lease and lease classification

d. New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations not yet effective at March 31, 2016 and that have not been applied in the preparation of the March 31, 2016 consolidated financial statements include:

Standard	Effective date
IFRS 9 Financial Instruments	January 1, 2017
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	April 1, 2019

2. BASIS OF PREPARATION (continued)

d. New standards and interpretations not yet adopted (continued)

IFRS 9 replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. NB Power is currently assessing the potential impact on its consolidated financial statements.

IFRS 15 established a comprehensive framework to determine whether, how much and when revenue is recognized. NB Power is currently assessing the potential impact on its consolidated financial statements.

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. NB Power is currently assessing the potential impact on the consolidated financial statements.

3. Significant Accounting Policies

This describes the accounting policies used in preparing the consolidated financial statements. It contains the following sections:

Note reference	Name
Note 3.a	Basis of consolidation
Note 3.b	Rate regulation
Note 3.c	Materials, supplies and fuel inventory
Note 3.d	Property, plant and equipment
Note 3.e	Intangible assets
Note 3.f	Long-term debt
Note 3.g	Decommissioning liabilities
Note 3.h	Post-employment benefits
Note 3.i	Provisions
Note 3.j	Revenues
Note 3.k	Government grants
Note 3.l	Foreign exchange transactions
Note 3.m	Leases
Note 3.n	Financial instruments
Note 3.o	Derivatives

a. *Basis of consolidation*

NB Power's consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary. All inter-company transactions and balances have been eliminated on

3. Significant Accounting Policies (continued)

a. *Basis of consolidation (continued)*

NB Power's nuclear fund investments, the nuclear decommissioning and used fuel management funds, include an investment in a pooled fund, of which NB Power is the primary beneficiary of the fund. As a result, NB Power has consolidated the underlying investments in this fund.

b. *Rate regulation*

IFRS 14 *Regulatory Deferral Accounts* (IFRS 14), permits an entity to continue to account for regulatory balances in its financial statements in accordance with its previous generally accepted accounting principles (GAAP) when it adopts IFRS. It is available to first-time adopters of IFRS and is effective from periods beginning on or after January 1, 2016, however, early adoption is permitted. NB Power has early adopted IFRS 14 in its first set of IFRS financial statements as at March 31, 2016.

Regulatory balances can be recognized for rate setting and financial reporting purposes if the New Brunswick Energy and Utilities Board (EUB) approves the regulatory treatment or if management believes the regulatory treatment is probable. Regulatory debit balances represent costs incurred in excess of amounts billed to the customer at EUB approved rates. Regulatory credit balances represent amounts billed to the customer at EUB approved rates in excess of costs incurred by NB Power.

Regulatory debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred costs will result from inclusion of that cost in allowable costs for rate-making purposes. The regulatory debit balances are assessed annually for recoverability and should management no longer consider it probable that an asset will be recovered, the deferred costs are charged to earnings in that period.

The following items have resulted in accounting treatments which differ from IFRS for entities operating in an unregulated environment and regulated entities that did not adopt IFRS 14:

- Allowance for funds used during construction (AFUDC),
- Point Lepreau Generating Station (PLGS) refurbishment, and
- Lawsuit settlement with Petroleos de Venezuela S.A. (PDVSA).

Regulatory balances that do not meet the definition of an asset or liability under any other standard are segregated on the consolidated statement of financial position as regulatory balances and on the consolidated statement of earnings as net changes in regulatory balances.

The measurement of regulatory balances is subject to certain estimates and assumptions, including assumptions made in the interpretation of the EUB's decisions.

c. *Materials, supplies and fuel inventory*

Inventories are recorded at the lower of cost or net realizable value. Inventories of materials, supplies, renewable energy credits and fuel other than nuclear fuel are valued at average cost. Nuclear fuel is valued at cost using the first-in, first-out method. The cost of inventory includes directly attributable costs of bringing the inventory to the location and condition necessary to be used.

3. Significant Accounting Policies (continued)

d. *Property, plant and equipment*

Property, plant and equipment (PP&E) is recorded at cost or deemed cost (cost less accumulated depreciation at April 1, 2014). If significant parts of PP&E have different useful lives they are recorded as separate components of PP&E.

Cost of additions

The cost of additions to PP&E include expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets include expenditures that are directly attributable to the construction of the asset including:

- contracted services,
- direct labour and material,
- borrowing costs on qualifying assets,
- estimated costs of decommissioning,
- estimated costs of the removal of used nuclear fuel,
- corporate overhead directly attributable to the constructed asset, and
- other expenses directly related to capital projects,

less

- revenue generated during commissioning, and
- research and development grants.

Major inspections and overhauls

NB Power incurs costs at its generating stations for major inspections and overhauls. These costs are capitalized if they are considered major and occur in regular intervals of at least two years. They are capitalized as separate components and depreciated over the period to the next major inspection or overhaul. Day-to-day maintenance costs are expensed as incurred.

Borrowing costs on qualifying assets

Interest is capitalized if a project is six months or longer in duration. These costs are calculated monthly based on the weighted average cost of long-term debt.

Subsequent expenditures

NB Power assesses subsequent expenditures related to PP&E to determine if they are capital or operating in nature. Subsequent expenditures are capitalized if they increase the future economic benefits of the asset.

3. Significant Accounting Policies (continued)

d. *Property, plant and equipment (continued)*

Depreciation

Depreciation is provided for all assets on a straight-line basis over the estimated useful life of each component of PP&E. Depreciation commences when the asset is available for use.

Estimated service lives

The estimated service lives of PP&E are reviewed annually and any changes are applied prospectively.

The categories of PP&E and estimated service lives of the components are as follows:

Assets	Years
Nuclear generating stations	10 - 57
Hydro generating stations	9 - 100
Thermal generating stations	6 - 53
Combustion turbine generating stations	10 - 40
Transmission system	10 - 60
Terminals and substations	17 - 56
Distribution system	16 - 48
Buildings and properties	45 - 50
Computer systems	6
Motor vehicles	8 - 20
Miscellaneous assets	15

Derecognition

A component of PP&E is derecognized when it is taken out of service or if there is no future economic benefit expected from its use. When a component is derecognized the cost and accumulated depreciation are written off with the gain or loss on disposal recognized as depreciation expense.

Impairment

NB Power evaluates its PP&E annually to assess indicators of impairment. If impairment is identified, an impairment loss will be recognized in earnings equal to the amount by which the carrying amount exceeds the recoverable amount.

e. *Intangible assets*

Intangible assets are recorded at cost or deemed cost (cost less accumulated amortization at April 1, 2014) and amortized over their estimated useful lives.

3. Significant Accounting Policies (continued)

e. *Intangible assets (continued)*

Assets	Years
Nepisiguit Falls (statutory right)	50
Software	6
Other	6 - 20

f. *Long-term debt*

Long-term debt is recorded at amortized cost using the effective interest method. The estimated fair value of the long-term debt is disclosed in Note 26 using market values or estimates of market values based on debt with similar terms and maturities. The unamortized balance of the discounts and premiums are included in long-term debt and amortized over the term of the debt issue to which they pertain on an effective interest basis.

g. *Decommissioning liabilities*

This describes the accounting policies related to decommissioning liabilities. It contains information on

- nuclear and thermal generating stations,
- water heaters, and
- hydro generating stations, transmission and distribution assets.

Nuclear and thermal generating stations

NB Power has recorded provisions for the estimated future costs of managing used nuclear fuel, and decommissioning the nuclear and thermal generating stations to return the sites to a state of unrestricted use.

Calculations of anticipated costs

The calculations of the anticipated future costs are based on detailed studies that take into account various assumptions regarding

- the method and timing of dismantling the nuclear and thermal generating stations,
- the cost of transporting nuclear material to permanent storage facilities, and
- estimates of inflation rates in the future.

NB Power reviews such calculations annually due to

- potential developments in the decommissioning and used nuclear fuel management technologies, and
- changes in the various assumptions and estimates inherent in the calculations.

Calculation methodology

The Nuclear Waste Management Organization (NWMO) was established by the *Nuclear Fuel Waste Act* (NFWA). The methodology used by NB Power to calculate the liability for used nuclear fuel management

3. Significant Accounting Policies (continued)

g. *Decommissioning liabilities (continued)*

Nuclear and thermal generating stations (continued)

is consistent with the NWMO's recommendations as approved by Natural Resources Canada.

Costs recognized as liabilities

The estimated present values of the following costs have been recognized as a liability as at March 31, 2016

- the fixed cost portion of used nuclear fuel management activities, which are required regardless of the volume of fuel consumed,
- the variable cost portion of used nuclear fuel management activities to take into account actual fuel volumes incurred up to March 31, 2016, and
- the costs of decommissioning the nuclear and thermal generating stations at the end of their useful lives.

The liability for used nuclear fuel management is increased for the cost of disposing the nuclear fuel bundles used each year with the corresponding amounts charged to operations through fuel expense.

The liability accounts are charged for current expenditures incurred related to the following

- used nuclear fuel management, and
- nuclear and thermal plant decommissioning.

Accretion expense

Accretion is the increase in the carrying amount of the liability due to the passage of time at the discount rate used in determining the amount of the provision.

Accretion is calculated on the liabilities for used nuclear fuel management and nuclear and thermal plant decommissioning. Specifically, the accretion expense is

- calculated using NB Power's credit adjusted risk-free rate and a duration spread to take into consideration the long-term nature of these liabilities, and
- classified as finance costs.

Water heaters

NB Power has recorded a provision for the estimated future costs of permanently removing rented water heaters from customers' homes.

Calculations of anticipated costs

The calculations are based on NB Power's history of water heater removal and include estimates for inflation. NB Power revises the estimates and assumptions annually.

3. Significant Accounting Policies (continued)

g. *Decommissioning liabilities (continued)*

Hydro generating stations, transmission and distribution assets

NB Power has not recognized any decommissioning liabilities for hydro generating stations or transmission and distribution assets because:

- NB Power expects to use the majority of its hydro generating stations, transmission and distribution assets for an indefinite period of time.
- With either maintenance efforts or rebuilding, the assets are expected to be used for the foreseeable future. As a result, the present value of any obligation is immaterial.

NB Power will record an obligation for these assets, if at some point in the future, a removal date becomes certain and the present value of the obligation is no longer immaterial.

The Mactaquac Generating Station is expected to reach the end of its service life in 2030. NB Power has identified three possible options for the station. These include:

- The repower option will see a new powerhouse and spillway constructed on the opposite side of the river.
- The no power option would rebuild a spillway on the opposite side of the river while maintaining the earthen dam. The head pond would stay intact with no generation.
- The restore the river option would remove all structures, earthen dam and allowing nature to bring the river back to natural flow.

In addition to the end-of-life options listed above, NB Power is also performing due diligence studies considering approaches to continue operation beyond 2030 with significant modifications.

NB Power will record a decommissioning liability if a constructive or legal obligation arises.

3. Significant Accounting Policies (continued)

h. *Post-employment benefits*

NB Power's post-employment programs include:

- Province of New Brunswick Public Service Shared Risk Plan (PSSRP),
- Pension plan for NB Coal employees,
- Retirement allowance program,
- Early retirement program, and
- Other long-term benefits.

NB Power employees are members of the PSSRP.

The PSSRP was established on January 1, 2014 for the employees of the Province of New Brunswick, its crown corporations and provincial agencies. Contributions are made by both participating employers and the employees and these are generally fixed. However, base benefits are not guaranteed. The PSSRP is a multi-employer, shared risk plan. The plan assets and liabilities are not segregated in separate accounts for each member entity. Since it is not practicable or feasible to obtain all of the information required for a materially precise attribution of NB Power's portion of the obligation, NB Power uses defined contribution accounting to account for its portion of the PSSRP.

The pension plan for NB Coal employees is a defined benefit pension plan for its former employees. There are no active members. NB Power makes special contributions annually to maintain the funding position.

The remaining plans are unfunded post-employment plans and are only funded in the year the expenditures are made. NB Power uses defined benefit accounting to account for these plans.

The present value of the defined benefit obligations

- are based on actuarial calculations,
- the discount rates are determined at March 31, based on market interest rates of high quality corporate bonds, that match the timing of the expected benefit payments, and
- incorporate management's best estimate assumptions on salary and wage projections to expected retirement dates.

Current service costs are charged to earnings as an OM&A expense. Interest expense is calculated by applying the same discount rate as used to measure the defined benefit obligation. Net interest is charged to finance costs. Actuarial gains and losses are recognized immediately in other comprehensive income. A curtailment occurs if there is a significant reduction in the benefits related to future service. A curtailment is recognized when the event giving rise to the change has occurred.

i. *Provisions*

A provision is recognized if NB Power has a present legal or constructive obligation as a result of a past event, it can be measured reliably and it is probable that an an outflow of economic benefits will be required to settle the obligation. Provisions that are long-term in nature are measured at their present value by discounting the expected future cash flows using NB Power's credit adjusted risk-free rate.

3. Significant Accounting Policies (continued)

j. *Revenues*

i. Recognizing revenues

Revenue from the sale of electricity is recognized as electricity is delivered to customers.

Billing schedule

Billing occurs monthly, according to the table below. Revenue in respect of items not billed at the end of a fiscal period is estimated and accrued as unbilled revenue.

Customer type	Billing schedule
- residential - general service - most industrial customers	on a cyclical basis (that is, the date on which a customer is billed each month varies from one customer to the next)
- industrial transmission - wholesale - out-of-province customers	at the end of each month

Customer contributions

NB Power receives contributions towards certain costs of construction. The contributions are included in the consolidated financial statements in provisions for other liabilities and charges. The customer contributions represent NB Power's obligation to continue to provide the customers access to the supply of electricity, is recognized into earnings, as miscellaneous income, on a straight-line basis over the remaining estimated service lives of the related assets. Refundable contributions are recorded as liabilities until such time they are no longer refundable.

k. *Government grants*

Government grants are received to compensate for expenditures incurred. These grants are recognized as revenue in the period in which the expense is recognized. Government grants related to PP&E are included in PP&E and depreciated over the life of the related asset.

3. Significant Accounting Policies (continued)

l. *Foreign exchange transactions*

NB Power's functional currency is the Canadian dollar. Transactions in currencies other than the functional currency are translated as follows:

- Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the statement of financial position date.
- Non-monetary items denominated in foreign currencies are translated to Canadian dollars at the historical exchange rate. Gains and losses on translation are recorded in earnings.
- For transactions qualifying for hedge accounting, the gains and losses from effective cash flow hedges are recognized in other comprehensive income.

m. *Leases*

Leases are classified as either a finance lease or operating lease. A finance lease is a lease when substantially all the benefits and risks of ownership of the leased asset reside with NB Power.

NB Power has long-term energy purchase agreements where judgment has been applied in the determination of whether these contracts contain a lease. In making these determinations, judgment is required to determine whether the fulfillment of an arrangement is dependent on the use of a specific asset, and whether the arrangement conveys a right to use the asset. For those arrangements considered to be leases, or which contain an embedded lease, further judgment is required to determine whether to account for the agreement as either a finance or operating lease by assessing whether substantially all of the significant risks and rewards of ownership are transferred to the Corporation or remain with the counterparty to the agreement. The measurement of finance leases requires estimations of the amounts and timing of future cash flows and the determination of an appropriate discount rate. Management has determined that none of these contracts contain a finance lease.

NB Power has operating leases and payments made under these contracts are expensed over the term of the leases.

3. Significant Accounting Policies (continued)

n. *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity (for example, accounts receivable / accounts payable).

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued and their characteristics.

NB Power has classified its financial instruments as follows:

Financial instrument	Classification
Financial assets	
Cash	Loans and receivables
Accounts receivable	Loans and receivables
Long-term receivable	Loans and receivables
Sinking fund receivable	Loans and receivables
Derivative assets	Fair value through profit or loss and fair value hedging instruments
Nuclear decommissioning and used fuel management funds	
NBIMC consolidated investments	Available for sale
Investments in NBIMC unit trusts	Fair value through profit or loss
Financial liabilities	
Short-term indebtedness	Other liabilities
Accounts payable and accruals	Other liabilities
Accrued interest	Other liabilities
Long-term debt	Other liabilities
Derivative liabilities	Fair value through profit or loss and fair value hedging instruments

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

3. Significant Accounting Policies (continued)

n. *Financial instruments (continued)*

Fair value through profit or loss (FVTPL)

Financial assets and liabilities in this category are acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated as FVTPL if NB Power manages these investments and makes purchase and sale decisions based on their fair value according to NB Power's documented risk management of investment strategy.

Accounting for assets and liabilities at FVTPL

These assets and liabilities are measured at fair value at the statement of financial position date. Changes in fair value are included in net earnings. These include:

- realized gains and losses, and
- unrealized gains and losses.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables, held-to-maturity, or financial assets at FVTPL. Available-for-sale assets are recorded as follows:

Asset	Accounting treatment
with quoted market prices in an active market	carried at fair value with - unrealized gains and losses, other than impairment losses and foreign currency differences, are recognized outside net earnings, in other comprehensive income - gains and losses transferred to net earnings when they are realized
without quoted market prices in an active market and whose fair value can not be reliably determined.	carried at cost

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Other liabilities

All of NB Power's financial liabilities, except for derivative liabilities designated as fair value through profit or loss, are included in this category. They are recorded at amortized cost, using the effective interest method.

3. Significant Accounting Policies (continued)

n. *Financial instruments (continued)*

Effective interest method and transaction costs

NB Power uses the effective interest method to recognize interest income or expense on the above noted financial instruments. The effective interest method discounts estimated future cash payments over an instrument's expected life, or a shorter period if appropriate, to the net carrying amount at the statement of financial position date. The calculation includes earned or incurred

- transaction costs,
- fees,
- premiums, and
- discounts.

Transaction costs associated with fair value through profit or loss instruments are expensed as they are incurred.

o. *Derivatives*

A derivative is a financial instrument or other contract with all three of the characteristics below

- value changes with underlying variable (e.g. market index),
- little or no initial investment required, and
- settled at a future date.

Under derivative contracts, NB Power settles amounts based on the difference between an index-based monthly cumulative floating price and a fixed price. The resultant fixed price is reflected in net earnings.

Derivatives are recognized on the statement of financial position at their fair value. Changes in fair value are recognized in earnings unless the instrument meets the criteria for hedge accounting.

Cash flow hedges

NB Power uses derivatives to manage or "hedge" certain exposures. It does not use them for speculative or trading purposes. Certain derivative financial instruments held by NB Power are eligible for hedge accounting.

3. Significant Accounting Policies (continued)

o. *Derivatives (continued)*

Documentation

To be eligible for hedge accounting, NB Power formally documents:

- all relationships between hedging instruments and hedged items at their inception,
- its assessment of the effectiveness of the hedging relationship, and
- its hedging objectives and strategy underlying various hedge transactions.

This process includes linking all derivatives to specific assets and liabilities on the consolidated statement of financial position or to specific forecasted transactions.

Accounting for cash flow hedges

Derivatives eligible for hedge accounting are recognized on the consolidated statement of financial position at their fair value. The accounting for changes in fair value depends on their effectiveness as hedges. In broad terms, a derivative is an effective hedge of another item when changes in their fair value or cash flows closely offset each other. Due to the nature of some of the hedging relationships, the fair values or cash flows do not perfectly offset, which represents the ineffective portions.

Different portions of changes in a derivative's fair value are recognized as follows:

This portion	is recognized in
effective	other comprehensive income, outside net earnings for the year
ineffective	net earnings

The amounts accumulated in other comprehensive income (AOCI) are reclassified to earnings in the same period during which the hedged forecasted cash transaction affects earnings.

Discontinuing hedge accounting

If a forecasted transaction is no longer expected to occur, NB Power ceases hedge accounting at that point and any gains or losses previously accumulated in other comprehensive income are then recognized immediately in net earnings.

If a hedging instrument is sold or terminated before it matures, it ceases to be effective as a hedge, or designation is revoked, hedge accounting is discontinued prospectively. Gains or losses up to the date the hedge was discontinued remain in other comprehensive income and will be recognized in earnings in the period the forecasted cash transaction impacts earnings. Gains and losses after discontinuance of hedge accounting are recognized in earnings at that time.

4. RATE REGULATION

NB Power is a rate-regulated utility. The following are the key components of NB Power's regulation:

- Commencing on April 1, 2015 and for each subsequent fiscal year, NB Power shall make an application to the New Brunswick Energy and Utilities Board (EUB) for approval of its schedules of rates it proposes to charge for its services.
- NB Power must make an application with the EUB for the approval of the Open Access Transmission Tariff (OATT), or for any changes to the Transmission Tariff. NB Power shall, at least once every three years, make an application to the EUB for approval of its transmission revenue requirements. This revenue requirement is intended to collect sufficient revenues to cover its costs and to provide a return of 10 to 12 percent on a deemed capital structure of 65 percent debt and 35 percent capital.
- NB Power submitted to the EUB for information purposes the 2014 Integrated Resource Plan, and must continue to submit one at least once every three years thereafter.
- NB Power shall submit, annually, to the EUB for information purposes a strategic, financial and capital investment plan covering the next 10 fiscal years.
- NB Power shall make application to the EUB for approval of capital projects exceeding $50 million.

Regulatory balances

Regulatory deferrals may arise as a result of the rate-setting process.

All amounts recognized as regulatory balances are subject to legislation or regulatory approval. As such

- the regulatory authorities could alter the amounts recognized as a regulatory balance, at which time the change would be reflected in the financial statements, and
- certain remaining recovery and settlement periods are those expected by management and the actual recovery or settlement periods could differ based on regulatory approval.

5. ACCOUNTS RECEIVABLE

	2016	2015	April 1, 2014
Trade receivables	**$ 176**	$ 214	$ 243
Allowance for doubtful accounts	**(6)**	(5)	(5)
Other receivables	**10**	6	13
Unbilled revenue	**55**	54	54
	$ 235	$ 269	$ 305

6. MATERIALS, SUPPLIES AND FUEL

	2016	2015	April 1, 2014
Materials and supplies	**$ 20**	$ 18	$ 18
Nuclear fuel	**37**	30	25
Coal	**31**	17	19
Heavy fuel oil (HFO)	**63**	38	68
Petroleum coke	**20**	16	22
Renewable energy credits	**11**	9	-
Other fuel	**22**	20	26
	$ 204	$ 148	$ 178

During the year, materials, supplies and fuel were written down by $4 million (2015 - $4 million). Materials, supplies and fuel recognized as an expense during the year amounted to $207 million (2015 - $305 million).

7. PROPERTY, PLANT AND EQUIPMENT

	Power generating stations	Transmission system	Terminals and substations	Distribution system	Other	Construction -in- progress	Total
Cost or deemed cost							
Balance, April 1, 2014	$ 3,650	$ 201	$ 246	$ 976	$ 122	$ 161	$ 5,356
Additions	5	-	-	-	1	259	265
Decomissioning adjustments	153	-	-	-	-	-	153
Disposals	(11)	-	(1)	(19)	(6)	-	(37)
Transfers	130	12	94	48	16	(300)	-
Balance, March 31, 2015	3,927	213	339	1,005	133	120	5,737
Additions	**-**	**-**	**-**	**-**	**10**	**230**	**240**
Decommissioning adjustments	**(147)**	**-**	**-**	**-**	**-**	**-**	**(147)**
Disposals	**(266)**	**-**	**(2)**	**(14)**	**(3)**	**-**	**(285)**
Transfers	**73**	**8**	**35**	**51**	**23**	**(190)**	**-**
Balance, March 31, 2016	**$ 3,587**	**$ 221**	**$ 372**	**$ 1,042**	**$ 163**	**$ 160**	**$ 5,545**
Accumulated depreciation							
Balance, April 1, 2014	641	-	(5)	492	34	-	1,162
Depreciation expense	169	7	10	29	8	-	223
Disposals	(7)	-	(1)	(17)	(5)	-	(30)
Balance, March 31, 2015	803	7	4	504	37	-	1,355
Depreciation expense	**163**	**7**	**13**	**30**	**8**	**-**	**221**
Disposals	**(252)**	**-**	**(1)**	**(13)**	**(2)**	**-**	**(268)**
Balance, March 31, 2016	**$ 714**	**$ 14**	**$ 16**	**$ 521**	**$ 43**	**$ -**	**$ 1,308**
Carrying amount							
Balance, April 1, 2014	$ 3,009	$ 201	$ 251	$ 484	$ 88	$ 161	$ 4,194
Balance, March 31, 2015	3,124	206	335	501	96	120	4,382
Balance, March 31, 2016	**$ 2,873**	**$ 207**	**$ 356**	**$ 521**	**$ 120**	**$ 160**	**$ 4,237**

The amount of interest capitalized to PP&E in 2016 is $5 million (2015 - $6 million) at the weighted average cost of borrowing of 5.09% (2015 - 5.19%) (see also Note 23).

8. INTANGIBLE ASSETS

	Nepisiguit Falls-statutory rights	Software	Other	Construction-in-progress	Total
Cost or deemed cost					
Balance, April 1, 2014	$ 19	$ 12	$ 2	$ 3	$ 36
Additions	-	-	-	4	4
Balance, March 31, 2015	19	12	2	7	40
Additions	**-**	**-**	**-**	**5**	**5**
Transfers	**-**	**7**	**-**	**(7)**	**-**
Balance, March 31, 2016	**$ 19**	**$ 19**	**$ 2**	**$ 5**	**$ 45**
Accumulated amortization					
Balance, April 1, 2014	$ -	$ -	$ -	$ -	$ -
Amortization expense	1	6	-	-	7
Balance, March 31, 2015	$ 1	$ 6	$ -	$ -	$ 7
Amortization expense	**1**	**4**	**-**	**-**	**5**
Balance, March 31, 2016	**$ 2**	**$ 10**	**$ -**	**$ -**	**$ 12**
Carrying amount					
Balance April 1, 2014	$ 19	$ 12	$ 2	$ 3	$ 36
Balance March 31, 2015	18	6	2	7	33
Balance March 31, 2016	**$ 17**	**$ 9**	**$ 2**	**$ 5**	**$ 33**

9. NUCLEAR DECOMMISSIONING AND USED FUEL MANAGEMENT FUNDS

This describes the segregated funds established by NB Power as security for its nuclear decommissioning and used fuel management obligations. It contains information on the following:

- fund requirements,
- NB Power's funds, and
- status of NB Power's funds.

Fund Requirements

The *Nuclear Fuel Waste Act* requires owners of used nuclear fuel in Canada to establish trust funds to finance the long-term management of used nuclear fuel. The Canadian Nuclear Safety Commission (CNSC) requires NB Power to maintain certain segregated funds to meet license conditions for the Point Lepreau Generating Station. The money contained in these established funds will be used to meet the *Nuclear Fuel Waste Act* requirements.

9. NUCLEAR DECOMMISSIONING AND USED FUEL MANAGEMENT FUNDS (continued)

NB Power's Funds

NB Power has established the following funds, each held in a custodial account.

Fund	Trustee	Purpose	Funding requirement
Decommissioning segregated fund and used nuclear fuel segregated fund	Provincial Minister of Finance	To meet the license conditions for the Point Lepreau Generating Station set by the CNSC	Established yearly based on the current obligations and market value of the funds. The amount of the contribution in the 2015/16 year was nil (2014/15 - nil).
Nuclear fuel waste trust fund	BNY Mellon	To meet the Nuclear Fuel Waste Act and to meet the CNSC requirements	The Act requires NB Power to deposit to the trust fund an amount based on the approved funding formula. The amount of the contribution in the 2015/16 year was nil (2014/15 - $6 million).

Status of NB Power's Funds

The status of each fund is as follows:

	2016	2015	April 1, 2014
Nuclear decommissioning fund			
Decommissioning	**$ 308**	$ 312	$ 267
Used fuel management funds			
Used fuel management	**224**	276	236
Nuclear Fuel Waste Trust	**141**	132	108
	365	408	344
Total nuclear decommissioning and used fuel management funds	**$ 673**	$ 720	$ 611

10. LONG-TERM RECEIVABLE

In 2013, NB Power sold certain distribution assets to a third party. This transaction was partially offset by a purchase of rental water heater assets from the same third party. In 2015, NB Power sold additional distribution assets to the same third party. These transactions resulted in a long-term receivable with a net balance of $19 million ($17 million remaining at March 31, 2016), which will be collected over 20 years with interest at a rate of 3.85% per annum.

11. SINKING FUND RECEIVABLE

Pursuant to section 12 of the *Provincial Loans Act*, the Minister of Finance maintains a general sinking fund for the repayment of funded debt. NB Power pays the Province of New Brunswick one per cent of its outstanding debt annually; this will be returned to NB Power when the corresponding debt issues mature.

The following table shows the activity in the sinking fund.

	2016	2015	April 1, 2014
Sinking fund receivable, beginning of year	**$ 471**	$ 404	$ 376
Sinking fund earnings	**21**	17	16
Foreign exchange gains	**7**	41	22
Installments	**45**	46	46
Redemptions	**(80)**	(37)	(56)
Sinking fund receivable, end of year	**$ 464**	$ 471	$ 404

Refer to Note 26 Financial Instruments for fair value hierarchy information.

12. REGULATORY BALANCES

NB Power has regulatory balances totaling $1,021 million at March 31, 2016 compared to $1,034 million at March 31, 2015.

A reconciliation of the three regulatory balances is as follows:

	Remaining recovery period	Interest rate	Balance April 1, 2014	Balances arising during the year	Interest	Recovery	Balance March 31, 2015
PLGS	25	5.19%	$ 1,000	$ -	$ 51	$ (70)	$ 981
PDVSA	15	5.19%	51	22	2	(24)	51
AFUDC	50	0%	-	2	-	-	2
			$ 1,051	$ 24	$ 53	$ (94)	$ 1,034

	Remaining recovery period	Interest rate	Balance April 1, 2015	Balances arising during the year	Interest	Recovery	Balance March 31, 2016
PLGS	24	5.09%	$ 981	**$ -**	**$ 50**	**$ (70)**	**$ 961**
PDVSA	25	5.09%	51	**23**	**3**	**(19)**	**58**
AFUDC	50	0%	2	**-**	**-**	**-**	**2**
			$ 1,034	**$ 23**	**$ 53**	**$ (89)**	**$ 1,021**

12. REGULATORY BALANCES (continued)

Detail of the net changes in regulatory balances recognized in the consolidated statement of earnings is as follows:

		2016		2015
Allowance for funds used during construction	**$**	**-**	$	2
Lawsuit settlement PDVSA		**7**		-
Point Lepreau Generating Station		**(20)**		(19)
Net change in regulatory balances	**$**	**(13)**	$	(17)

Point Lepreau Generating Station refurbishment (PLGS)

For the regulatory balance related to PLGS refurbishment, the *Electricity Act* has deemed the project to be prudent and the costs and expenses recorded were deemed to be prudent and necessary to carry out the project.

NB Power has a regulatory balance relating to refurbishing PLGS. This account accumulated the following costs over the refurbishment period (March 28, 2008 to November 23, 2012)

- the normal period costs (net of any revenues) incurred by PLGS,
- the costs of replacement power incurred during the refurbishment period,

less

- costs included in current rates.

These amounts will be

- recovered from customers over the refurbished station's operating life, and
- reflected in charges, rates and tolls to customers (section 139.4 of the *Electricity Act*).

Lawsuit settlement with Petroleos de Venezuela S.A. (PDVSA)

For the regulatory balance related to the lawsuit settlement with PDVSA the EUB ruled how the settlement benefits would be passed on to customers.

In 2007/08 NB Power recognized a regulatory balance relating to a lawsuit settlement with PDVSA. The settlement's benefits will be

- amortized over the Coleson Cove Generating Station's remaining useful life (23 years at time of the settlement; 25 years as at March 31, 2016), and
- passed on to customers over 17 years (9 years as of March 31, 2016), as approved by the EUB, on a levelized basis.

The regulatory balance reflects NB Power's obligation to pass the settlement's net benefits on to the customers. The regulatory deferral is in a debit position because the settlement's net benefits are passed on to the customers faster than they are recognized by NB Power.

12. REGULATORY BALANCES (continued)

Allowance for Funds Used During Construction (AFUDC)

As at March 31, 2016, NB Power has a regulatory balance related to AFUDC for transmission assets. AFUDC represents a notional cost of capital allowance allowed by the regulator to be capitalized for rate setting purposes. This is calculated monthly on capital construction projects and added to the regulatory balance. AFUDC is based on NB Power's weighted average cost of capital and is amortized over the future life of the related asset. It is expected to be recoverable through the Open Access Transmission Tariff (OATT).

13. SHORT-TERM INDEBTEDNESS

NB Power borrows funds for temporary purposes from the Province of New Brunswick. The balance as at March 31, 2016 was $855 million (2015 - $784 million, 2014 - $858 million) with maturities ranging from April 1, 2016 to May 31, 2016 and a weighted average interest rate of 0.63%.

14. LONG-TERM DEBT

NB Power borrows funds from the Province of New Brunswick to finance long-term requirements. This provides details around NB Power's long-term debt. It contains information on

- year-end long-term debt,
- terms,
- interest rates,
- debt portfolio management fee, and
- principal repayments.

A reconciliation between the opening and closing long-term debt balance is provided below:

Long-term debt		**2016**
Balance April 1, 2014	$	4,567
Foreign exchange on long-term debt		40
Amortization of premiums and discounts		(2)
Balance March 31, 2015		4,605
Debt retirements		**(580)**
Proceeds from long-term debt		**494**
Foreign exchange on long-term debt		**8**
Amortization of premiums and discounts		**(3)**
Less amount reallocated to current portion		**(400)**
Balance March 31, 2016	**$**	**4,124**

14. LONG-TERM DEBT (continued)

Debt - advances from the Province of New Brunswick are as follows:

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Par value	Foreign exchange	Unamortized (discounts) premiums	Outstanding amount
				USD			
October 1, 2013	May 15, 2020	10	10	150	$ 45	$ (1)	**$ 194**
				USD			
October 1, 2013	May 1, 2022	9	9	100	30	(1)	**129**
October 1, 2013	December 15, 2029	6	6	$ 50	-	(1)	**49**
October 1, 2013	March 31, 2024	-	5	100	-	-	**100**
October 1, 2013	September 26, 2035	5	5	360	-	3	**363**
October 1, 2013	February 21, 2017	-	5	100	-	-	**100**
October 1, 2013	March 26, 2037	5	5	100	-	(1)	**99**
October 1, 2013	March 26, 2037	5	5	25	-	(1)	**24**
October 1, 2013	September 26, 2039	-	5	160	-	(2)	**158**
October 1, 2013	March 14, 2018	-	4	120	-	-	**120**
October 1, 2013	September 24, 2034	5	5	150	-	(1)	**149**
October 1, 2013	March 26, 2018	5	4	300	-	(4)	**296**
October 1, 2013	March 19, 2034	7	5	50	-	-	**50**
October 1, 2013	June 3, 2019	5	4	150	-	(1)	**149**
October 1, 2013	June 3, 2019	5	4	300	-	1	**301**
October 1, 2013	September 26, 2039	5	5	100	-	-	**100**
October 1, 2013	June 3, 2041	5	5	200	-	(2)	**198**
October 1, 2013	July 21, 2016	3	5	300	-	2	**302**
October 1, 2013	June 2, 2020	4	5	165	-	3	**168**
October 1, 2013	June 15, 2018	-	3	130	-	-	**130**
October 1, 2013	December 3, 2021	3	3	200	-	(1)	**199**
October 1, 2013	December 3, 2021	3	3	100	-	-	**100**
October 1, 2013	December 3, 2021	3	3	100	-	1	**101**
October 1, 2013	June 3, 2055	3	4	150	-	2	**152**
October 1, 2013	June 3, 2065	4	4	200	-	(1)	**199**
October 1, 2013	September 26, 2018	2	2	100	-	-	**100**
June 14, 2015	June 3, 2024	2	4	50	-	5	**55**
December 17, 2015	August 14, 2045	4	4	250	-	9	**259**
February 12, 2016	February 12, 2019	1	1	180	-	-	**180**
				$ 4,440	$ 75	$ 9	**$ 4,524**

Debt Portfolio Management Fee

NB Power pays an annual debt portfolio management fee to the Province of New Brunswick amounting to 0.65 per cent of the total long-term debt and short-term indebtedness, net of the balance held in sinking funds receivable (Note 11), measured as at the beginning of the fiscal year.

14. LONG-TERM DEBT (continued)

Principal Repayments

Long-term debt principal repayments are due as follows:

Year Ending	Principal Repayment
March 31, 2017	$ 400
March 31, 2018	420
March 31, 2019	410
March 31, 2020	450
March 31, 2021	360
Thereafter	2,475
Total	$ 4,515

15. CAPITAL MANAGEMENT

NB Power's is predominantly debt financed.

The percentage of net debt in capital structure is as follows:

As at March 31	2016	2015	April 1, 2014
Long-term debt	**$ 4,524**	$ 4,605	$ 4,567
Short-term indebtedness	**855**	784	858
Total debt	**5,379**	5,389	5,425
Sinking fund receivable	**(464)**	(471)	(404)
Cash	**(2)**	(3)	(3)
Total net debt	**4,913**	4,915	5,018
Retained earnings	**420**	408	308
Accumulated other comprehensive (loss) income	**(213)**	(72)	92
Total capital	**$ 5,120**	$ 5,251	$ 5,418
	96%	94%	93%

16. DECOMMISSIONING AND USED FUEL MANAGEMENT LIABILITY

This provides details of NB Power's decommissioning liabilities. It contains information on:

- nature of the liabilities,
- assumptions used for the liabilities,
- liability balances at year-end dates.

16. DECOMMISSIONING AND USED FUEL MANAGEMENT LIABILITY (continued)

Nature of the liability

Details of the liabilities are as follows:

Liability	Nature	Funding Details
Thermal generating station decommissioning	Cost of decommissioning the thermal generating stations after the end of their service lives	The liability is not funded
Nuclear generating station decommissioning	Cost of decommissioning the nuclear generating station after the end of its service life	See Note 9 for details on the funding of this liability
Used nuclear fuel management	Cost of interim and long-term management of used nuclear fuel bundles generated by the nuclear generating station	See Note 9 for details on the funding of this liability
Water heaters	Cost of the removal of rental water heaters from the customer's homes	The liability is not funded

Assumptions used for the liabilities

The key assumptions on which the liabilities were based are as follows:

	Thermal decommissioning	Nuclear decommissioning	Used nuclear fuel management	Water heaters
Undiscounted amount of estimated cash flows to settle liability				
- 2016	$180	$1,034	$598	$3
- 2015	$188	$970	$631	$3
Reason for the increase or decrease of the liabilities	Decommissioning spending and changes to the liability resulting from updated cost estimates, changes to the timing of cash flows, and changes in discount rates offset by escalation	Decommissioning spending and changes to the liability resulting from updated cost estimates, changes to the timing of cash flows, and change in discount rate offset by escalation	Decommissioning spending and changes to the liability resulting from updated cost estimates, changes to timing of cash flows, and change in discount rate offset by escalation	No change
Cash expenditures required until the year	2049	2082	2172	2030
Rate used to discount cash flows				
- 2016	1.74% to 4.09%	4.67%	4.91%	3.77%
- 2015	1.96% to 3.60%	4.30%	4.63%	3.40%
Escalation rate to determine decommissioning liabilities	2.00%	2.00%	1.90% to 3.50%	2.00%

16. DECOMMISSIONING AND USED FUEL MANAGEMENT LIABILITY (continued)

Liabilities at year-end

A continuity schedule for each of the liabilities is as follows:

	2016	2015
Thermal generating station decommissioning liability		
Balance, beginning of year	**$ 166**	$ 165
Add: Changes to discount rates and changes in cost estimates	**(24)**	-
Add: Accretion on thermal decommissioning liability	**4**	7
Less: Expenditures	**(12)**	(6)
Balance, end of year	**134**	166
Nuclear generating station decommissioning liability		
Balance, beginning of year	**362**	233
Add: Change to discount rate and change in cost estimate	**(45)**	117
Add: Accretion on nuclear decommissioning liability	**16**	12
Less: Expenditures	**(2)**	-
Balance, end of year	**331**	362
Used fuel management liability		
Balance, beginning of year	**335**	287
Add: Change to discount rate and change in cost estimate	**(74)**	35
Add: Accretion on used fuel management liability	**16**	16
Less: Expenditures	**(6)**	(3)
Balance, end of year	**271**	335
Water heaters		
Balance, beginning of year	**3**	3
Balance, end of year	**3**	3
Total decommissioning and used fuel management liability	**$ 739**	$ 866

17. POST-EMPLOYMENT BENEFITS

Unfunded benefit plans

Unfunded benefit plans include an early retirement plan, retirement allowance, and other future employee benefits.

The table below summarizes each of these plans:

	2016	2015	April 1, 2014
Early retirement obligation	**$ 85**	$ 95	$ 85
Retirement allowance obligation	**39**	47	46
Other future employee benefits obligation	**18**	18	16
	142	160	147
Current portion of early retirement obligation	**(5)**	(7)	(7)
Post-employment benefits	**$ 137**	$ 153	$ 140

Assumptions

	2016 %	2015 %
Discount rate, beginning of year	3.4	4.2
Discount rate, end of year	3.8	3.4
Long-term rate of compensation increases	2.5	2.5
Assumptions for benefit increases	2.0	2.0

a. ***Early retirement***

NB Power has an unfunded early retirement program. NB Power has had several programs in the past to incent employees to retire early. The early retirement program represents the obligation for those costs.

Accrued benefit obligation	2016	2015	April 1, 2014
Balance, beginning of year	**$ 95**	$ 85	$ 89
Employee benefit expense	**2**	4	4
Benefits paid	**(5)**	(6)	(7)
Actuarial (gain) loss	**(7)**	12	(1)
Balance, end of year	**$ 85**	$ 95	$ 85

17. POST-EMPLOYMENT BENEFITS (continued)

a. *Early retirement (continued)*

Cost		2016		2015
Interest cost	**$**	**2**	$	4
Total benefit expense for the year	**$**	**2**	$	4

b. *Retirement allowance*

NB Power has an unfunded retirement allowance program. The program provides a benefit of one week of salary per year of service up to a maximum of twenty six weeks when the employee retires. The latest actuarial calculation to estimate the liability was completed as at April 1, 2012. In 2013, NB Power announced that it will be phasing out the retirement allowance. The retirement allowance program was eliminated for non-union employees and the employees in the corporate service union in 2013, which resulted in a settlement in 2015. In 2016, the Transmission and Distribution division employees were offered voluntary payouts of the accumulation of service.

Accrued benefit obligation		2016		2015		April 1, 2014
Balance, beginning of year	**$**	**47**	$	46	$	55
Employee benefit expense		**4**		5		6
Benefits paid		**(10)**		(7)		(14)
Actuarial (gain) loss		**(2)**		3		(1)
Balance, end of year	**$**	**39**	$	47	$	46

Cost		2016		2015
Current service cost	**$**	**2**	$	1
Settlement loss		**1**		2
Interest cost		**1**		2
Total benefit expense for the year	**$**	**4**	$	5

17. POST-EMPLOYMENT BENEFITS (continued)

c. *Other long-term benefits*

Other long-term benefits include future expected payments to LTD employees and the pension plan for executives.

Accrued benefit obligation	2016	2015	April 1, 2014
Balance, beginning of year	$ **18**	$ 16	$ 13
Employee benefit expense	**1**	1	1
Benefits paid	**(1)**	(1)	(1)
Actuarial loss (gain)	**-**	2	3
Balance, end of year	$ **18**	$ 18	$ 16

Cost	2016	2015
Current service cost	$ **1**	$ 1
Total benefit expense for the year	$ **1**	$ 1

Cumulative actuarial gains (losses)

The cumulative actuarial losses recorded in other comprehensive income for NB Power's defined benefit plans are as follows:

	2016	2015	April 1, 2014
Balance, beginning of year	$ **(72)**	$ (55)	$ (55)
Actuarial losses on accrued benefit obligations			
- experience adjustments	**1**	1	1
- changes in actuarial assumptions	**8**	(18)	(1)
Balance, end of year	$ **(63)**	$ (72)	$ (55)

Funded defined benefit pension plan

The former Mine Reclamation Inc. employees are members of the Pension Plan for Employees of NB Coal Limited. The pension assets and liabilities of this plan are measured as at March 31, 2016. The most recent actuarial valuation for funding purposes for the Pension Plan for Employees of NB Coal Limited was completed as at January 1, 2014. The valuation reported plan assets equal to the accrued benefit obligation of $5 million. The next valuation for funding purposes is required to be completed as at January 1, 2017.

17. POST-EMPLOYMENT BENEFITS (continued)

Multi-employer pension plan

NB Power employees, are members of the Province of New Brunswick Public Service Shared Risk Plan (PSSRP), a multi-employer shared risk pension plan, as described in Note 3.h. The most recent actuarial valuation for the PSSRP was completed as at January 1, 2015. As at January 1, 2015, The PSSRP was 104.6% funded (January 1, 2014 - 100.3% funded). The valuation reported plan assets exceeding the accrued benefit obligation of $6,277 million by $290 million. The next valuation is required to be completed as at January 1, 2016.

NB Power accounts for this multi-employer plan as a defined contribution pension plan.

Costs

Under the PSSRP, NB Power's obligations are limited to the contributions for current service. The total contributions of all participating employers and employees were approximately $236 million (January 1, 2014 - $237 million). NB Power's contributions are charged to earnings when due. The employee benefits expense for the PSSRP plan recorded in OM&A expense is as follows:

	2016	2015
Current service cost	**$ 25**	$ 23

NB Power expects to contribute approximately $27 million in contributions in 2017.

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

A reconciliation between the opening and closing provisions for other liabilities and charges is provided below:

	Land reclamation	Environmental liability	Customer contributions	Total
Provision for other liabilities and charges				
Balance, April 1, 2014	$ 1	$ 12	$ -	$ 13
Provisions made during the year	-	1	3	4
Provisions used during the year	-	(1)	-	(1)
Balance, March 31, 2015	1	12	3	16
Provisions made during the year	**3**	**-**	**4**	**7**
Provisions used during the year	**(1)**	**-**	**(1)**	**(2)**
Balance, March 31, 2016	**$ 3**	**$ 12**	**$ 6**	**$ 21**

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

Land reclamation

NB Power has an obligation to reclaim crown land as a result of NB Coal operations. The unfunded liability is equal to the net present value of the expected future costs, using a discount rate of 1.54% (2015 - 1.96%).

The total undiscounted amount of the estimated cash flows required to settle the liability is $3 million.

Environmental liability

NB Power has a long-term plan to treat acidic water drainage from an inactive mine. NB Power has recognized an unfunded environmental liability equal to the net present value of the expected future costs using a discount rate of 4.03% (2015 - 3.60%).

The total undiscounted amount of the estimated cash flows required to settle the liability is $14 million.

Customer contributions

NB Power has received non-refundable customer contributions in aid of construction of physical assets to connect these customers to a utility network and provide future energy requirements. These contributions are deferred and amortized to other revenue over the life of the related asset.

19. MISCELLANEOUS REVENUE

	2016	2015
Transmission revenue	**$ 26**	$ 20
Water heater rental	**21**	20
Customer related revenues	**8**	9
Pole attachments	**3**	3
Other miscellaneous income	**27**	19
	$ 85	$ 71

20. OPERATIONS, MAINTENANCE AND ADMINISTRATION

	2016	2015
Salaries and benefits	**$ 219**	$ 209
Hired services	**117**	122
Materials and supplies	**31**	27
Vehicles and equipment	**26**	21
Other	**56**	40
	$ 449	$ 419

21. DEPRECIATION AND AMORTIZATION

		2016		2015
Depreciation	$	221	$	223
Amortization of intangible assets		5		7
	$	226	$	230

22. TAXES

		2016		2015
Property tax	$	22	$	20
Utility and right of way taxes		19		17
	$	41	$	37

23. FINANCE COSTS

		2016		2015
Interest on long-term and short-term debt	$	212	$	221
Accretion		36		36
Debt portfolio management fee		32		33
Foreign exchange on long-term debt		8		40
Interest on post employment benefits		3		6
Foreign exchange gains and losses		3		(1)
Amortization of premiums and discounts		(3)		(2)
		291		333
Interest capitalized during construction		(5)		(6)
	$	286	$	327

24. AMOUNT CHARGED OR CREDITED TO OPERATIONS NOT REQUIRING A CASH PAYMENT

	2016	2015
Nuclear fuel - used fuel management variable expense	$ 7	$ 5
Net changes in regulatory balances	13	17
Change in market value of derivatives	(7)	15
Nuclear decommissioning and used fuel management fund earnings	(38)	(104)
Sinking funds	(28)	(58)
Change to provisions for other liabilities and charges	2	2
Post-employment benefits expense	4	4
	$ (47)	$ (119)

25. NET CHANGE IN NON-CASH WORKING CAPITAL

	2016	2015
Accounts receivable	$ 34	$ 38
Materials, supplies and fuel	(56)	30
Prepaid expenses	(1)	(2)
Accounts payable and accrued liabilities	(10)	22
	$ (33)	$ 88

26. FINANCIAL INSTRUMENTS

A financial instrument (see Note 3n) is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity (for example, accounts receivable/accounts payable).

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A financial instrument's fair value at a given date (including fair values of forward contracts used for hedging purposes, and other derivative positions) reflects, among other things, differences between the instrument's contractual terms and the terms currently available in the market.

26. FINANCIAL INSTRUMENTS (continued)

Fair Value of Financial Instruments (continued)

The financial instruments carried at fair value are classified using a fair value hierarchy which has three levels. These are as follows:

- Level 1 - Fair value determination is based on inputs that are quoted prices in active markets for identical assets or liabilities.
- Level 2 - Fair value is determined using inputs, other than quoted prices in level 1, that are observable for the financial asset or financial liability, either directly or indirectly. These inputs include quoted prices for similar financial instruments in active markets, quoted price for similar instruments that are not active, and inputs other than quoted prices that are observable for the instrument. These are inputs that are derived principally from, or corroborated by, observable market data.
- Level 3 - Fair value is determined based on internal models using inputs that are not based on observable market data. Unobservable inputs reflect subjective assumptions that market participants may use in pricing the investment.

Refer to Note 27 Market risk for the sensitivity analysis.

The following table is a summary of NB Power's outstanding financial instruments.

		March, 31, 2016		March 31, 2015		April 1, 2014	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets							
Cash	1	**$ 2**	**$ 2**	$ 3	$ 3	$ 3	$ 3
Accounts receivable	1	**235**	**235**	269	269	305	305
Long-term receivable	1	**17**	**17**	17	17	17	17
Nuclear decommissioning and used fuel management funds	1 - 3	**673**	**673**	720	720	611	611
Sinking fund receivable	1	**464**	**464**	471	471	404	404
Derivative assets	2	**17**	**17**	73	73	157	157
Total financial assets		**1,408**	**1,408**	1,553	1,553	1,497	1,497
Financial liabilities							
Short-term indebtedness	1	**855**	**855**	784	784	858	858
Accounts payable and accrued liabilities	1	**255**	**255**	262	262	241	241
Accrued interest	1	**41**	**41**	47	47	45	45
Long-term debt	2	**4,524**	**5,063**	4,605	5,385	4,567	4,947
Derivative liabilities	2	**137**	**137**	93	93	14	14
Total financial liabilities		**$ 5,812**	**$ 6,351**	$ 5,791	$ 6,571	$ 5,725	$ 6,105

26. FINANCIAL INSTRUMENTS (continued)

Fair Value of Financial Instruments (continued)

The fair value hierarchy for the nuclear decommissioning and used fuel management funds is as follows:

Hierarchy	2016	2015	April 1 2014
Level 1	**$ 67**	$ 336	$ 473
Level 2	**578**	377	138
Level 3	**28**	7	-
	$ 673	$ 720	$ 611

Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 in 2016.

Hierarchy Level 3 Investment Continuity

The nuclear decommissioning and used fuel management funds have investments carried at fair value hierarchy level 3. The following is the investment continuity of level 3:

Balance April 1, 2014	$ -
Purchases	9
Sales	(2)
Balance, March 31, 2015	7
Purchases	**29**
Sales	**(9)**
Gains recognized in earnings	**1**
Balance, March 31, 2016	**$ 28**

26. FINANCIAL INSTRUMENTS (continued)

Derivative Financial Instruments Summary

			March 31, 2016		March 31, 2015		April 1, 2014	
	Unit of Measure	Maturing Over (Months)	Committed purchases	Weighted Average Price	Committed purchases	Weighted Average Price	Committed purchases	Weighted average price
Foreign exchange derivatives (1)	USD	36	394.3	$1.26	371	$1.1530	291	$ -
Heavy fuel oil derivatives (2)	barrels	35	0.7	63.74	1.4	59.05	-	-
Natural gas derivatives (3)	mmbtu	35	10.4	6.57	13.8	6.98	6.3	4.82
Coal derivatives (4)	MT	30	0.2	67.31	0.2	67.31	-	-
Electricity derivatives (5)	MWh	41	3.6	55.6	3.9	59.28	4.3	51.26
Interest derivatives (6)	N/A	-	-	-	200	-	-	$ -

(1) NB Power hedges exchange risk relating to net forecasted US dollar requirements, by entering into forward contracts to sell Canadian dollars and to acquire US dollars.

(2) NB Power hedges its anticipated exposure to changes in the cost of heavy fuel oil (HFO).

(3) NB Power hedges its anticipated exposure to changes in natural gas prices.

(4) NB Power hedges its anticipated exposure to changes in coal prices.

(5) NB Power hedges its anticipated exposure relating to changes in electricity prices. This is done through both sale contracts and purchase contracts.

(6) NB Power hedges its anticipated exposure to changes in interest rates. NB Power is hedging the variability in interest payments on forecasted long-term fixed rate debt, by entering into a bond forward as a cash flow hedge.

26. FINANCIAL INSTRUMENTS (continued)

Derivatives Reconciliation to Statement of Financial Position at March 31, 2016

The following table summarizes the position of the derivative financial instruments recorded on the statement of financial position at March 31. These include:

- the fair value of derivative instruments in hedging relationships
- the fair value of derivative instruments that do not qualify for hedge accounting

The derivative financial instruments had a total net assets impact of ($120) million at March 31, 2016. Of the ($120) million, the retained earnings impact is ($7) million and the accumulated other comprehensive income impact is ($113) million.

	Foreign exchange contracts	Heavy fuel oil contracts	Natural gas contracts	Coal contracts	Electricity contracts	Interest rate contracts	Total
Current derivative assets	$ 16	$ -	$ -	$ -	$ -	$ -	**$ 16**
Long-term derivative assets	1	-	-	-	-	-	**1**
Current derivative liabilities	-	(14)	(24)	-	(57)	-	**(95)**
Long-term derivative liabilities	(2)	(14)	(4)	(5)	(17)	-	**(42)**
Total assets (liabilities)	$ 15	$ (28)	$ (28)	$ (5)	$ (74)	$ -	**$ (120)**

Financial Instrument Impact on Equity

The impact on equity was:

a. Derivative financial instrument impact on retained earnings

For derivative instruments that do not qualify for hedge accounting, the following table illustrates the impact on retained earnings:

	Foreign exchange contracts	Natural gas contracts	Electricity contracts	Total
Balance, April 1, 2014	$ 1	$ 1	$ 7	$ 9
Current year change	3	(1)	(4)	(2)
Hedge ineffectiveness	-	-	(13)	(13)
Balance, March 31, 2015	4	-	(10)	(6)
Current year change	**(1)**	**-**	**-**	**(1)**
Hedge ineffectiveness	**-**	**-**	**-**	**-**
Balance, March 31, 2016	**$ 3**	**$ -**	**$ (10)**	**$ (7)**

26. FINANCIAL INSTRUMENTS (continued)

b. Financial instrument impact on accumulated other comprehensive income

The impact of financial instruments on accumulated other comprehensive income is comprised of the following:

- the fair value of the derivative financial instruments that qualify for hedge accounting,
- the fair value of the nuclear decommissioning and used fuel management funds classified as available for sale,
- the settlement of the interest rate swaps which are amortized over the life of the corresponding debt, and
- the actuarial gains (losses) on defined pension plans.

The following table illustrates the impact of the cash flow hedges on accumulated other comprehensive income.

	Foreign exchange contracts	Heavy fuel oil contracts	Natural gas contracts	Coal contracts	Electricity contracts	Interest rate contracts	Total
Balance, April 1, 2014	$ 22	$ -	$ 12	$ -	$ 100	$ -	$ 134
Impact of mark-to-market changes	17	(13)	(29)	(1)	(104)	(18)	(148)
Balance, March 31, 2015	39	(13)	(17)	(1)	(4)	(18)	(14)
Impact of mark-to-market changes	**(27)**	**(15)**	**(11)**	**(4)**	**(60)**	**18**	**(99)**
Balance, March 31, 2016	**$ 12**	**$ (28)**	**$ (28)**	**$ (5)**	**$ (64)**	**$ -**	**$ (113)**

The following table illustrates total accumulated other comprehensive income.

	Cash flow hedges	Amortization interest settlement	Post-employment benefits actuarial gains (losses)	Nuclear investment funds	Total AOCI
Balance, April 1, 2014	$ 134	$ (44)	$ (55)	$ 57	$ 92
Impact of mark-to-market changes	(148)	2	(17)	(1)	(164)
Balance, March 31, 2015	(14)	(42)	(72)	56	(72)
Impact of mark-to-market changes	**(99)**	**(6)**	**9**	**(45)**	**(141)**
Balance, March 31, 2016	**$ (113)**	**$ (48)**	**$ (63)**	**$ 11**	**$ (213)**

27. FINANCIAL INSTRUMENT RISK MANAGEMENT

This describes the following types of risk:

- credit risk
- market risk
- liquidity risk

Credit Risk

Credit risk is a risk that a financial loss will occur due to a counterparty failing to perform its obligations under the terms of a financial instrument.

Managing credit risk

To manage credit risk, NB Power

- conducts a thorough assessment of counterparties prior to granting credit, and
- actively monitors the financial health of its significant counterparties, and the potential exposure to them on an on-going basis.

The following is a summary of the fair value of NB Power's financial instruments that were exposed to credit risk.

Financial assets	2016 Fair value	2015 Fair value	April 1, 2014 Fair value
Cash	**$ 2**	$ 3	$ 3
Accounts receivable	**235**	269	305
Long-term receivable	**17**	17	17
Nuclear decommissioning and used fuel management funds	**673**	720	611
Sinking fund receivable	**464**	471	404
Derivative assets	**17**	73	157
	$ 1,408	$ 1,553	$ 1,497

Cash

The credit risk associated with cash is considered to be low as the funds are deposited with Canadian chartered banks.

27. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

Accounts receivable

Accounts receivable are largely a combination of receivables from residential and commercial customers in-province and out-of-province. To reduce credit risk, NB Power monitors outstanding receivables and pursues collection of overdue amounts.

Certain derivative financial instruments contracts require NB Power to provide collateral when the fair value of the obligation is in excess of the credit limit.

Accounts receivable	2016	2015	April 1, 2014
Trade			
Trade receivables - current	**$ 168**	$ 204	$ 234
61 - 90 days	**2**	3	3
Greater than 90 days	**6**	7	6
	176	214	243
Allowance for doubtful accounts	**(6)**	(5)	(5)
Unbilled revenue	**55**	54	54
Other receivables	**10**	6	13
	$ 235	$ 269	$ 305

Allowance for doubtful accounts

The allowance for doubtful accounts is

- reviewed on a regular basis, and
- based on the estimate of outstanding accounts that are at risk of being uncollectible.

Reconciliation of allowance for doubtful accounts	2016	2015	April 1, 2014
Balance, beginning of year	**$ 5**	$ 5	$ 5
Increase during the year	**6**	4	4
Bad debts recovery during the year	**1**	1	1
Bad debts written off during the year	**(6)**	(5)	(5)
	$ 6	$ 5	$ 5

27. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

Concentration of credit risk

No significant concentration of credit risk exists within accounts receivable as the receivables are spread across numerous in-province and out-of-province customers. In certain circumstances NB Power holds deposits or requires letters of credit.

Long-term receivable

The long-term receivable is due from one party for the purchase of distribution assets. The receivable is collected over 20 years.

Concentration of credit risk

There is a high concentration of credit risk at March 31, 2016 in relation to the long-term receivable, as the receivable is from one counterparty. The associated credit risk is considered to be low.

Sinking fund receivable

NB Power pays the Province of New Brunswick one percent of its outstanding debt annually. The amount will be received from the Province when the corresponding debt issues mature.

Concentration of credit risk

There is a high concentration of credit risk at March 31, 2016 in relation to the sinking fund receivable, as the receivable is from one counterparty. Since the counterparty is the province of New Brunswick, the associated credit risk is considered to be low.

27. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Credit Risk (continued)

Derivative assets

NB Power only enters into derivative financial instrument transactions with highly credit-worthy counterparties. All of the counterparties with which NB Power has outstanding positions have investment grade credit ratings assigned to them by external rating agencies.

NB Power

- monitors counterparty credit limits on an ongoing basis, and
- requests collateral for exposures that exceed assigned credit limits.

Concentration of credit risk

There is a concentration of credit risk at March 31, 2016 in relation to derivative assets, as the bulk of the derivative asset balance is tied to a few counterparties. However, since the majority of the amount is associated with counterparties that are Canadian chartered banks and other reputable financial institutions, the associated credit risk is considered to be low.

Nuclear decommissioning and used fuel management funds

NB Power limits its credit risk associated with the bonds held in the nuclear decommissioning, used fuel management funds and the nuclear fuel waste trust fund. The current portfolio is comprised of investment grade ratings of BBB or above for longer term securities and R-1 for short-term debt. The following table outlines the allocation of the maximum credit exposure by investment grade ratings.

Maximum credit exposure	AA+ to AA-	A+ to A-	BBB	R - 1	Other	Total
Used fuel management fund	$ 16	$ 28	$ 7	$ 3	$ -	**$ 54**
Nuclear decommissioning fund	37	55	9	6	1	**108**
Nuclear fuel waste trust	50	69	17	1	-	**137**
	$ 103	$ 152	$ 33	$ 10	$ 1	**$ 299**

27. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that NB Power's earnings or financial instrument values will fluctuate due to changes in market prices.

NB Power is exposed to a variety of market price risks such as changes in

- foreign exchange rates
- interest rates
- commodity prices

NB Power manages these exposures through the use of forwards and other derivative instruments in accordance with Board approved policies.

The nuclear decommissioning and used fuel management funds as well as the nuclear fuel waste trust are invested in pooled funds, equities and fixed income securities. The pooled funds contain fixed income securities, domestic and international equities, infrastructure, Canadian and international real estate. These are subject to market risk and will fluctuate in value due to changes in market prices. These funds are in place to cover the expected expenditures related to the nuclear decommissioning and used fuel management obligations. The nature of the investments and level of market risk are consistent with the long-term nature of the related liability.

The following table provides a sensitivity analysis which shows the dollar value impact of small changes in various market rates and prices. The amounts shown are derived from outstanding volumes of financial instruments that existed at March 31, 2016.

	Impact on earnings	Impact on other comprehensive income
Exchange and interest rates		
1 cent change in CAD/USD exchange rate	$ 2	$ 4
0.25% change in short-term debt rates	2	-
1% change in investment yields	16	9
Commodity prices		
$5/bbl change in the price of heavy fuel oil	-	4
$1/mmbtu change in natural gas prices	-	10
$5/metric tonne change in coal prices	1	-
$5/MWh changes in electricity prices	-	17

27. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is a risk that NB Power will have difficulty or be unable to meet its financial obligations associated with financial liabilities.

NB Power forecasts its financing requirements on a consistent basis so that it can plan and arrange for financing to meet financial obligations as they come due. The following table summarizes the contractual maturities of NB Power's financial liabilities at March 31, 2016 and in future years.

			Timing of contractual cashflows				
Financial liability	**Carrying amount**	**Contractual cash flows**	**< 2 months**	**2 - 12 months**	**2018**	**2019 - 2021**	**2022 and thereafter**
Short-term indebtedness	**$ 855**	**$ 855**	$ 855	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	**255**	**255**	255	-	-	-	-
Accrued interest	**41**	**41**	-	41	-	-	-
Derivative liabilities	**137**	**137**	10	85	27	14	1
Long-term debt	**4,524**	**4,515**	-	400	420	1,220	2,475
Interest on long-term debt	**-**	**2,521**	-	196	184	433	1,708
	$ 5,812	**$ 8,324**	$ 1,120	$ 722	$ 631	$ 1,667	$ 4,184

NB Power believes it has the ability to generate sufficient funding to meet these financial obligations.

28. RELATED PARTY TRANSACTIONS

The Province of New Brunswick is a related party of NB Power as outlined in Note 1.

Sinking Fund Receivable

At March 31, 2016 NB Power has a sinking fund receivable from the Province of New Brunswick of $464 million as compared to $471 million in 2015 (Note 11).

Debt

NB Power has debt payable to the Province of New Brunswick (Notes 13 and 14).

Payments to the Province of New Brunswick

During the year NB Power made payments to the Province of New Brunswick for property taxes, utility taxes, and right of way taxes of $41 million, as compared to $37 million in 2015 (Note 22). NB Power also made payments to New Brunswick Investment Management Corporation related to pension plans (Note 17) and investment management fees (Note 14).

28. RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel Compensation

Key management personnel include board members and executive officers. The compensation paid to key management for employee services is shown below:

	2016	2015
Salaries and short-term employee benefits	**$ 4**	$ 4
Post-employment benefits	**1**	1
	$ 5	$ 5

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES

This details of the commitments, contingencies and guarantees in place at NB Power.

	2017	2018	2019	2020	2021	2022 and thereafter
Committed capital	$ 58	$ 9	$ -	$ -	$ -	$ -
Fuel contracts	22	56	57	58	59	-
Operating leases	9	9	8	7	4	8
	$ 89	$ 74	$ 65	$ 65	$ 63	$ 8

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

Power Purchase Agreements

NB Power has entered into power purchase arrangements to purchase power at predetermined rates. These arrangements are assessed as to whether they contain leases that convey the right to NB Power to use the projects' property, plant and equipment in return for future payments. Such arrangements are classified as either finance or operating leases. As NB Power's arrangements do not transfer substantially all of the benefits and risks of ownership of the property to NB Power, all such power purchase arrangements are accounted for as operating leases. They are described below:

Duration of agreement	End date	Amount of energy	Agreement to purchase
1 year	2017	42 MW	all the electrical energy of a wind generation facility
10 years	2021	280 MW	all the electrical energy produced by a combined natural gas unit during the winter period, November 1 to March 31
20 years	2024	90 MW	all the capacity and electrical energy produced by a co-generation facility
30 years	2027	38.5 MW	all the capacity and electrical energy from a co-generation facility
20 years	2029	48 MW	all the electrical energy of a wind generation facility
20 years	2029	51 MW	all the electrical energy of a wind generation facility
20 years	2032	8.8 MW	all the capacity, electrical energy, and environmental attributes generated by the generating stations
25 years	2033	96 MW	all the electrical energy of a wind generation facility
25 years	2034	45 MW	all the electrical energy of a wind generation facility
25 years	2035	54 MW	all the electrical energy of a wind generation facility

Energy Sales and Transmission Rights Assignment Agreement (ESTRA)

NB Power entered into an ESTRA in November 2012. The minimum take is 1,500,000 MWH a year for a five year period.

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

Gypsum Contract

NB Power entered into a 21.5 year contract expiring in 2026 to supply a third party with synthetic gypsum. In the event of a production shortfall, NB Power must pay the third party for the difference between actual gypsum supplied and the minimum amount of gypsum agreed to in the contract.

Large Industrial Renewable Energy Purchases Program

NB Power purchases electricity from renewable sources, such as biomass and river hydro, from qualifying large industrial customers who have renewable electricity generating facilities located in New Brunswick.

The program is included in the *Electricity Act* under the renewable portfolio standard regulation and commenced January 1, 2012. There are four program agreements in place. From April 1, 2015 to March 31, 2016, 399 GWh of qualified renewable energy was purchased under the program.

The Large Industrial Renewable Energy Purchase Program allows NB Power to purchase renewable energy generated by its largest customers at a set rate. This renewable energy will count towards meeting our Province's renewable energy targets at a purchase price at or below the current market price for most forms of renewable energy.

Legal Proceedings

NB Power may, from time to time, be involved in legal proceedings, claims and litigations that arise in the ordinary course of business which NB Power believes would not reasonably be expected to have a material adverse effect on the financial condition of NB Power.

30. EXPLANATION OF TRANSITION TO IFRS

a. Application of IFRS 1

NB Power's consolidated financial statements have previously been prepared under Canadian General Accepted Accounting Principles (Canadian GAAP). As of April 1, 2015, NB Power adopted International Financial Reporting Standards (IFRS), and as such, these consolidated financial statements have been prepared in accordance with IFRS 1.

IFRS 1 requires specific comparative figures be presented. NB Power has presented the consolidated statement of financial position as at the current year ended March 31, 2016, as well as comparative figures as at March 31, 2015, and the opening balances as at the transition date of April 1, 2014. The consolidated statements of earnings, equity, comprehensive income, accumulated other comprehensive income and cash flows for the year ended March 31, 2016 are presented with comparative figures at March 31, 2015.

The principles of IFRS 1 generally require that first-time adopters of IFRS retrospectively apply all effective standards and interpretations in effect as at the reporting date. However, IFRS 1 also provides NB Power with certain mandatory and optional exemptions to full retrospective application. In preparing these consolidated financial statements, NB Power has applied the following relevant mandatory and optional exemptions.

30. EXPLANATION OF TRANSITION TO IFRS (continued)

b. IFRS mandatory exceptions

Significant estimates

NB Power's estimates on the transition are consistent with the estimates made for the same date under Canadian GAAP.

c. IFRS optional exceptions

Deemed cost

IFRS 1 allows regulated entity's to use the carrying amount of property plant and equipment and intangibles as the deemed cost. NB Power now carries PP&E and intangibles as at April 1, 2014 at deemed cost.

If an entity applies this exemption, at the date of transition to IFRS, it shall test for impairment each item for which this exemption is used. The assets were tested for impairment at the date of transition and it was determined that the assets were not impaired.

Leases

IFRS 1 allows first time adopters to apply the transitional provisions under IFRIC 4 *Determining whether an Arrangement Contains a Lease*. NB Power elected to determine whether arrangements existing at the date of transition to IFRS contain a lease based on the facts and circumstances at the transition date.

Business combinations

IFRS 1 allows a first time adopter to elect to not apply IFRS 3 retrospectively to past business combinations. NB Power has not restated any past business combinations.

Borrowing costs

A first time adopter is not required to restate borrowing costs that were capitalized under a previous GAAP. NB Power has elected to apply the transitional exemption and all previous years borrowing costs remain in the carrying value of PP&E.

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS

The previous Canadian GAAP consolidated financial statements have been restated to IFRS. The following consolidated financial statements explain the transition from Canadian GAAP to IFRS and how the transition affected NB Power's consolidated statements of equity, financial position, earnings, other comprehensive income and cash flows. A discussion of transitional adjustments follows the reconciliations.

Certain opening balances in the opening Canadian GAAP consolidated financial statements have been restated due to rounding.

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

Reconciliation of consolidated statement of earnings for the year ended March 31, 2015

	IFRS Rec. Notes	Canadian GAAP	IFRS adjustments	IFRS
Revenue				
Sales of power				
In-province		$ 1,374	$ -	$ 1,374
Out-of-province		346	-	346
Miscellaneous		71	-	71
		1,791	-	1,791
Expenses				
Fuel and purchased power	(e)	826	(1)	825
Operations, maintenance and administration	(a), (b), (d), (e)	477	(58)	419
Depreciation and amortization	(b), (c), (e)	239	(9)	230
Taxes		37	-	37
		1,579	(68)	1,511
Operating earnings		212	68	280
Finance costs	(a), (e), (h), (k)	229	98	327
Sinking funds and other investment income		(123)	-	(123)
Mark-to-market of held for trading investments		(41)	-	(41)
Net earnings before changes in regulatory balances		147	(30)	117
Net changes in regulatory balances		(73)	56	(17)
Net earnings	(h), (k)	$ 74	$ 26	$ 100

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

Reconciliation of consolidated statement of comprehensive income for the year ended March 31, 2015

	IFRS Rec. Notes	Canadian GAAP	IFRS adjustments	IFRS
Net earnings		$ 74	$ 26	$ 100
Other comprehensive (loss) income				
Items that may be reclassified subseqently to earnings:				
Net unrealized (loss) on derivatives designated as cash flow hedges		(123)	-	(123)
Amortization of interest settlement		2	-	2
Net unrealized gain on mark-to-market of nuclear funds		45	-	45
Reclassification to income of earnings on nuclear funds		(46)	-	(46)
Reclassification to income of settled derivatives designated as cash flow hedges		(25)	-	(25)
		(147)	-	(147)
Items that will not be reclassified to earnings:				
Net actuarial (loss) gain on post-employment benefits	(a)	-	(17)	(17)
Other comprehensive (loss) income		(147)	(17)	(164)
Total comprehensive (loss) income		$ (73)	$ 9	$ (64)

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

Reconciliation of consolidated statement of financial position as at April 1, 2014

	IFRS Rec. Notes	Canadian GAAP	IFRS adjustments	IFRS
Assets				
Current				
Cash		$ 3	$ -	$ 3
Accounts receivable		305	-	305
Materials, supplies and fuel	(c)	206	(28)	178
Prepaid expenses		8	-	8
Current portion of long-term receivable		1	-	1
Derivative assets		132	-	132
Total current assets		655	(28)	627
Non-current assets				
Property, plant and equipment	(b) - (j)	4,076	118	4,194
Intangible assets	(j)	21	15	36
Nuclear decommissioning and used fuel management funds		611	-	611
Long-term receivable		16	-	16
Sinking funds receivable		404	-	404
Derivative assets		25	-	25
Other assets		2	-	2
Total non-current assets		5,155	133	5,288
Total assets		5,810	105	5,915
Regulatory balances	(k)	1,051	-	1,051
Total assets and regulatory balances		$ 6,861	$ 105	$ 6,966
Liabilities and equity				
Current liabilities				
Short-term indebtedness		$ 858	$ -	$ 858
Accounts payable and accrued liabilities	(g)	236	5	241
Accrued interest		45	-	45
Current portion of long-term debt		-	-	-
Derivative liabilities		13	-	13
Total current liabilities		1,152	5	1,157
Non-current liabilities				
Long-term debt		4,567	-	4,567
Decommissioning and used fuel management liability	(e)	635	53	688
Post-employment benefits	(a)	97	43	140
Provisions for other liabilities and charges	(e), (g)	11	2	13
Derivative liabilities		1	-	1
Total non-current liabilities		5,311	98	5,409
Total liabilities		6,463	103	6,566
Shareholder's equity				
Accumulated other comprehensive income (loss)	(a)	147	(55)	92
Retained earnings	(a) - (f)	251	57	308
Total equity		398	2	400
Total liabilities and equity		$ 6,861	$ 105	$ 6,966

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

Reconciliation of consolidated statement of financial position as at March 31, 2015

	IFRS Rec. Notes	Canadian GAAP	IFRS adjustments	IFRS
Assets				
Current				
Cash		$ 3	$ -	$ 3
Accounts receivable		269	-	269
Materials, supplies and fuel	(c)	179	(31)	148
Prepaid expenses		10	-	10
Current portion of long-term receivable		1	-	1
Derivative assets		67	-	67
Total current assets		529	(31)	498
Non-current assets				
Property, plant and equipment	(b) - (j)	4,015	367	4,382
Intangible assets	(j)	20	13	33
Nuclear decommissioning and used fuel management funds		720	-	720
Long-term receivable		16	-	16
Sinking funds receivable		471	-	471
Derivative assets		6	-	6
Other assets		2	-	2
Total non-current assets		5,250	380	5,630
Total assets		5,779	349	6,128
Regulatory balances	(k)	1,032	2	1,034
Total assets and regulatory balances		$ 6,811	$ 351	$ 7,162
Liabilities and equity				
Current liabilities				
Short-term indebtedness		$ 784	$ -	$ 784
Accounts payable and accrued liabilities	(g)	256	6	262
Accrued interest		47	-	47
Current portion of long-term debt		580	-	580
Derivative liabilities		73	-	73
Total current liabilities		1,740	6	1,746
Non-current liabilities				
Long-term debt		4,025	-	4,025
Decommissioning and used fuel management liability	(e)	592	274	866
Post-employment benefits	(a)	99	54	153
Provisions for other liabilities and charges	(e), (g)	10	6	16
Derivative liabilities		20	-	20
Total non-current liabilities		4,746	334	5,080
Total liabilities		6,486	340	6,826
Shareholder's equity				
Accumulated other comprehensive (loss) income	(a)	-	(72)	(72)
Retained earnings	(a) - (f)	325	83	408
Total equity		325	11	336
Total liabilities and equity		$ 6,811	$ 351	$ 7,162

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

Reconciliation of consolidated statement of equity

	IFRS Rec. Notes	April 1, 2014	March 31, 2015
Total equity under Canadian GAAP		$ 398	$ 325
IFRS Adjustments:			
Post employment benefits	(a)	(43)	(54)
Property, plant and equipment - major inspections and overhauls	(b)	8	41
Property, plant and equipment - standby equipment and spares	(c)	4	3
Property, plant and equipment - asset removal costs	(d)	-	(1)
Decommissioning liabilities	(e)	27	16
Property, plant and equipment - insurance proceeds	(f)	6	6
Total IFRS Adjustments		2	11
Total equity under IFRS		$ 400	$ 336

Reconciliation of consolidated statement of cash flows for the year ended March 31, 2015

	Canadian GAAP	IFRS adjustments	IFRS
Cash provided by (used in):			
Operating activities	$ 317	$ 48	$ 365
Investing Activities	(214)	(68)	(282)
Financing activities	(103)	20	(83)
Net increase in cash	$ -	$ -	$ -

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

a. Post-employment benefits

Post-employment benefit plans that are classified as defined benefit plans, such as the retirement allowance and early retirement programs, are treated differently under Canadian GAAP and IFRS. Plan remeasurements that were deferred and recognized in earnings under Canadian GAAP are now recognized in other comprehensive income under IFRS. Net interest on the defined benefit obligation is charged to finance costs under IFRS as opposed to OM&A under Canadian GAAP. The impact is summarized as follows:

Consolidated statement of financial position	**Increase (decrease)**	
	April 1, 2014	**March 31, 2015**
Post-employment benefits	$ 43	$ 54
	43	54
Accumulated other comprehensive income	(55)	(72)
Retained earnings	12	18
	$ (43)	$ (54)

Consolidated statement of earnings	**Increase (decrease)**	
	April 1, 2014	**March 31, 2015**
Operations, maintenance and administration	$ -	$ (12)
Finance costs	-	6
Net earnings	$ -	$ 6

Consolidated statement of comprehensive income	**Increase (decrease)**	
	April 1, 2014	**March 31, 2015**
Net actuarial gain (loss) on post-employment benefits	$ -	$ (17)
Other comprehensive (loss) income	$ -	$ (17)

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

b. Major inspections and overhauls

Under Canadian GAAP, major inspections and overhauls were considered maintenance and costs and were expensed to OM&A. Under IFRS, major inspections and overhauls are recognized in PP&E. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ (22)	$ 26
Less: accumulated depreciation	(30)	(15)
	8	41
Retained earnings	8	41
	$ 8	$ 41

Consolidated statement of earnings	Increase (decrease)	
	April 1, 2014	March 31, 2015
Depreciation and amortization	$ -	$ 15
Operations, maintenance and administration	-	(48)
Net earnings	$ -	$ 33

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

c. Standby equipment and spare parts

Under IFRS, standby equipment and spare parts that meet the definition of PP&E are recognized as such. Due to their nature and management's intended use, standby equipment is depreciated once it is available for use, while spare parts are depreciated once put into use. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Materials, supplies and fuel	$ (28)	$ (31)
Property, plant and equipment	39	40
Less: accumulated depreciation	7	6
	4	3
Retained earnings	$ 4	$ 3

Consolidated statement of earnings	Increase (decrease)	
	April 1, 2014	March 31, 2015
Depreciation and amortization	$ -	$ 1
Net earnings	$ -	$ (1)

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

d. Asset removal costs

Asset removal costs are the costs of removing assets from the original location in which it was placed for its intended use. Under Canadian GAAP, some of these costs were capitalized to the related property, plant, and equipment. Under IFRS, all asset removal costs are expensed as OM&A expenditures. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ -	$ -
Less: accumulated depreciation	-	1
	-	(1)
Retained earnings	-	(1)
	$ -	$ (1)

Consolidated statement of earnings	Increase (decrease)	
	April 1, 2014	March 31, 2015
Operations, maintenance and administration	$ -	$ 1
Net earnings	$ -	$ (1)

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

e. Decommissioning liabilities

Under Canadian GAAP, decommissioning liability total costs and discount rates were updated when cost estimates were determined to have changed. In addition, the generation station assets were depreciated without considering estimated salvage value. Instead, the estimated salvage values were netted against the decommissioning liabilities.

Under IFRS, total estimated costs and discount rates are reassessed and updated annually, with the remeasurement impacting the liability and related PP&E. Upon transition to IFRS, decommissioning liabilities were remeasured based on management's best estimate of future costs, and updated discount rates. The generation station assets are depreciated taking into consideration the residual value of the assets. The residual value is no longer applied against the decommissioning liabilities. The impact of these changes is summarized as follows:

Consolidated statement of financial position	**Increase (decrease)**	
	April 1, 2014	**March 31, 2015**
Property, plant and equipment	$ 76	$ 291
Less: accumulated depreciation	(6)	(2)
	82	293
Provisions for other liabilities and charges	2	3
Decommissioning and used nuclear fuel management liability	53	274
	55	277
Retained earnings	27	16
	$ 82	$ 293

Consolidated statement of earnings	**Increase (decrease)**	
	April 1, 2014	**March 31, 2015**
Fuel and purchased power	$ -	$ (1)
Depreciation and amortization	-	(25)
Financing costs	-	36
Operations, maintenance and administration	-	1
Net earnings	$ -	$ (11)

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

f. Insurance proceeds

In 2008, Grand Falls Generating Station and related transmission assets were damaged due to flooding and insurance proceeds were subsequently received. Under Canadian GAAP, these insurance proceeds were netted against PP&E. Under IFRS, these insurance proceeds are recognized miscellaneous revenue. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ 8	$ 8
Less: accumulated depreciation	2	2
	6	6
Retained earnings	6	6
	$ 6	$ 6

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

g. Customer contributions

Customer contributions are funds paid by customers toward the cost of construction of physical assets to connect these customers to a utility network.

Under Canadian GAAP these contributions were netted against the related PP&E and depreciated over the estimated life of the asset, with the depreciation netted against PP&E depreciation expense.

Under IFRS non-refundable contributions are to be recognized as deferred revenue and recognized into miscellaneous revenue over the estimated life of the asset. Refundable contributions are recognized as liabilities. Upon transition, the deemed cost exemption was taken on the customer contributions classified as PP&E. From April 1, 2014 onward, non-refundable customer contributions are recognized as deferred revenue, in provisions for other liabilities and charges, and refundable customer contributions are recognized as liabilities. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ 5	$ 9
Less: accumulated depreciation	-	-
	5	9
Accounts payable and accrued liabilities	5	6
Provisions for other liabilities and charges	-	3
	$ 5	$ 9

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

h. Allowance for funds used during construction

Under Canadian GAAP, NB Power capitalized the cost of debt (interest during construction) and for the transmission division the cost of equity is also capitalized (AFUDC). Under IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A "qualifying asset" is an asset that necessarily takes a "substantial period of time" to get ready for its intended use or sale. The cost of equity does not qualify for capitalization under IFRS. Since NB Power is a regulated utility the amount of allowance for funds used during construction (equity component) is charged to a regulatory asset and depreciated over the average remaining life of the transmission assets. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ -	$ (2)
Less: accumulated depreciation	-	-
	-	(2)
Regulatory balances	-	2
	-	-
	$ -	$ -

Consolidated statement of earnings	Increase (decrease)	
	April 1, 2014	March 31, 2015
Finance costs	$ -	$ 2
Net change in regulatory balances	-	(2)
Net earnings	$ -	$ -

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

i. Deemed cost

NB Power is a regulated entity and as such has applied the IFRS 1 exemption on deemed cost. The impact of this exemption is as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ (3,091)	$ (3,091)
Less: accumulated depreciation	(3,091)	(3,091)
	$ -	$ -

j. Intangible assets

Under Canadian GAAP, NB Power capitalized additions of computer software as PP&E. Under IFRS these are classified as intangible assets. The impact is as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Property, plant and equipment	$ (15)	$ (13)
	(15)	(13)
Intangible assets	15	13
	$ 15	$ 13

31. RECONCILIATIONS OF CANADIAN GAAP TO IFRS (continued)

k. Regulatory deferrals

Under Canadian GAAP, NB Power recognized the current portion of regulatory assets. Under IFRS there is no current portion recognized and the amounts are recognized as regulatory balances. As well, interest charged on regulatory balances was a credit to finance costs under Canadian GAAP. Under IFRS the interest is classified as change in regulatory balances. The impact is summarized as follows:

Consolidated statement of financial position	Increase (decrease)	
	April 1, 2014	March 31, 2015
Current portion regulatory asset	$ (21)	$ (20)
	(21)	(20)
Regulatory balances	21	20
	$ 21	$ 20

Consolidated statement of earnings	Increase (decrease)	
	April 1, 2014	March 31, 2015
Finance costs	$ -	$ 54
Net changes in regulatory balances	-	(54)
Net earnings	$ -	$ -

Statistical Overview

STATEMENT OF GENERATION

(millions of kWh)	2015/16	2014/15	2013/14	2012/13	2011/12
Hydro	2,920	2,690	3,079	2,585	3,582
Thermal	2,844	4,103	4,020	3,273	3,823
Nuclear	4,869	4,863	4,881	1,598	-
Combustion turbine	3	4	5	7	2
Purchases	8,655	8,057	7,989	10,595	9,780
Gross generation and purchases	**19,291**	**19,717**	**19,974**	**18,058**	**17,187**
Station service	638	675	684	515	355
Net generation and purchases	**18,653**	**19,042**	**19,290**	**17,543**	**16,832**
Losses - transformer and transmission	708	487	596	539	568
Total energy available for distribution	**17,945**	**18,555**	**18,694**	**17,004**	**16,264**

STATEMENT OF SALES

(millions of kWh)	2015/16	2014/15	2013/14	2012/13	2011/12
Wholesale	1,224	1,291	1,263	1,186	1,106
Industrial	4,515	4,456	4,365	4,382	4,364
General service	2,295	2,392	2,396	2,310	2,334
Residential	5,008	5,442	5,291	4,932	4,983
Street lights	48	67	73	75	75
Total in-province sales	**13,090**	**13,648**	**13,388**	**12,885**	**12,862**
Interconnections	4,533	4,575	4,966	3,725	3,132
Total sales	**17,623**	**18,223**	**18,354**	**16,610**	**15,994**
Distribution losses	322	332	340	394	270
Total energy distributed and sold	**17,945**	**18,555**	**18,694**	**17,004**	**16,264**

STATEMENT OF REVENUE

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Wholesale	$109	$112	$109	$103	$96
Industrial	322	318	310	321	306
General service	280	285	278	257	271
Residential	601	635	607	564	569
Street lights	24	24	24	24	24
Total in-province sales of power	**1,336**	**1,374**	**1,328**	**1,269**	**1,266**
Interconnections	370	346	391	254	225
Sales of power	**1,706**	**1,720**	**1,719**	**1,523**	**1,491**
Mark to market gain or (loss)	-	-	-	8	-
Miscellaneous	85	71	78	74	65
Transmission revenue	-	-	-	-	90
Total revenue	**$1,791**	**$1,791**	**$1,797**	**$1,605**	**$1,646**

STATEMENT OF IN-PROVINCE GENERATION

(millions of kWh)	2015/16	2014/15	2013/14	2012/13	2011/12
Hydro	2,738	2,504	2,667	2,550	3,324
Coal and petroleum coke	1,759	2,635	2,733	2,326	2,683
Heavy fuel oil	206	459	391	224	288
Nuclear	4,286	4,308	4,302	1,312	-
Purchases	5,017	4,472	4,025	7,456	7,357
Net generation and purchases	14,006	14,378	14,118	13,868	13,652
Losses - transformer and transmission	708	487	596	539	568
Total energy available for distribution	**13,298**	**13,891**	**13,522**	**13,329**	**13,084**

OPERATING STATISTICS

	2015/16	2014/15	2013/14	2012/13	2011/12
Transmission lines - km	6,830	6,863	6,863	6,849	6,849
Distribution lines - km	21,050	20,972	20,887	20,815	20,786
Residential customers	323,530	322,052	321,132	318,834	319,102
Industrial customers	1,729	1,744	1,813	1,840	1,860
General service customers	25,676	25,531	25,494	25,400	25,512
Non-metered customers	2,878	2,881	2,799	2,717	2,736
Direct customers	353,813	352,208	351,238	348,791	349,210
Indirect customers	45,242	45,425	46,350	45,794	41,981
Total customers	**399,055**	**397,633**	**397,588**	**394,585**	**391,191**
Positions - regular	2,403	2,395	2,349	2,276	2,283
Positions - temporary	65	58	49	77	104
Positions - Mine Reclamation Inc.	-	-	-	8	9
Total positions	**2,468**	**2,453**	**2,398**	**2,361**	**2,396**

Certain comparative figures have been reclassified to conform to the current year's presentation.

STATEMENT OF EARNINGS SUMMARY[1]

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
In-province sales of power	$ 1,336	$ 1,374	$ 1,328	$ 1,269	$ 1,266
Out-of-province sales of power	370	346	391	254	225
Miscellaneous revenue	85	71	78	74	65
Mark-to-market gain or (loss) on derivatives	-	-	-	8	-
Transmission revenue	-	-	-	-	90
Total fuel and purchased power	(830)	(825)	(834)	(807)	(742)
Transmission expenses	-	-	-	-	(87)
Operations, maintenance and administration	(449)	(419)	(437)	(449)	(409)
Regulatory deferral	(13)	(17)	(69)	82	175
Depreciation and amortization	(226)	(230)	(230)	(184)	(217)
Taxes, other than special payments in lieu of income taxes	(41)	(37)	(36)	(39)	(40)
Finance charges	(286)	(327)	(223)	(181)	(117)
Sinking funds and other investment income	67	123	87	38	22
Mark-to-market of fair value through profit and loss investments	(1)	41	-	-	-
Special payments in lieu of income taxes	-	-	-	-	(58)
Net (loss) earnings	**$ 12**	**$ 100**	**$ 55**	**$ 65**	**$ 173**

STATEMENT OF FINANCIAL POSITION SUMMARY MARCH 31[1]

ASSETS

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Current assets	$ 469	$ 498	$ 681	$ 511	$ 503
Property, plant and equipment	4,237	4,382	4,072	4,072	3,909
Other non-current assets	1,189	1,248	2,110	2,106	1,594
Total assets	**$ 5,895**	**$ 6,128**	**$ 6,863**	**$ 6,689**	**$ 6,006**
Regulatory balances	1,021	1,034	-	-	-
Total assets and regulatory balances	**$ 6,916**	**$ 7,162**	**$ 6,863**	**$ 6,689**	**$ 6,006**

[1] Certain comparative figures have been reclassified to conform to the current year's presentation

LIABILITIES AND SHAREHOLDER'S EQUITY[1]

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Current liabilities	$ 1,646	$ 1,746	$ 1,153	$ 1,346	$ 1,405
Long-term debt	4,124	4,025	4,567	4,370	3,469
Other non-current liabilities	939	1,055	744	696	678
Shareholder's equity	207	336	399	277	454
Total liabilities and shareholder's equity	**$ 6,916**	**$ 7,162**	**$ 6,863**	**$ 6,689**	**$ 6,006**

CASH FLOW SUMMARY[1]

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Cash flow from operations	$ 477	$ 538	$ 296	$ 102	$ 151
Change in working capital	(33)	88	(45)	19	53
Other	(261)	(261)	(28)	(17)	(13)
Operating activities	183	365	223	104	191
Investing activities	(204)	(282)	(179)	(294)	(264)
Financing activities	20	(83)	(42)	185	67
Net cash (outflow) inflow	**(1)**	**-**	**2**	**(5)**	**(6)**
Cash & short-term investments					
Beginning of year	**3**	**3**	**1**	**6**	**725**
End of year	**$ 2**	**$ 3**	**$ 3**	**$ 1**	**$ 719**

[1] Certain comparative figures have been reclassified to conform to the current year's presentation

FINANCE COSTS[1]

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Interest expense	$212	$221	$224	$249	$201
Debt portfolio management fee	32	33	32	31	29
Interest on post-employment benefits	3	6	-	-	-
Amortization of premiums & discounts	(3)	(2)	2	(2)	-
Amortization of deferred interest	-	-	(2)	-	-
Foreign exchange (gain) or loss	11	39	22	2	-
Interest deferred	-	-	-	-	(40)
Interest capitalized	(5)	(6)	(55)	(99)	(73)
Accretion on decommissioning liabilities	36	36	-	-	-
Finance charges	286	327	223	181	117
Sinking funds, and other investment income	(67)	(123)	(87)	(38)	(22)
Mark-to-market of fair value through profit and loss investments	1	(41)	-	-	-
Finance costs less associated earnings	**$220**	**$163**	**$136**	**$143**	**$95**

FINANCIAL RATIOS

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Cash flow from operating activities / capital expenditures[2]	0.79	1.38	1.25	0.35	0.68
Cash flow from operating activities / total debt	0.04	0.07	0.04	0.02	0.04
Debt / capital[3]	96%	94%	95%	96%	91%
Interest coverage ratio[4]	1.32	1.68	1.10	0.86	1.59

[1] Certain comparative figures have been reclassified to conform to the current year's presentation

[2] Capital expenditures are net of proceeds on disposal

[3] Debt ratio = debt / (debt + equity), where debt = (long-term debt + short term indebtedness + derivatives associated with debt – sinking funds receivable – cash)

[4] Interest coverage ratio = [net income before finance charges + (income from sinking funds, trust funds, and other investments – debt portfolio management fee)] / interest expense

OTHER STATISTICS[1]

(in millions)	2015/16	2014/15	2013/14	2012/13	2011/12
Rate increase	1.6%	2.0%	2.0%	0.0%	0.0%
CPI (New Brunswick)	0.5%	1.5%	0.8%	1.7%	3.5%
GDP increases (New Brunswick)[1]	1.3%	-0.3%	0.4%	-1.0%	0.2%
Capital expenditures (millions)[2]	$ 231	$ 264	$ 179	$ 296	$ 279
Change in total debt (millions)	$ (2)	$ (103)	$ (42)	$ 185	$ 83
Per cent breakdown of long-term debt					
Canadian dollar	94.4%	93.1%	93.9%	100.0%	100.0%
US dollar	5.6%	6.9%	6.1%	0.0%	0.0%
Weighted average coupon interest rate	4.4%	4.6%	4.6%	4.8%	4.7%
Canadian Dollar - March 31	$ 0.771	$ 0.7885	$ 0.9047	$ 1.016	$ 1.009

[1] In its 2015/16 budget documents, the Provincial Government restated its GDP growth rates for the past years

[2] Capital expenditures are net of proceeds on disposal

Note: Beginning with fiscal year 2012/13 the financial results reflect continuity of interest accounting as a result of amalgamation of the New Brunswick Power Group of Companies, New Brunswick Electric Finance Corporation, and New Brunswick System Operator on October 1, 2013.

CAPITAL MANAGEMENT

	2015/16	2014/15	2013/14	2012/13	2011/12
Long-term debt	$4,524	$4,605	$4,567	$4,692	$3,950
Short-term debt	855	784	858	687	583
Deferred liability debt	-	-	-	60	-
Total debt	$5,379	$5,389	$5,425	$5,439	$4,533
Sinking fund receivable	($464)	($471)	($404)	($376)	-
Cash	($2)	($3)	($3)	($3)	-
Total net debt	$4,913	$4,915	$5,018	$5,060	$4,533
Retained earnings	$420	$408	$252	$197	$451
Accumulated other comprehensive income	(213)	(72)	147	80	3
Total capital	$5,120	$5,251	$5,417	$5,337	$4,987
Percentage of net debt in capital structure	96%	94%	93%	95%	91%

Énergie NB Power

515 King Street | P.O. Box 2000
Fredericton, NB E3B 4X1