



Énergie NB Power



2010/11 Annual Report

Generation Map and Capacity



Generating Capacity Thermal	
Belledune	457 MW
Coleson Cove	972 MW
Dalhousie	299 MW
Total Thermal	1,728 MW
Generating Capacity Combustion Turbine	
Grand Manan	29 MW
Millbank	397 MW
Ste.-Rose	99 MW
Total Combustion Turbine	525 MW
Generating Capacity Hydro	
Beechwood	112 MW
Grand Falls	66 MW
Mactaquac	668 MW
Milltown	3 MW
Sisson	9 MW
Tobique	20 MW
Nepisiguit Falls	11 MW
Total Hydro	889 MW

Generating Capacity Nuclear	
Point Lepreau	635 MW
Total Generating Capacity	3,777 MW
Thermal	1,728 MW
Combustion Turbine	525 MW
Hydro	889 MW
Nuclear	635 MW
Total Generating Capacity	3,777 MW
Number of Lines	
# of km of distribution lines	20,030
# of km of transmission lines	6,848
Export capacity	2,382 MW
Import capacity	2,138 MW
Number of Customers	
# of direct customers	345,887
# of indirect customers	42,010
Total Customers	387,897

Cover Shot: Point Lepreau Generating Station

October 31, 2011

Honourable Craig Leonard,
Minister of Energy,
Province of New Brunswick,
Fredericton, N.B. E3B 5H1

Sir:

I am pleased to submit the annual report of New Brunswick
Power Holding Corporation for the fiscal year ended March
31, 2011.

Respectfully submitted,



Ed Barrett
Chairman
Board of Directors

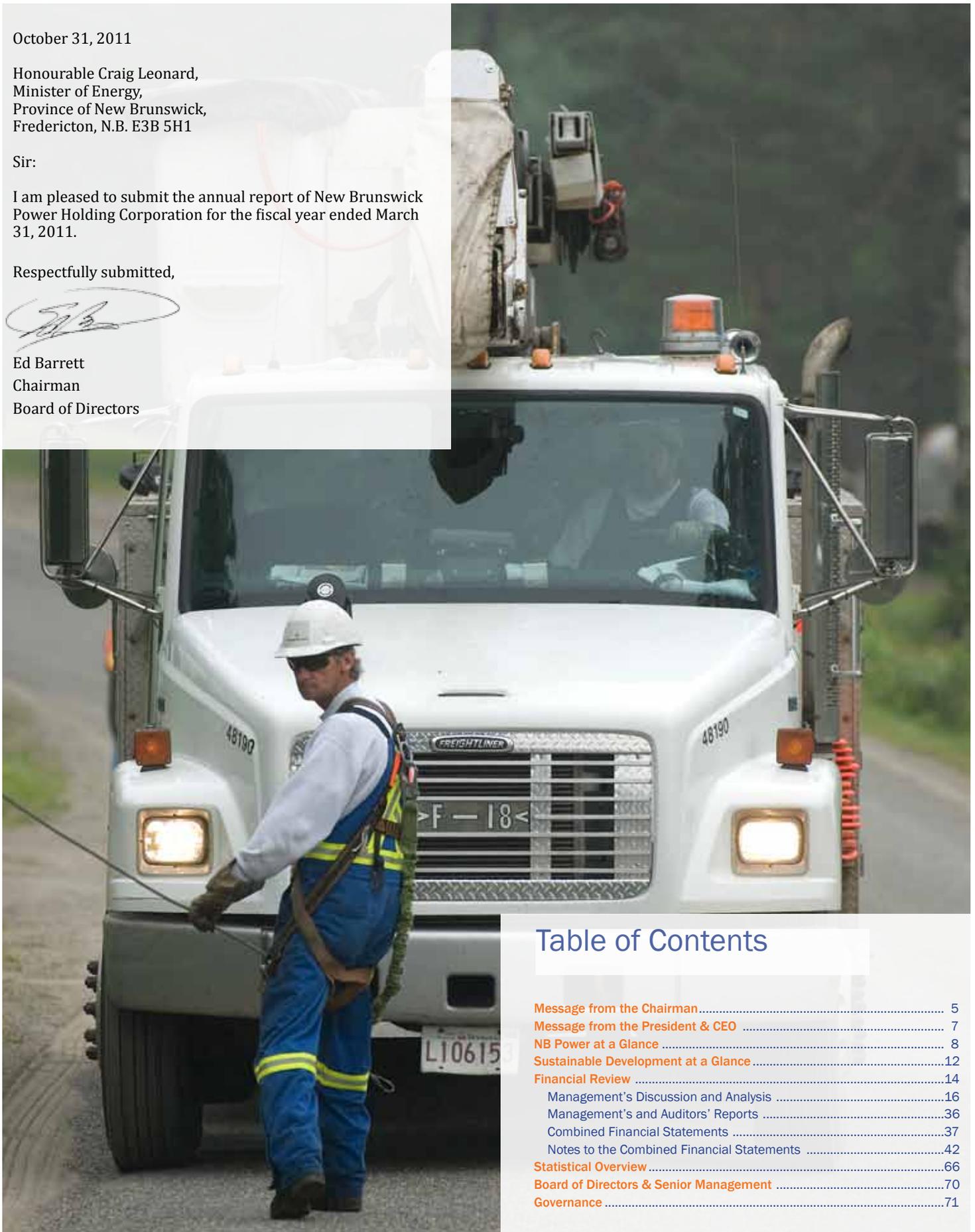
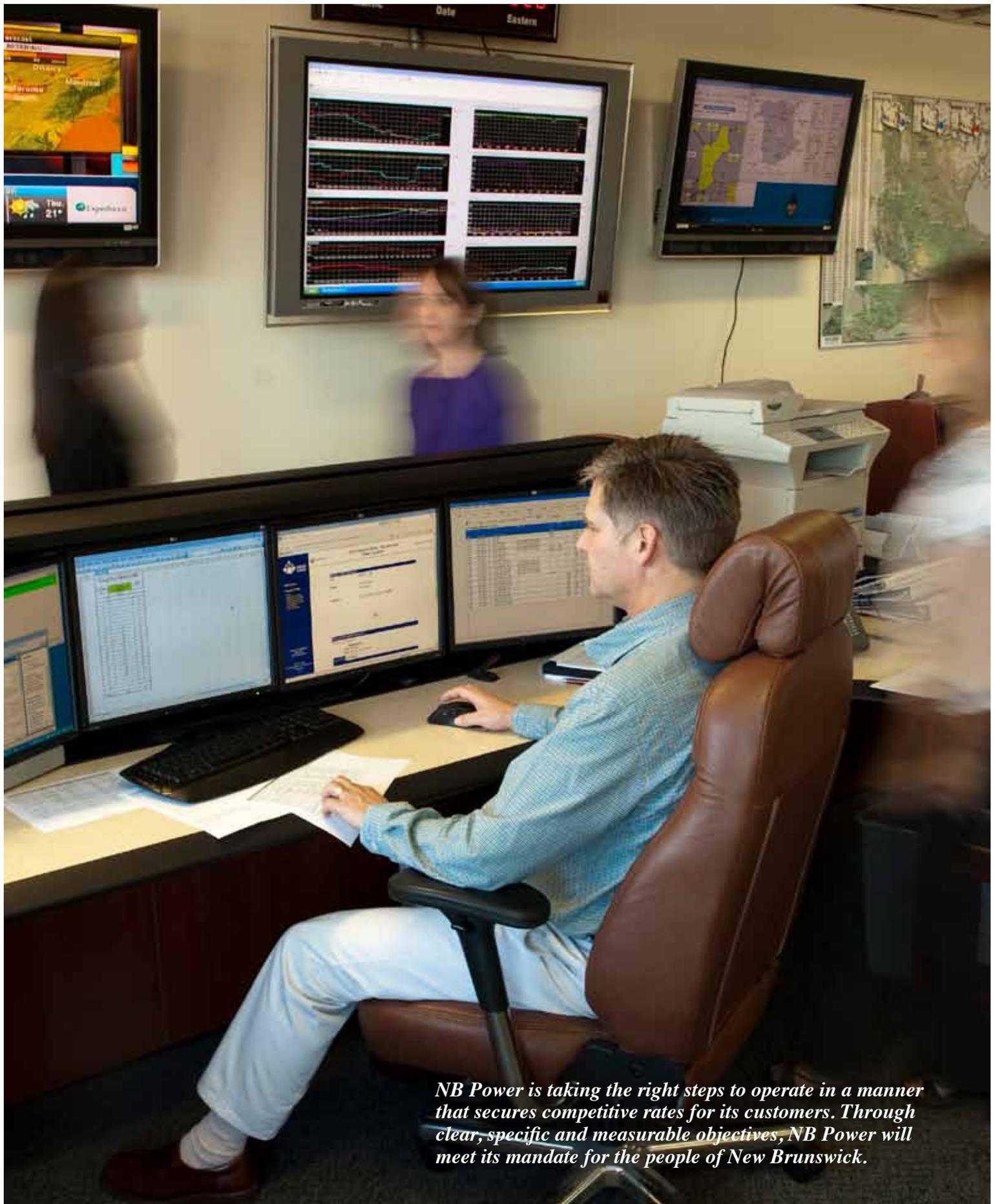


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Chairman's Update



NB Power is taking the right steps to operate in a manner that secures competitive rates for its customers. Through clear, specific and measurable objectives, NB Power will meet its mandate for the people of New Brunswick.

Mike Leclair at NB Power's 24/7 Marketing Desk

On behalf of NB Power's Board of Directors, I am pleased to report that NB Power is performing very well in these challenging times. I am proud to serve with a passionate and committed Board and a talented and focused management team. While we are not immune from the international economic turmoil, I can say with confidence that your company has laid the foundation over the past year for high performance and outstanding results in the years to come.

Our Shareholder, the Province of New Brunswick, has given us a clear mandate – apply business operating principles to NB Power. In doing so we must also provide safe and reliable service, operate in a manner that secures competitive rates for NB Power's customers, and maintain and enhance Shareholder value through efficient operations and long-term debt and asset management.

To accomplish this, the Board worked with management to develop a new Strategic Plan with clear, specific and measurable objectives. NB Power will:

1. Become a top quartile performer when compared to public and private utilities in North America. By most measures we are already there. Where we are good, we want to be better. Where we can perform better, we intend to roll up our sleeves to get there.
2. Systematically reduce debt to ensure that NB Power is in a financial position to manage and invest in assets that will ensure stable rates for New Brunswickers.
3. Invest in technology, educate and incent customers to adjust consumption behaviour to reduce and shift demand for electricity; and ultimately deferring the next significant generation investment.

Important ground work was carried out during 2010/11 to meet these objectives. Specifically, NB Power:

1. Worked with AECL in order to ensure that the refurbishment of the Point Lepreau Generating Station meets our operating standards in terms of reliability for another 25-30 years of operations. This Station will provide NB Power and its customers with electricity from a fuel source that is not linked to the volatility of fossil fuel pricing.
2. Undertook a benchmarking exercise to chart a path to become a top quartile cost-efficient producer and distributor of electricity. By establishing key performance indicators of top performers, NB Power management will be able to take the next steps to focus on continuous improvement methodologies and processes and complete a thorough organizational review in the next fiscal year.
3. Focused on debt reduction and debt repayment in the amount of \$265 million for the fiscal year.
4. Continued to leverage regional collaboration to explore new technologies to shift customer load in order to balance the variability of wind generation. In addition, NB Power's Strategic Development team has been mandated to seek out new customer programs and partnerships for smart grid technologies that will result in reduced customer consumption and ultimately less demand.



There is no question that there has been a tremendous amount of change at NB Power. The Board is encouraged with the progress that has been made in such a short time; having positive operating results is where we want to be on a consistent basis. As we advance through the next fiscal year, we will endeavour to reflect greater transparency through the release of quarterly financial statements and via more dialogue with our Shareholder, customers and stakeholders.

In closing, the Board would like to thank all of the men and women at NB Power who work both behind the scenes and out front with our customers. They have demonstrated that they can and will rise to the challenge to ensure that NB Power meets its mandate for the people of New Brunswick.

A handwritten signature in black ink, appearing to read 'Ed Barrett', enclosed within a thin, hand-drawn oval.

Ed Barrett
Chairman, NB Power
Board of Directors

Message from the President and CEO

NB Power is operating in an increasingly challenging and dynamic environment. Our progress this year was a direct result of our efforts, our renewed commitment to continuous improvement and the dedication of our skilled employees.



Linemen servicing an outage in Fredericton N.B.

I am pleased to report that NB Power performed well in 2010/11 with a net income of \$67 million compared to a loss of \$117 million in the previous year. As a Crown Corporation owned by the Province of New Brunswick, we know that the bar has been raised in terms of our expected performance. With a new mandate from our Shareholder and a focused Board of Directors, we have very clear and measurable objectives based on sound business operating principles.

We will deliver competitive and stable rates for New Brunswickers while reducing debt and maintaining our high customer service standards and responsiveness.

During the year, NB Power's management focused on specific key initiatives. I am confident that these actions, highlighted below, will deliver improved results for years to come.

The Point Lepreau Generating Station will provide approximately 30 per cent of the electricity needs of New Brunswick. NB Power ran the Station safely and efficiently for 25 years prior to shutting down for refurbishment. Once completed, we will run the Station safely and efficiently for another 25-30 years.

With any construction project there are unknowns. Nuclear industry standards are extremely high and after experiencing some difficulties with seal tightness with the calandria tubes, NB Power insisted that AECL carry out a 25-30 year life assessment in order to confirm that we would have the reliability that we expect for our customers. As a result in October 2010, AECL recommended that they remove and replace all calandria tubes previously installed in order to ensure seal tightness integrity. While this changed the return to service date to the fall of 2012, it was imperative that NB Power be assured of the integrity of the solution for long-term reliable operations.

NB Power is pleased that additional wind energy projects were completed during the year that added 99 MW of capacity to our renewable energy purchase portfolio. The 54 MW expansion of the Kent Hills wind farm became operational in December 2010 and the 45 MW Lamèque wind farm became operational in March 2011.

Like many utilities, NB Power has been experiencing increasing costs and debt loads. As a result, management has taken a number of important measures to reduce our costs and also to reduce our debt. By doing so, we will be well positioned for the future.

During the year, NB Power announced that it was implementing a cost reduction plan. This plan contained a review of hired services and a staff reduction program. In total, NB Power eliminated some work being performed by hired services, reduced the number of vice presidents from eight to four and also reduced management and administrative at head office by 20 per cent. Through these measures NB Power was able to eliminate \$20 million from current and on-going costs.

NB Power has also begun a process improvement initiative to identify efficiencies and continuous improvement in all areas of the organization. This will not be a one-time initiative, but rather an on-going change process that will be embedded in the operating culture of NB Power's operations.

Reduce and Shift Demand, or RASD, will be something that our customers will be hearing more about over the coming months and years. As a key strategy we will be looking for all opportunities to ultimately reduce the need to invest in new generating facilities.



By having a clear focus on RASD, we will take initiatives that provide our customers with information so they make informed decisions and choices. As a result, customers will have the information to understand how their consumption behaviour, changes in environmental legislation and the need for future infrastructure investment all impact rates, which are ultimately borne by the customer.

In closing, we will continue to rise to the challenge and we will become a top quartile utility in North America. We have a clear mandate from our Shareholder, strategies from our Board of Directors and a second-to-none workforce to ensure long-term stable rates for our customers.

A handwritten signature in black ink, appearing to read 'Gaëtan Thomas'.

Gaëtan Thomas
*President and
Chief Executive Officer*

NB Power at a Glance

The NB Power Group of Companies provides all New Brunswickers with consistent, safe, reliable and sustainable energy at the lowest possible cost. Electricity is generated at 14 facilities and delivered via power lines, substations and terminals to more than 388,000 direct and indirect New Brunswick homes, businesses and facilities. Our group also exports electricity to New England, Québec, Nova Scotia and Prince Edward Island.

NB Power is comprised of a Holding Company and four operating companies:

New Brunswick Power Holding Corporation (Holdco)

provides strategic direction, governance and support to the subsidiaries for communications, finance, human resources, legal and governance. It also provides shared services on a cost-recovery basis.

New Brunswick Power Generation Corporation (Genco)

operates and maintains one of North America's most diverse generating systems consisting of 13 hydro, coal, oil and diesel-powered stations with an installed net capacity of 3,142 MW. Genco supplies approximately 70 per cent of in-province load through sales to Disco. It also exports energy to neighbouring New England, Québec, Prince Edward Island and Nova Scotia markets. Genco has fixed assets with a net book value of \$1,228 million.

New Brunswick Power Nuclear Corporation (Nuclearco)

operates and maintains the only nuclear powered generating facility in Atlantic Canada. The Point Lepreau Generating Station has a CANDU 6 – 635 MW reactor that 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. In 2008, Point Lepreau Generating Station began the world's first CANDU 6 refurbishment with AECL. Nuclearco has fixed assets with a net book value of \$1,572 million.

New Brunswick Power Transmission Corporation (Transco)

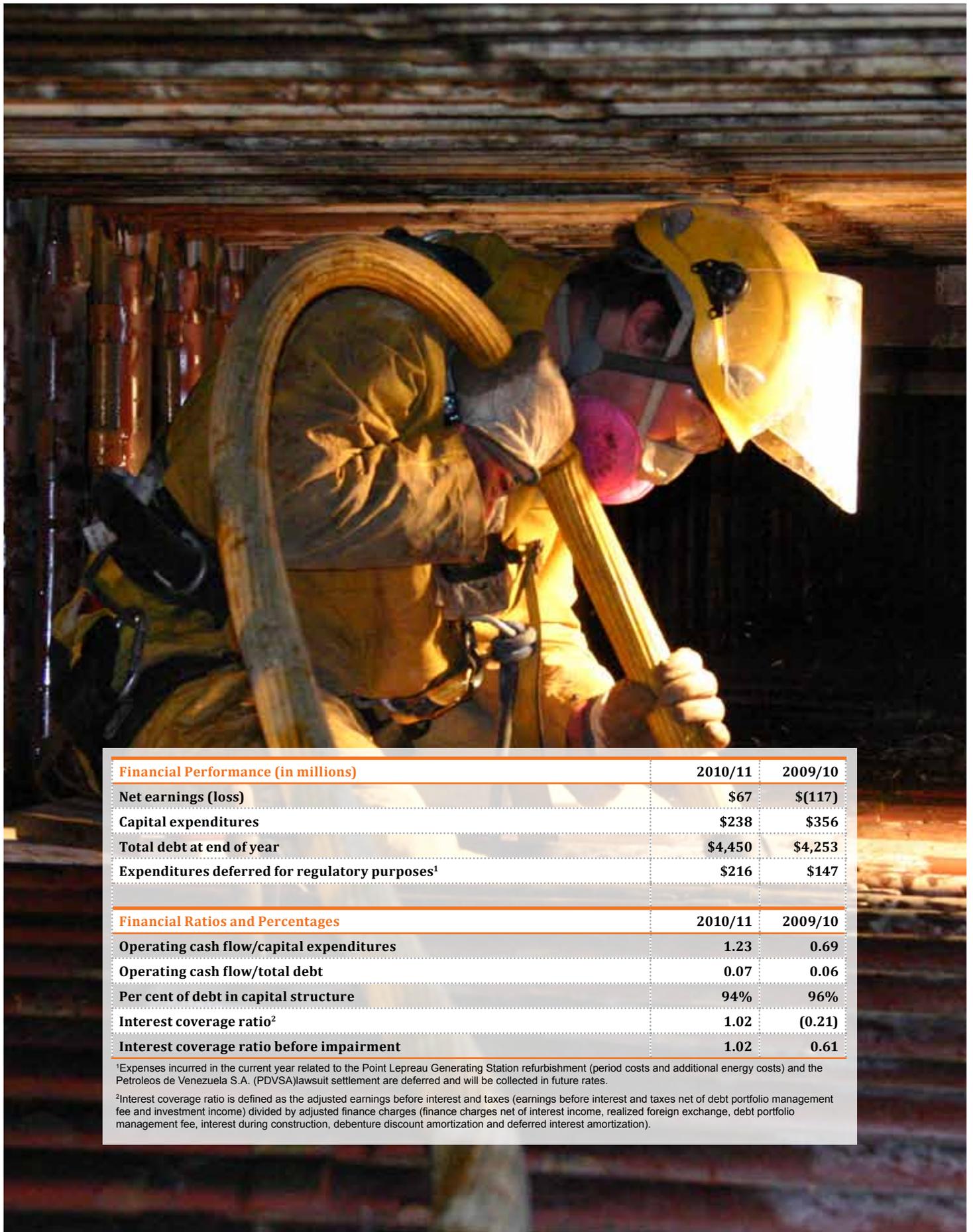
operates and maintains 46 terminals and switchyards that are interconnected by over 6,848 km of transmission lines ranging in voltage from 69 kV to 345 kV. The system is interconnected with electrical systems in North America, including Québec, Maine, Nova Scotia and Prince Edward Island. It has the export capacity of 2,382 MW and an import capacity of 2,138 MW. Transco has fixed assets with a net book value of \$387 million.

New Brunswick Power Distribution and Customer Service Corporation (Disco)

is the standard service provider responsible for securing adequate capacity and energy to meet customer demand in New Brunswick. Disco delivers safe, reliable and reasonably-priced energy to more than 388,000 direct and indirect customers by way of its 20,030 km of distribution lines and substations. It also provides valuable customer services through its customer interaction centres, account managers and energy advisors. Disco has fixed assets with a net book value of \$565 million.



Terry Bergin



Financial Performance (in millions)	2010/11	2009/10
Net earnings (loss)	\$67	\$(117)
Capital expenditures	\$238	\$356
Total debt at end of year	\$4,450	\$4,253
Expenditures deferred for regulatory purposes ¹	\$216	\$147
Financial Ratios and Percentages		
	2010/11	2009/10
Operating cash flow/capital expenditures	1.23	0.69
Operating cash flow/total debt	0.07	0.06
Per cent of debt in capital structure	94%	96%
Interest coverage ratio ²	1.02	(0.21)
Interest coverage ratio before impairment	1.02	0.61

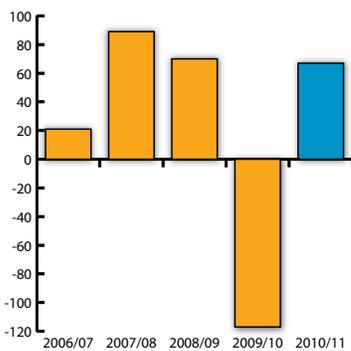
¹Expenses incurred in the current year related to the Point Lepreau Generating Station refurbishment (period costs and additional energy costs) and the Petroleos de Venezuela S.A. (PDVSA) lawsuit settlement are deferred and will be collected in future rates.

²Interest coverage ratio is defined as the adjusted earnings before interest and taxes (earnings before interest and taxes net of debt portfolio management fee and investment income) divided by adjusted finance charges (finance charges net of interest income, realized foreign exchange, debt portfolio management fee, interest during construction, debenture discount amortization and deferred interest amortization).

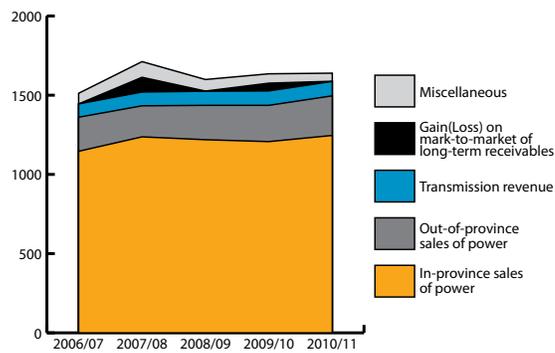
NB Power at a Glance



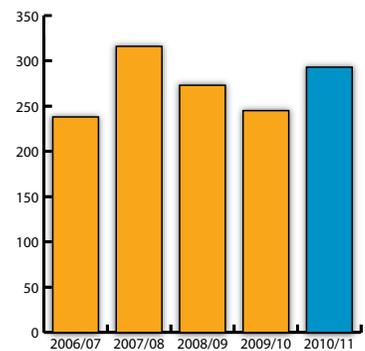
Net Income (Loss)
in the millions of dollars



Revenue Analysis
in the millions of dollars



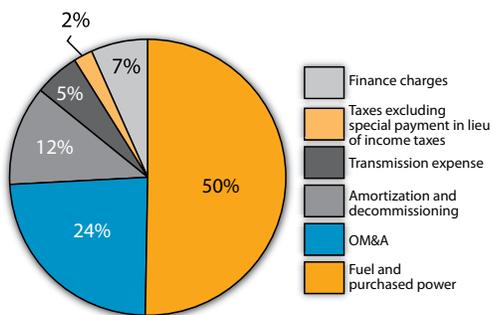
Operating Cashflow
in the millions of dollars



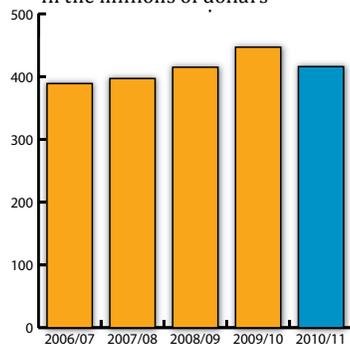


Grand Falls Generating Station

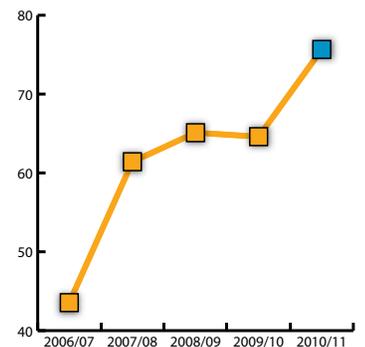
Total Expenses



OM&A Expenses in the millions of dollars



Heavy Fuel Oil Price (\$US/bbl average)



Sustainable Development at a Glance

An important part of what we do at NB Power involves our social license to operate. By this we mean that it is important that we remember that we are operating in the backyards of our fellow New Brunswickers. Therefore, in order to meet our vision of energy for a sustainable future, we must be prepared to meet our environmental, social and economic commitments. To measure how we are doing, we compare ourselves to the Canadian Electricity Association (CEA). The following information captures our performance as it relates to the CEA benchmark.

NB Power contributes approximately two per cent of the total generation in Canada. During 2010, NB Power's generation mix was 40.1 per cent hydro and 59.9 per cent conventional steam. Nuclear generation was not available as a result of the on-going refurbishment of the Point Lepreau Generating Station.



Caribou Wind Farm N.B.

Environment	CEA	NB Power
Total gross annual SO ₂ emission (1000 tonnes)	326.8	9.97 (3.0%)
Mass gross SO ₂ emitted per unit of net fossil generation (g/kWh)	3.46	2.29 (below the average)
Total gross annual NO _x emission (1000 tonnes)	169.2	7.53 (4.4%)
Mass gross NO _x emitted per unit of net fossil generation (g/kWh)	1.76	1.73 (average)
Total gross annual PM ₁₀ emissions (tonnes)	7660	65.2 (0.9%)
Total gross annual mercury emission (kilograms)	1,501	32 (2.1%)
Number of priority spills	107	3 (2.8%)
Total gross annual direct CO ₂ eq emissions from fossil generation (million tonnes)	89.4	3.8 (4.3%)
Mass gross CO ₂ eq emitted per unit of net fossil generation (kg/kWh)	930	866 (below the average)
Total kg of SF ₆ used for maintenance purposes (topping up)	6,475	15.3 (0.2%)
High-level PCB material take out of service (tonnes)	246.5	0
Low-level PCB material taken out of service (tonnes)	1,544.0	28.1 (1.8%)
Companies with an ISO consistent EMS (%)	93	100



Society	CEA	NB Power
All injury/illness frequency rate (injuries per 200,000 hours)	2.10	Top quartile
Lost time injury/illness frequency rate (lost time injuries per 200,000 hours)	0.66	Second quartile
Lost time injury severity rate (calendar days lost per 200,000 hours)	13.70	Second quartile
Companies with public education programs (%)	93	100 (yes)
Companies with a process for responding to stakeholders concerns (%)	90	100 (yes)
Companies with an Aboriginal Affairs group or senior Aboriginal advisory positions (%)	70	100 (yes)
Companies with business relationships or partnerships with Aboriginal communities(%)	100	100 (yes)

Economy	CEA	NB Power
Total annual value of all employee compensation (\$ millions)	5,600	243 (4.3%)
Total value of company charitable donations (\$ millions)	28	1.7 (6.1%)
Total energy saved through DSM programs (MWh)	1,195,387	N/A ¹
Total capital expenditure on new/refurbished generation infrastructure (\$billions/yr)	3.9	0.282 (7.2%)
Total capital expenditure on new/refurbished transmission infrastructure (\$billions/yr)	2.4	0.019 (0.8%)
Total capital expenditure on new/refurbished distribution infrastructure (\$billions/yr)	2.5	0.050 (2.0%)
System average interruption duration index (SAIDI) (hours)	5.2	3.8 (below the average)
System average interruption frequency index (SAIFI) (per customer)	2.2	1.9 (below the average)

¹ NB Power has partnered with Efficiency New Brunswick, through a Memorandum of Understanding, to promote energy efficiency and conservation measures in the residential, community and business sectors of New Brunswick. <http://www.energycynb.ca/enb/home.jsp>



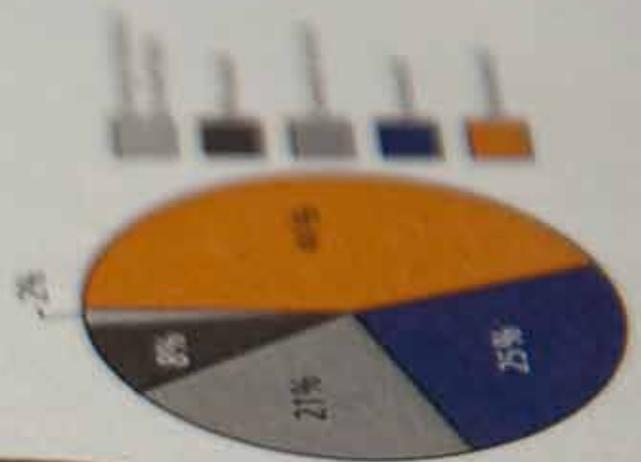
Vegetation Management Arborists



Royals Field, Marysville N.B.

Year	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue	100	100	100	100	100
Operating Expenses	9%	9%	9%	9%	9%
EBITDA	29%	29%	29%	29%	29%
EBIT	21%	21%	21%	21%	21%
Net Income	8%	8%	8%	8%	8%

In-province Revenue



Revenue Breakdown



INTRODUCTION

Management's discussion and analysis reviews the financial and operational results for the fiscal year ended March 31, 2011, relative to the previous year. This section should be read in conjunction with the Combined Financial Statements and the accompanying notes.

Companies included in the Combined Financial Statements

The Combined Financial Statements include the accounts of New Brunswick Power Holding Corporation and those of its Operating Companies:

- New Brunswick Power Generation Corporation (Genco), which includes
 - New Brunswick Power Coleson Cove Corporation (Colesonco), and
 - Mine Reclamation Inc. (MRI)
- New Brunswick Power Nuclear Corporation (Nuclearco)
- New Brunswick Power Transmission Corporation (Transco), and
- New Brunswick Power Distribution and Customer Service Corporation (Disco).

These are collectively referred to as NB Power, NB Power Group, the Group or the Corporation.

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 summary of the year's key financial results.
Significant events	Highlights significant events impacting the balance sheet and earnings results in the past year.
Year over year financial results	Explains the financial results for 2010/11 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.
Critical accounting policies	Describes changes in accounting policies, and their impact on the combined financial statements.
Significant accounting estimates	Explains the estimates made, and how they impact earnings.

FINANCIAL AND OPERATING PERFORMANCE FACTORS

Introduction

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

Impact of financial and operating performance factors

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

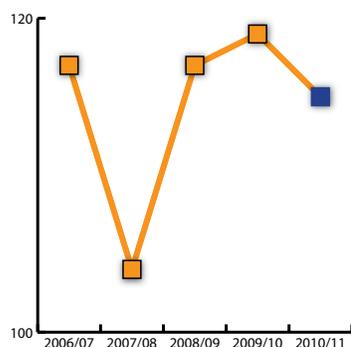
Factors that affect financial and operating performance

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.

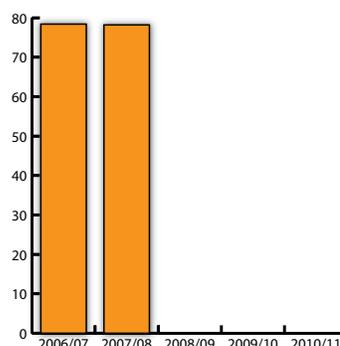
Factor	Description
Heavy fuel oil based generation	<p>Heavy fuel oil subject to market price fluctuations represent</p> <ul style="list-style-type: none"> • approximately 5 to 10 per cent of total supply, and • 10 to 15 per cent of fuel and purchased power costs. <p>During 2010/11 there was market volatility with heavy fuel oil prices with a high of over \$103/bbl (USD) and a low of just under \$62/bbl (USD).</p> <p>To minimize short to medium term heavy fuel oil price exposure, the Group typically enters into forward purchases for its forecasted in-province and firm export heavy fuel oil requirements.</p>
Exchange rates	<p>NB Power is exposed to foreign exchange risk when its purchases of fuel and power in US dollars does not offset the revenue received in US dollars.</p> <p>There was volatility in the Canadian dollar during the past year. The value of the Canadian dollar compared to the US dollar fluctuated between \$0.93 to \$1.03 during the year.</p> <p>NB Power typically enters into forward purchase contracts for US dollar requirements net of expected US dollar revenue.</p>
Coal/petcoke based generation	<p>Represents</p> <ul style="list-style-type: none"> • approximately 15 to 20 per cent of total supply, and • 15 to 20 per cent of the fuel and purchased power costs. <p>Coal is normally purchased through tendered contracts of one to two year terms. As a mixture of coal types are blended and burned, coal is procured from a number of counterparties, generally at firm fixed prices.</p> <p>Petcoke is also normally purchased through tendered contracts of one to two year terms. 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.</p>

Factor	Description						
Purchased power contracts based on natural gas	<p>Represents</p> <ul style="list-style-type: none"> • approximately 5 to 10 per cent of total supply, and • approximately 10 to 15 per cent of the total fuel and purchased power costs. <p>As a portion of the price of NB Power's purchase power contracts is based on natural gas prices, to manage this exposure the Group typically enters into forward purchase contracts for natural gas.</p>						
Short-term energy purchases	<p>Represent</p> <ul style="list-style-type: none"> • approximately 40 to 50 per cent of total supply requirements, and • approximately 50 to 60 per cent of total fuel and purchased power costs. <p>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.</p>						
Out-of-province margins	<p>The Group is a price-taker in regional energy markets. Market prices in the surrounding regions are typically driven by the cost of natural gas generation.</p> <p>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.</p> <p>Subject to operating conditions, the Group enters into forward out-of-province sales contracts which enable more predictable out-of-province margins</p>						
Hydro based generation	<p>Represents NB Power's lowest-cost fuel for generating electricity. It typically accounts for 15 to 20 per cent of total production. The table below describes how hydro flows can increase or decrease generation costs.</p> <table border="1"> <thead> <tr> <th>If hydro flows are</th> <th>then NB Power</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Hydro net generation as a percentage of the long-term average over the past ten years has ranged from 70 per cent to 120 per cent.</p>	If hydro flows are	then NB Power	below anticipated levels	uses other more expensive fuel to make up the shortfall and increases its generation costs.	higher than anticipated	reduces the use of expensive fuels and decreases its generation costs.
If hydro flows are	then NB Power						
below anticipated levels	uses other more expensive fuel to make up the shortfall and increases its generation costs.						
higher than anticipated	reduces the use of expensive fuels and decreases its generation costs.						
Nuclear based generation	<p>In previous years, nuclear generation represented up to 25 per cent of total production through the Point Lepreau Generating Station, of which effective operation is essential for NB Power's positive financial performance.</p> <p>On March 28, 2008, Point Lepreau Generating Station was taken out of service for refurbishment. The refurbishment project has experienced some challenges which has caused the outage to be extended, as a result there was no production from nuclear generation in 2010/11.</p>						

Hydro Net Generation
(per cent) of long-term average



Point Lepreau Generating Station
Net Capacity Factor (per cent)



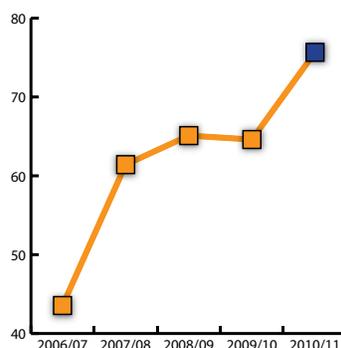
Measuring Financial and Operating Performance Factors

The table below provides explanations of the factors behind NB Power's variability in earnings. The indicative prices quoted in the table below are un-hedged prices.

Financial and Operating Factors behind Variability	2010/11 variability	2009/10 variability	2008/09 variability
Range of heavy fuel oil prices (\$US / bbl Platts NY three per cent) throughout the year Platts NY three per cent is a fuel price index benchmark reported by the dominant price benchmark reporting service. Platts NY three per cent refers to the sulphur level of heavy fuel oil against which NB Power benchmarks.	\$62 - \$103	\$39 - \$76	\$27 - \$112
Range of Canadian dollar throughout the year (\$US equivalent) Exchange Rate: the rate at which one currency may be converted into another.	\$0.93 - \$1.03	\$0.79 - -\$0.99	\$0.77 - \$1.02
Range of short-term debt interest rates throughout the year	.25% - 1.00%	.17% - .25%	.35% - 3.45%
Average International Coal Report coal market price (\$US / ton) International Coal Report provides news and analysis on the international steam coal and coking coal markets, including evaluations of the major markets, and benchmark price assessments for coal trading in the Atlantic and Pacific markets. The report covers data on shipping movements, tenders, and contracts, and assesses spot prices for key benchmark prices for physical coal in both the Atlantic and Pacific markets for forward-month delivery.	\$90.07	\$65.66	\$117.94
Range of natural gas prices (\$US / mmbtu) throughout the year Mmbtu = 1 million British Thermal Units	\$3.47 - \$12.63	\$2.10 - \$9.86	\$3.60 - \$13.60
Average New England on-peak prices (\$US / MWh) "On Peak Price" reflects the price of electricity when demand for electricity is highest.	\$58.70	\$45.20	\$81.91
Hydro net generation as a percentage of long-term average Net generation is the amount of electricity generated by a power plant that is transmitted and distributed for consumer use and is the result of gross generation less the electric energy consumed at the generating station for station use. Long-term average hydro energy is the amount of energy that can potentially be produced using the average river flow, based on the period of record (the period of record for NB Power is 1954-1994)	115%	119%	117%
Point Lepreau Generating Station net capacity factor Capacity factor of a power plant is the ratio of the actual output of a power plant over a period of time, and its output if it had operated at full capacity the entire time.	-	-	-

The majority of commodities prices (e.g. heavy fuel oil, natural gas and coal) are hedged through forward purchases and therefore provides in-year price predictability.

Heavy Fuel Oil Price
(\$US/bbl average)



FINANCIAL PERFORMANCE

Introduction

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

Key measures of financial performance

Financial Performance (in millions)	2010/11	2009/10	2008/09
Net earnings (loss)	\$67	\$(117)	\$70
Cash flow from operations	\$293	\$245	\$273
Capital expenditures	\$238	\$356	\$438
Total debt at end of year	\$4,450	\$4,253	\$3,914
Increase in debt	\$197	\$339	\$479
Expenditures (revenue) deferred for regulatory purposes ¹	\$216	\$147	\$386

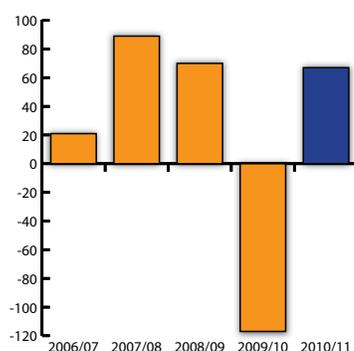
¹ Expenses incurred in the current year related to the Point Lepreau Generating Station refurbishment (period costs and additional energy costs) and the Petroleos de Venezuela S.A. (PDVSA) lawsuit settlement are deferred and will be collected in future rates.

Financial ratios and percentages

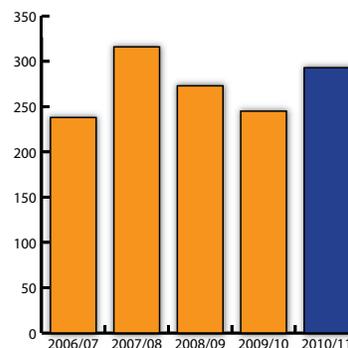
Financial Ratios and Percentages	2010/11	2009/10	2008/09
Operating margin	11%	(4%)	15%
Operating margin before asset impairment	11%	6%	15%
Cash flow from operations / capital expenditures	1.23	0.69	0.62
Cash flow from operations / total debt	0.07	0.06	0.07
Capital expenditures / net book value of property, plant and equipment	6%	10%	12%
Per cent of debt in capital structure	94%	96%	93%
Interest coverage ratio ²	1.02	(0.21)	1.28
Interest coverage ratio before impairment	1.02	0.61	1.28

² Interest coverage ratio is defined as the adjusted earnings before interest and taxes (earnings before interest and taxes net of debt portfolio management fee and investment income) divided by adjusted finance charges (finance charges net of interest income, realized foreign exchange, debt portfolio management fee, interest during construction, debenture discount amortization and deferred interest amortization).

Net Income (Loss)
in the millions of dollars



Cash Flow from Operations
in the millions of dollars



Highlights

NB Power's net earnings before special payments in lieu of income taxes for the year ended March 31, 2011 were \$99 million compared to the prior year's loss before special payments in lieu of income taxes of \$170 million. The significant factors that contributed to the \$269 million year-over-year variance were

- a prior year write down of \$161 million before taxes due to impairment of the Dalhousie Generating Station assets as a result of the intent to shut-down and decommission the generating station.
- an increase in gross margin of \$67 million mainly due to
 - higher in-province revenue due to higher rates, and colder weather
 - lower overall generation costs partially reduced by higher volumes
 - higher out-of-province revenue due to higher volumes mainly due to new export contracts, partially offset by lower market prices
- offset by
 - lower hydro flows in 2010/11 at 115 per cent of the long-term average compared to 119 per cent of the long-term average in 2009/10
- a decrease in operations maintenance and administration expense of \$31 million in 2010/11 (see Year-over-Year Results – Expense section for more detail)
- a decrease in finance charges of \$18 million due to lower rates and lower debt levels (other than debt associated with ongoing capital projects)

Non-capital costs of \$197 million were incurred related to the Point Lepreau Generating Station refurbishment project; however these costs were deferred in accordance with legislation, (no impact on the current year's earnings) and will be amortized over the life of the refurbished generating station.

In 2010/11 the NB Power Group's debt increased by \$197 million. The increase was mainly due to financing requirements for the Point Lepreau refurbishment project and the related deferred costs (see Liquidity and Capital Resources section for more detail).

SIGNIFICANT EVENTS

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

Point Lepreau Generating Station Refurbishment Project

In July 2005 the Province of New Brunswick announced its decision to support the Board's recommendation to refurbish the Point Lepreau Generating Station in partnership with Atomic Energy of Canada Limited (AECL). The refurbishment will extend the Station's life by approximately 25 years, providing the NB Power Group with electricity from a fuel source that is not subject to the volatility of heavy fuel-oil pricing. The refurbished Station will also continue to provide an environmental benefit by generating electricity that avoids significant carbon dioxide, sulphur dioxide and nitrogen oxide emissions.

The original project completion and Station restart date was October 2009. The project has experienced challenges and as a result the expected project completion and Station restart is now scheduled for the fall of 2012.

Total project capital spending to March 31, 2011 was \$1.1 billion.

Financial Implications of Delay

Refurbishment of the Point Lepreau Generating Station is largely a turnkey project and, as such, construction cost overruns are the responsibility of the contractor – AECL. There are, however, financial implications for NB Power, as project owner.

The capital costs and deferral costs totaling \$30 million per month as a result of the delay are as follows

- The capital cost of the project will increase by approximately \$11 million per month of project delay, this consists of
 - \$3 million in increased project owner costs for facilities, contracted staff, insurance and other costs to support the project
 - \$8 million of costs reallocated from operations to the project
- The deferral of Nuclearco period and replacement power costs will increase by approximately \$19 million per month (including interest applied to the deferral balance).

These costs will be amortized and charged to customers over the extended life of the station.

Cost Saving Strategic Initiative

In order to further target cost savings, NB Power created a cost saving strategic initiative during the year which is a sustainable cost reduction program designed to remove \$20 million from ongoing costs while minimizing any negative impact on customer facing processes. More specifically, the program is a collection of smaller initiatives including a staff reduction program, an overtime reduction program and a program to reduce professional and hired services.

Staff Reduction Initiative

As part of NB Power's cost reduction initiative, a staff reduction program was implemented during the year. The program was designed to reduce management and administration costs. The cost of the program was \$17 million which then created \$9 million in savings from reduced salaries and benefits for the remainder of the year. Future year savings are expected to be \$13 million per year based on the full year salary and benefits of 123 employees.

Service Life Extension

In 2010 there was a write down due to impairment as a result of the intent to shut down on March 31, 2011 and decommission the Dalhousie Generating Station. During 2011 the life of the Dalhousie Generating Station was extended to March 31, 2012. The extension of life is due to the following factors:

- The Point Lepreau Generating Station is now scheduled to return to service in the fall of 2012. This results in additional energy and capacity requirements for winter 2011/12.
- During the first part of winter 2010/11, NB Power benefited from a milder than usual winter and better-than-average hydro flows (December was 202% of the long-term average). As a result, NB Power did not use Dalhousie and Coleson Cove at the previously forecasted levels.
- The NB Power Marketing Desk group has been able to secure economic energy purchases in the \$55/MWh range, which has reduced the need to operate both the Dalhousie and Coleson Cove generating stations.

Therefore the remaining net book value of the Dalhousie Generating Station at March 31, 2010 of \$34 million will be amortized equally over fiscal years ending March 31, 2011 and March 31, 2012.

Petroleos de Venezuela S.A. (PDVSA) Lawsuit Settlement

On August 3, 2007, the NB Power Group settled a lawsuit with PDVSA for \$333 million in total. The settlement was comprised of \$115 million paid by PDVSA on signing and a \$218 million commitment by PDVSA to deliver a specified quantity of fuel in the future. During 2010/11 the final shipment of fuel was received (see Note 14 of the financial statements for more details of the settlement).

Rate Increase

On April 6, 2010, the Board of Directors of the NB Power Distribution and Customer Service approved a three per cent rate increase to be effective June 1, 2010 across all customer rate categories, which resulted in a \$30 million increase to revenues.

Rate Freeze

In January 2011 the NB Power Board of Directors received the Shareholder's mandate letter which included a number of specific directives, one of which directed NB Power to implement a three year rate freeze. As a result of this directive, the Shareholder mandated that the hedging program be extended from purchasing 18 months forward to 3 years forward. This will assist with mitigating risk related to fuel and purchased power price volatility over the three year rate freeze.

International Financial Reporting Standards (IFRS)

During the year the Accounting Standards Board (AcSB) allowed companies with rate regulated activities to defer their implementation of IFRS by one year. The NB Power Group met the requirements for the deferral and has elected to defer the transition to IFRS until April 1, 2012.

Thermal Decommissioning Liabilities

During the year a third party performed a decommissioning study on the Dalhousie Generating Station, as a result of this study the decommissioning liability of \$30 million was increased \$0.7 million.

YEAR-OVER-YEAR RESULTS - REVENUES

Introduction

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

Revenue overview

Revenue Overview (in millions)	2010/11	2009/10	2008/09
Sales of power			
In-province	\$1,246	\$1,207	\$1,219
Out-of-province	250	229	217
Miscellaneous	51	59	73
Transmission	91	91	89
Total revenues	\$1,638	\$1,586	\$1,598
Per cent increase (decrease) year-over-year	3%	(1%)	(1%)

In-province sales of power

In-province sales of power (in millions)	2010/11	2009/10	2008/09
Residential	\$551	\$540	\$539
Industrial	311	294	307
General service	264	254	250
Wholesale	97	96	98
Street lights and energy imbalance	23	23	25
Total	\$1,246	\$1,207	\$1,219
Per cent increase (decrease) year-over-year	3%	(1%)	(1%)
GWh	12,658	12,545	13,052
Per cent increase (decrease) year-over-year	1%	(4%)	(8%)

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

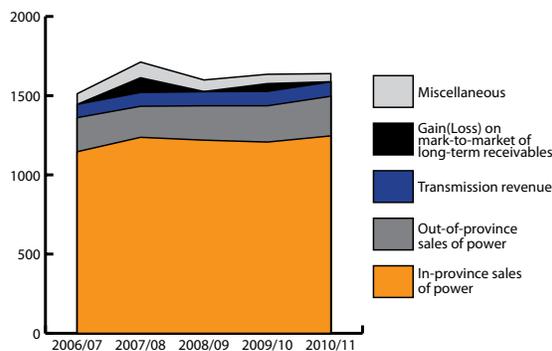
In-province sales of power totaled \$1,246 million in 2010/11, representing a \$39 million or three per cent increase compared to 2009/10. The main contributors to the year-over-year variance were as follows

Revenues	By this amount	Due to
Contributing factors		
increased	\$30 million	higher rates (3% rate increase effective June 10, 2010)
	\$13 million	colder than normal weather
Offsetting factors		
decreased	\$4 million	decreased interruptible sales
	\$2 million	decreased load, mainly residential

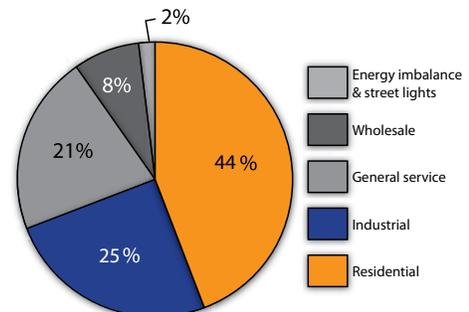
Out-of-province sales of power

Out-of-province sales of power (in millions)	2010/11	2009/10	2008/09
Revenue	\$250	\$229	\$217
Per cent increase	9%	5%	11%
GWh	2,994	2,326	1,891
Per cent increase (decrease) year-over-year	29%	23%	(19%)

Revenue Analysis
in the millions of dollars



In-province Revenue



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

In 2010/11, out-of-province sales of power increased by \$21 million or 9 per cent compared to 2009/10. The main contributors to the year-over-year variance were:

Revenues	By this amount	Due to
Contributing factors		
increased	\$54 million	higher volumes mainly due to new contracts with customers in the State of Maine.
Offsetting factors		
decreased	\$34 million	lower market prices.

Miscellaneous Revenue

Normally miscellaneous revenue consists primarily of

- water heater rentals
- pole attachment fees
- point-to-point tariff
- generation by-products, and
- fees for employees seconded to the New Brunswick System Operator (System Operator) (discontinued during the year as the employees were transferred to the System Operator).

Miscellaneous revenue results

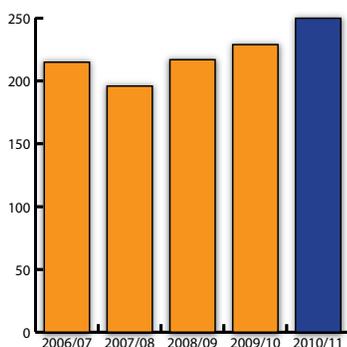
Miscellaneous revenue was \$51 million in 2010/11, a decrease of \$8 million compared to 2009/10. This decrease was mainly due to the conclusion of a contract with the System Operator related to seconded employees, and lower revenue related to the point to point tariff.

Transmission Revenue

Transmission revenue

- represents recoveries from the System Operator for the transmission revenue requirement
- is largely offset by transmission expenses paid to the System Operator for
 - network service
 - connection fees
 - point-to-point tariff, and
 - scheduling services.

Out-of-province Revenue
in the millions of dollars



YEAR-OVER-YEAR RESULTS - EXPENSES

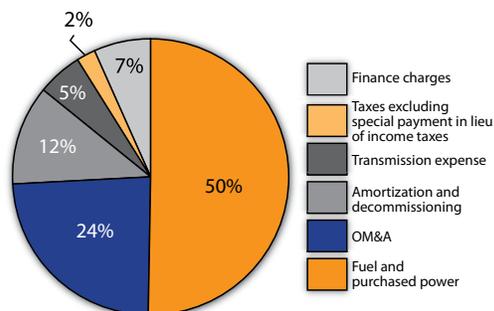
Introduction

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

Expenses overview

Expenses (in millions)	2010/11		2009/10		2008/09	
	\$	%	\$	%	\$	%
Fuel and purchased power	\$874	50%	\$887	47%	\$869	49%
Operations, maintenance & administration	416	24	447	24	415	23
Amortization and decommissioning	199	11	199	10	186	11
Transmission	90	5	86	5	82	5
Taxes	40	2	40	2	43	2
Finance charges	114	6	132	7	140	8
Impairment of long-term asset	0	0	161	8	0	0
Special payments in lieu of income taxes	32	2	(53)	(3)	34	2
Total	\$1,765	100%	\$1,899	100%	\$1,769	100%
Per cent (decrease) increase year-over-year		(7%)		7%		14%

Total Expenses



Major contributors to year-over-year expense variance

Total expenses decreased by \$134 million to \$1,765 million in 2010/11. This decrease resulted mainly from the following factors:

Expense	Change	Explanation
Contributing factors		
impairment of long-term asset	decreased by \$161 million	write-down of Dalhousie Generating Station due to impairment in 2009/10
operations, maintenance and administration (OM&A)	decreased by \$31 million	<ul style="list-style-type: none"> • Cost savings initiative <ul style="list-style-type: none"> • lower hired services and materials due to targeted reductions • lower labor and overtime • lower labour related to shut down of NB Coal and conclusion of seconded employees service agreement with the System Operator • lower pension costs partially offset by <ul style="list-style-type: none"> • lower labour allocated to capital • higher early retirement expense related to the June 30, 2010 staff reduction initiative • settlement of a contract to supply gypsum
finance charges	decreased by \$18 million	lower interest charges mainly related to lower debt levels (other than debt associated with ongoing capital projects) and lower long-term interest rates
fuel & purchased power	decreased by \$13 million	<ul style="list-style-type: none"> • lower overall generating costs • one time settlement of a fuel supply and storage agreement resulting in lower costs partially offset by <ul style="list-style-type: none"> • higher overall volumes required • lower hydro flows
Offsetting factors		
special payments in lieu of income taxes	increased by \$85 million	due to higher earnings

Fuel and Purchased Power

Fuel and Purchased Power (in millions)	2010/11		2009/10		2008/09	
	\$	%	\$	%	\$	%
Hydro	0	0	0	0	0	0
Nuclear	0	0	0	0	0	0
Thermal	254	29	409	46	380	44
Purchases	620	71	478	54	489	56
Total	\$874	100%	\$887	100%	\$869	100%
Per cent (decrease) increase year-over-year		(1%)		2%		48%

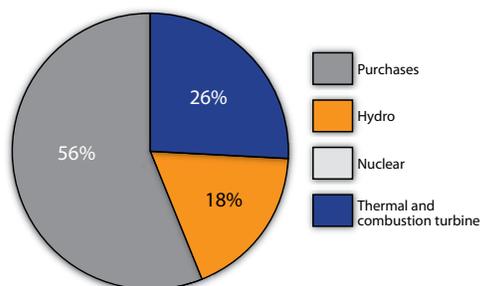
Major contributors to year-over-year fuel and purchased power expense variance

The cost of fuel and purchased power was \$874 million in 2010/11, a decrease of \$13 million or one per cent from 2009/10.

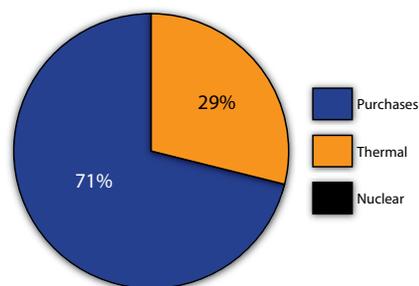
The year-over-year decrease in fuel and purchased power costs was mainly attributable to

Fuel and purchased power expenses	By this amount	Due to
Contributing factors		
decreased	\$53 million	lower overall generating costs partially due to an economic decision to purchase more power rather than generate due to low market prices.
decreased	\$9 million	one time settlement of a fuel supply and storage agreement resulting in lower costs
Offsetting factors		
increased	\$44 million	higher overall volumes required
increased	\$5 million	lower hydro flows

GWh Production



Fuel and Purchase Power



Operations, Maintenance and Administration

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

Operations, maintenance & administration (in millions)	2010/11	2009/10	2008/09
Operations, maintenance & administration expenses	\$416	\$447	\$415
Per cent (decrease) increase year-over-year	(7%)	8%	5%

Major contributors to year-over-year Operations, Maintenance and Administration variance

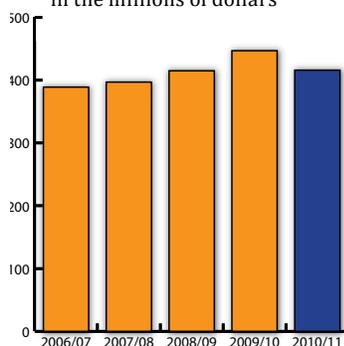
Operations, maintenance and administration costs were \$416 million in 2010/11, a \$31 million or seven per cent decrease compared to 2009/10. The significant changes were

Operations, maintenance and administration expenses	By this amount	Due to
Contributing factors		
decreased	\$22 million	Cost reduction initiative savings (lower labor, reduced overtime, lower hired services)
decreased	\$5 million	lower labour mainly due to shut down of NB Coal operations in 2009/10, and conclusion of seconded employee service agreement to System Operator
decreased	\$12 million	lower pension interest and amortization due to a higher return on plan assets in 2009/10
decreased	\$17 million	lower hired services and materials mainly due to scope and timing work related to the Point Lepreau Generating Station's refurbishment project
Offsetting factors		
increased	\$10 million	lower labour allocated to capital
increased	\$15 million	higher early retirement expense related to the June 30, 2010 staff reduction initiative
increased	\$5 million	settlement of a contract to supply gypsum

Amortization and Decommissioning

Amortization and Decommissioning (in millions)	2010/11	2009/10	2008/09
Amortization and decommissioning	\$199	\$199	\$186
Per cent increase (decrease) year-over-year	0%	7%	(14%)

OM&A Expenses
in the millions of dollars



Contributing factors to changes in amortization and decommissioning

Amortization and decommissioning costs were \$199 million in 2010/11, no change as a result of offsetting variances as follows

Amortization and decommissioning expenses	By this amount	Due to
Contributing factors		
increased	\$4 million	higher amortization related to the shorter expected useful life at the Dalhousie Generating Station
increased	\$4 million	write off of retired equipment at the Coleson Cove and Belledune generating stations
Offsetting factors		
decreased	\$4 million	extension of the service lives of the Millbank and Grand Manan generating stations
decreased	\$4 million	lower amortization as a result of the shut-down of NB Coal operations in 2009/10

Finance charges

Finance Charges (in millions)	2010/11	2009/10	2008/09
Finance charges	\$114	\$132	\$140
Per cent (decrease) year-over-year	(14%)	(6%)	(20%)

Contributing factors to changes in finance charges

Finance charges were \$114 million in 2010/11 an \$18 million or 14 per cent decrease from 2009/10. This was mainly due to

Finance charges	By this amount	Due to
Contributing factors		
decreased	\$20 million	improved rates on debt refinancing and reduced debt levels ³

³Although debt has actually increased since March 2010, the increase is related to capital projects in progress and the deferral. Total debt (other than debt associated with capital projects in progress and the deferral) has been reduced since March 2010 mainly due to positive cash flow from operations.

Special payments in lieu of income taxes

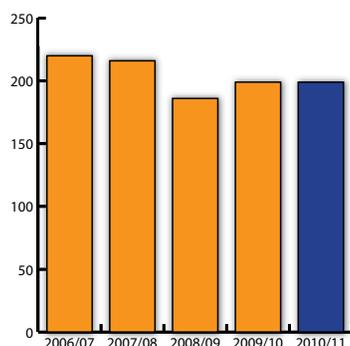
The NB Power Group is required to make special payments in lieu of income taxes to New Brunswick Electric Finance Corporation (Electric Finance) or recover taxes previously paid through the application of loss carry-backs. These payments or recoveries are based on accounting net earnings multiplied by a rate of 28.875 per cent. Special payments (recoveries) are as follows:

Special Payments in Lieu of Income Taxes (in millions)	2010/11	2009/10	2008/09
Special payments in lieu of income taxes	\$32	\$(53)	\$34
Per cent increase (decrease) year-over-year	160%	(255%)	(31%)

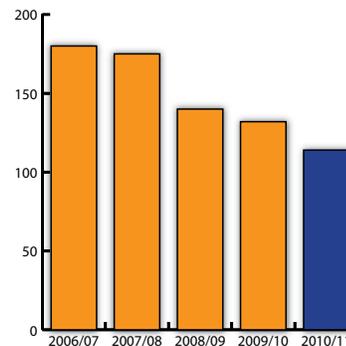
Contributing factors to changes in special payments in lieu of taxes

Special payments in lieu of income taxes (recovery) were \$32 million in 2010/11, an \$85 million increase compared to 2009/10. This increase was primarily due to increased earnings as a result of the impairment of the Dalhousie Generating Station in 2009/10.

Amortization & Decommissioning
in the millions of dollars



Finance Charges
in the millions of dollars



REGULATORY DEFERRALS

Regulatory Deferral – Point Lepreau Generating Station refurbishment

Background

A legislated⁴ regulatory deferral was created for non-capital costs incurred during the refurbishment of the Point Lepreau Generating Station. The refurbishment of the Point Lepreau Generating Station will enable 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 deferral consists of

- the period costs of Nuclearco, net of any revenues, and
- the additional costs to supply energy that are charged to Disco by Genco during the period of refurbishment.

⁴ Section 143.1 of the *Electricity Act* provides for the establishment of this regulatory deferral related to the refurbishment of the Point Lepreau Generating Station.

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

Impact on earnings before special payments in lieu of taxes

During 2010/11, \$197 million in period costs and additional costs to supply energy were deferred.

The deferral adjustment consisted of

- period costs - \$164 million
- additional cost to supply energy - \$33 million

In addition to the deferral adjustment on the statement of earnings, interest expense associated with the refurbishment of \$27 million was deferred, which directly reduced finance charges in the year.

Regulatory Deferral – Lawsuit settlement with PDVSA

Background

On August 23, 2007 the Energy and Utilities Board (EUB) approved a regulatory deferral for the purpose of returning the benefit of the lawsuit settlement with PDVSA to customers in a levelized manner. The deferral is being allocated to customers over 17 years in order to best match the benefit from the settlement to the customers that will pay for the Coleson Cove Generating Station refurbishment. During the year the final shipment of fuel was received related to the long-term fuel contract.

Impact on earnings before special payments in lieu of taxes

During 2010/11, \$19 million in cost adjustments from the lawsuit settlement which includes a mark-to-market accounting adjustment were deferred. The deferral adjustment consisted of

- levelized benefit to customers - \$24 million
- an accounting adjustment related to the mark-to-market losses related to the long-term fuel contract - \$23 million

offset by

- amortization and interest savings resulting from the lawsuit settlement (the interest savings will increase as the fuel value of the settlement is received) - \$27 million
- cost adjustment on shipments received - \$1 million

Net earnings adjusted to remove the 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 (loss) before special payments in lieu of income taxes would be as follows:

	2011	2010
Net earnings (loss) before special payments in lieu of income taxes	99	(170)
Less regulatory deferral	(216)	(147)
Net earnings (loss) before special payments in lieu of income taxes adjusted to remove the effects of regulatory accounting	(117)	(317)

FINANCIAL INSTRUMENTS

The Group 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

Introduction

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

Total debt⁵

Total Debt (in millions)	2010/11	2009/10	2008/09
Long-term debt	\$3,967	\$3,580	\$3,464
Short-term indebtedness	483	673	450
Total debt	4,450	4,253	3,914
Debt/capital	94%	96%	93%
Cash flow from operations/total debt	0.07	0.06	0.07

⁵The level of short-term borrowings fluctuates depending on the timing of debt maturities and capital investment requirements. Since restructuring on October 1, 2004 the Group issues long- and short-term notes to Electric Finance. Under the authority of the *Electricity Act*, Electric Finance issues debt in the name of the Province of New Brunswick.

Factors impacting debt

Change in Total Debt (in millions)	2010/11	2009/10	2008/09
Total debt - April 1	\$4,253	\$3,914	\$3,435
Debt requirements:			
Lepreau refurbishment project	120	195	265
Lepreau deferral	224	210	238
Other requirements	118	176	195
Debt repayments during the year	(265)	(242)	(219)
Total Debt - March 31	\$4,450	\$4,253	\$3,914

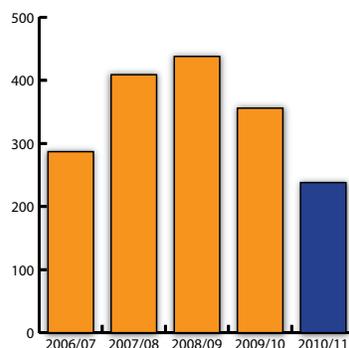
Year-over-year change to total debt level

Total debt increased by \$197 million in 2010/11 due to the following requirements

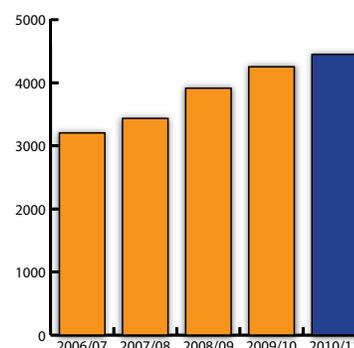
- \$120 million of capital spending on the Point Lepreau Generating Station refurbishment project
- \$224 million for the costs deferred (the Nulcarco period costs and additional energy costs incurred during the refurbishment will be recovered through rates over the life of the Point Lepreau Generating Station)
- \$118 million related to regular capital spending, decommissioning expenditures, and decreased working capital

These debt requirements were partially offset by debt repayments during the year of \$265 million.

Capital Expenditures
in the millions of dollars



Total Net Debt
in the millions of dollars



Free cash outflow

Increase in Net Debt (in millions)	2010/11	2009/10	2008/09
Cash flow from operations	\$293	\$245	\$273
Capital expenditures	(238)	(356)	(438)
Recovery of capital (related to PDVSA fuel shipments received)	55	106	57
(Increase) in working capital	(36)	(65)	(60)
Nuclear decommissioning and used fuel management funds – installments and earnings	(22)	(21)	(35)
Decommissioning expenditures	(10)	(7)	(2)
Regulatory deferrals excluding mark-to-market adjustments	(224)	(230)	(255)
Free cash outflow	\$(182)	\$(328)	\$(460)
Dividends paid	(9)	(13)	(13)
Change in cash	(6)	2	(6)
Increase in total debt	\$197	\$339	\$479

Contributing factors to changes in free cash flow

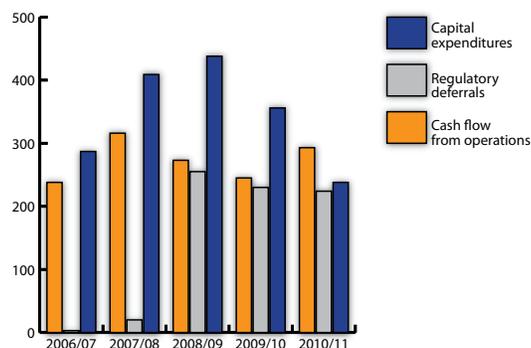
Free cash outflow was \$182 million in 2010/11, a decrease of \$146 million compared to 2009/10. The primary reasons for the decrease were

Decreased cash outflow	Due to
Contributing factors	
Decreased capital spending	<ul style="list-style-type: none"> the Point Lepreau Generating Station refurbishment project, regular capital spending
Decreased regulatory deferrals (excluding mark-to-market adjustment)	net change in regulatory deferrals related to the Point Lepreau Generating Station refurbishment project and the PDVSA lawsuit settlement
increased cash flow from operations	<ul style="list-style-type: none"> higher earnings partially offset by decrease in amounts charged to operations not requiring a current cash payment (mainly resulting from the Dalhousie impairment in 2009/10)

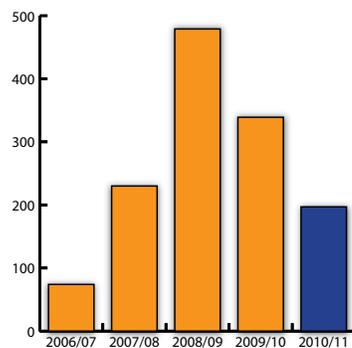
Capital expenditures

Capital Expenditures (in millions)	2010/11	2009/10	2008/09
Major project capital expenditures	\$124	\$212	\$289
Regular project capital expenditures	\$120	\$154	\$163
Customer contributions and proceeds on disposal	\$(6)	\$(10)	\$(14)
Total capital expenditures	\$238	\$356	\$438

Components of Free Cash Flow
in the millions of dollars



Increase In Debt
in the millions of dollars



Contributing factors to changes in capital expenditures

Capital expenditures, net of proceeds on disposal and customer contributions, were \$238 million in 2010/11. This year-over-year decrease of \$118 million or 33 per cent resulted primarily from the following

Capital expenditures	By this amount	Due to
Contributing factors		
decreased	\$87 million	reduced spending on the Point Lepreau Generating Station refurbishment project, and turbine upgrade completion
decreased	\$31 million	reduced regular capital spending

Cash flow from operations

Cash Flow from Operations (in millions)	2010/11	2009/10	2008/09
Cash flow from operations	\$293	\$245	\$273
Percentage increase (decrease) year-over-year	20%	(10%)	(14%)

Contributing factors to changes in Cash flow from operations

Cash flow from operations in 2010/11 increased by \$48 million to \$293 million. This increase resulted from the following

Cash flow from operations	amount	explanation
Contributing factors		
increased	\$184 million	increased net earnings
Offsetting factors		
decreased	\$136 million	decrease in amounts charged to operations not requiring a current cash payment (mainly resulting from the Dalhousie impairment in 2009/10)

CRITICAL ACCOUNTING POLICY CHANGES

Introduction

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

Topic	Purpose
Change in accounting policies for fiscal 2011	There were no changes impacting the financial statements during the fiscal year ended March 31, 2011.
Future change: International Financial Reporting Standards (IFRS)	Describes future changes required by the Corporation related to adopting IFRS.

Future Change International Financial Reporting Standards (IFRS)

Background

On February 13, 2008, the Canadian Accounting Standards Board confirmed the adoption of IFRS in place of Canadian GAAP for publically accountable enterprises. In September 2010 the Canadian Accounting Standards Board allowed companies with rate-regulated activities to defer their IFRS implementation by one year. Most rate regulated utilities in Canada, including NB Power, met the requirements for the deferral and elected to defer implementation. The transition date for the NB Power Group is April 2012. This will require the restatement, for comparative purposes, of amounts reported by the Group for its year ended March 31, 2012, and of the opening balance sheet as at April 1, 2011.

Progress to date and evaluation of impacts

A project team is in place to perform core project work and a Steering Committee is in place to assist with project governance. Regular project status updates are provided to the Audit Committee.

The Group has completed the diagnostic and assessment activities of its transition plan. The differences between Canadian GAAP and IFRS has been determined and the Corporation has substantially completed the determination of the impact on policies, processes, systems and financial statements upon adoption. The Group anticipates significant work around the determination of opening balances in the combined statement of financial position, and a significant increase in disclosure resulting from the adoption of IFRS. Areas with significant differences that will impact the Group include: regulatory accounting, property, plant and equipment, employee benefits, asset retirement obligations. There will be adjustments to retained earnings on transition.

Rate regulated accounting

IFRS currently do not have a specific standard allowing rate regulated accounting. In December 2008, the International Accounting Board (IASB) amended their agenda to include a project related to rate regulated accounting.

An exposure draft was released in July 2009 with a 120 day comment period. The responses to this Exposure Draft were numerous and conflicting. The IASB is not expected to address this issue prior to the Corporation's implementation of IFRS. NB Power is still investigating options to account for the regulatory deferrals under IFRS.

SIGNIFICANT ACCOUNTING ESTIMATES

Please refer to Note 4 (o) of the financial statements for a listing of NB Power's significant accounting estimates.



The combined financial statements of NB Power Holding Corporation (the Corporation) have been prepared by management, who are responsible for the integrity, accuracy and fairness of the information. The accounting principles followed in the financial statements are generally accepted in Canada. The financial information presented throughout the annual report is consistent with the financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and records properly maintained. These controls and procedures include

- system security and various financial controls
- quality standards in hiring and training of employees
- a code of conduct
- an organizational structure that provides a well-defined division of responsibilities
- performance accountability
- communication of policies and guidelines through the Corporation

Internal controls are reviewed and evaluated by audit programs, which are subject to scrutiny by external auditors.

The ultimate responsibility for the financial statements rests with the Board of Directors. The Board is assisted in its responsibilities by the Audit Committee, which reviews the recommendations of internal and external auditors for improvements in internal control and the action of management to implement such recommendations. In carrying out its duties and responsibilities, the Audit Committee meets regularly with management and with external and internal auditors to review the scope and timing of their respective audits, to review their findings and to satisfy itself that its responsibility has been properly discharged. The Audit Committee reviews the financial statements and recommends them for approval by the Board of Directors.

The Corporation's external auditors, Deloitte & Touche LLP, have conducted an independent examination of the financial statements in accordance with auditing standards generally accepted in Canada, performing such tests and other procedures as they consider necessary to express the opinion in their Auditors' Report.

The external auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings as to the integrity of the Corporation's financial reporting and the adequacy of internal control systems.



Gaëtan Thomas
President and CEO



Darren Murphy
VP Finance and CFO

June 10, 2011

To the Honourable Graydon Nicholas,
Lieutenant-Governor of New Brunswick,
Fredericton, New Brunswick

Sir:

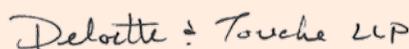
We have audited the accompanying combined financial statements of New Brunswick Power Holding Corporation (the "Corporation") which comprise the combined balance sheet as at March 31, 2011, and the combined statements of earnings (loss), comprehensive income (loss), (deficit) retained earnings, accumulated other comprehensive income (loss) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 combined financial statements.

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

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
June 10, 2011

NEW BRUNSWICK POWER HOLDING CORPORATION

COMBINED STATEMENT OF EARNINGS (LOSS) (In Millions)

For the year ended March 31	2011	2010
Revenues		
Sales of power		
In-province (Note 3)	\$1,246	\$1,207
Out-of-province (Note 6)	250	229
Transmission revenue (Note 26)	91	91
Miscellaneous	51	59
Gain (loss) on long-term receivable and associated contracts (Note 14)	(22)	49
	1,616	1,635
Expenses		
Fuel and purchased power	874	887
Transmission expense (Note 26)	90	86
Operations, maintenance and administration	416	447
Amortization and decommissioning (Note 7)	199	199
Taxes (Note 8)	40	40
	1,619	1,659
Loss before undernoted items	(3)	(24)
Finance charges (Note 9)	114	132
Loss on impairment of property, plant and equipment (Note 10)	-	161
Regulatory deferrals (Note 3, 15)	(216)	(147)
Earnings (loss) before special payments in lieu of income taxes	99	(170)
Special payments (recovery) in lieu of income taxes (Note 11)	32	(53)
Net earnings (loss)	\$67	\$(117)

COMBINED STATEMENT OF (DEFICIT) RETAINED EARNINGS (In Millions)

For the year ended March 31	2011	2010
(Deficit) Retained earnings, beginning of year	\$(91)	\$39
Net earnings (loss) for the year	67	(117)
Dividends declared (Note 26)	(9)	(13)
(Deficit), end of year	\$(33)	\$(91)

NEW BRUNSWICK POWER HOLDING CORPORATION

COMBINED BALANCE SHEET (In Millions)

As at March 31	2011	2010
Current Assets		
Cash	\$10	\$4
Accounts receivable (Note 26)	266	307
Materials, supplies and fuel	252	205
Prepaid expenses	9	9
Current portion of long-term receivable (Note 14)	-	77
Current portion of derivative assets (Note 27)	5	11
	542	613
Property, Plant and Equipment (Note 16)		
Land, buildings, plant and equipment, at cost	7,717	7,509
Less: accumulated amortization	3,944	3,806
	3,773	3,703
Long-Term Assets		
Nuclear decommissioning and used nuclear fuel management funds (Note 17)	497	461
Derivative assets (Note 27)	13	-
Regulatory assets (Note 15)	728	482
Other investments and deferred assets (Note 18)	4	5
	1,242	948
Other Assets		
Future special payments in lieu of income taxes	2	16
Future special payments in lieu of income taxes - other comprehensive income (Note 27)	-	27
Intangible asset (Note 19)	20	21
Deferred pension benefit (Note 20)	53	52
	75	116
Total Assets	\$5,632	\$5,379

On Behalf of The New Brunswick Power Holding Corporation



Ed Barrett
Chairman



Gaëtan Thomas
President and CEO

NEW BRUNSWICK POWER HOLDING CORPORATION

COMBINED BALANCE SHEET (In Millions)

As at March 31	2011	2010
Current Liabilities		
Short-term indebtedness (Note 21)	\$483	\$673
Accounts payable and accruals (Note 26)	199	229
Accrued interest (Note 26)	38	35
Current portion of long-term debt (Note 22)	550	99
Current portion of derivative liabilities (Note 27)	27	118
	1,297	1,154
Long-Term Debt (Note 22)		
Debentures	3,417	3,481
Deferred Liabilities		
Generating station decommissioning and used nuclear fuel management liability (Note 23)	489	471
Other (Note 24)	107	95
Future special payments in lieu of income taxes - other comprehensive income (Note 27)	5	-
Derivative liabilities (Note 27)	11	4
	612	570
Shareholders' Equity		
Capital stock (Note 12)	140	140
Contributed surplus	187	187
Accumulated other comprehensive income (loss)	12	(62)
(Deficit)	(33)	(91)
	306	174
Total Liabilities & Shareholders' Equity	\$5,632	\$5,379

Commitments, contingencies and guarantees (Note 29)

NEW BRUNSWICK POWER HOLDING CORPORATION

COMBINED STATEMENT OF COMPREHENSIVE (LOSS) INCOME (In Millions)

For the year ended March 31	2011	2010
Net earnings (loss)	\$67	\$(117)
Other comprehensive income (loss), net of tax		
Net unrealized gain (loss) on derivatives designated as cash flow hedges ¹	4	(108)
Net unrealized gain on mark-to-market of nuclear trust funds ²	11	5
	15	(103)
Reclassification to income of settled derivatives designated as cash flow hedges ³	59	102
Other comprehensive income (loss), net of tax	74	(1)
Comprehensive income (loss)	141	(118)

NEW BRUNSWICK POWER HOLDING CORPORATION

STATEMENT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (In Millions)

For the year ended March 31	2011	2010
Accumulated other comprehensive loss beginning of year	\$(62)	\$(61)
Other comprehensive income (loss) for the year	74	(1)
Accumulated other comprehensive income (loss), end of year	\$12	\$(62)

¹Net of tax of \$2 million for the year ended March 31, 2011, as compared to a tax recovery of \$47 million at March 31, 2010.

²Net of tax of \$4 million for the year ended March 31, 2011, as compared to \$2 million at March 31, 2010.

³Net of tax of \$24 million for the year ended March 31, 2011, as compared to \$45 million at March 31, 2010.

NEW BRUNSWICK POWER HOLDING CORPORATION

COMBINED STATEMENT OF CASH FLOWS (In Millions)

For the year ended March 31	2011	2010
Operating Activities		
Net earnings (loss) for the year	\$67	\$(117)
Amounts charged or credited to operations not requiring a current cash payment (Note 25)	226	362
	293	245
Nuclear decommissioning and used nuclear fuel management funds instalments and earnings	(22)	(21)
Decommissioning and used fuel management expenditures	(10)	(7)
Regulatory deferrals excluding mark-to-market adjustments (Note 15)	(224)	(230)
Net change in non-cash working capital balances	(36)	(65)
	1	(78)
Investing Activities		
Expenditure on property, plant and equipment, net of proceeds on disposal and customer contributions	(238)	(356)
Recovery of capital (shipments received) (Note 14)	55	106
	(183)	(250)
Financing Activities		
Debt retirements	(100)	(414)
Proceeds from issuance of long-term debt	487	530
Increase in short-term indebtedness	(190)	223
Dividends paid	(9)	(13)
	188	326
Net cash inflow (outflow)	6	(2)
Cash, beginning of year	4	6
Cash, end of year	\$10	\$4

1. INCORPORATION AND CORPORATE STRUCTURE

Incorporation

New Brunswick Power Corporation (NB Power) was established as a Crown Corporation of the Province of New Brunswick in 1920 by enactment of the New Brunswick Electric Power Act. In 2004, NB Power continued as New Brunswick Power Holding Corporation (Holdco) with new subsidiary operating companies (collectively the NB Power Group or the Group). The subsidiaries include

- New Brunswick Power Generation Corporation (Genco)
 - includes New Brunswick Power Coleson Cove Corporation (Colesonco) and Mine Reclamation Inc. (formerly NB Coal Limited).
- New Brunswick Power Nuclear Corporation (Nuclearco)
- New Brunswick Power Transmission Corporation (Transco)
- New Brunswick Power Distribution and Customer Service Corporation (Disco)

2. BASIS OF PRESENTATION

The accompanying combined financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a basis consistent with the preceding year. The combined financial statements include the accounts of Holdco and those of its subsidiaries listed above.

3. RATE REGULATION

This details the effects of a rate regulated environment and its implications on the following rate regulated operating companies (Transco and Disco).

Transco

Components involved

The key components that play a role in Transco's regulation are as follows:

Component	Function
Open Access Transmission Tariff (OATT)	Establishes <ul style="list-style-type: none"> • access to the province's transmission system, without discrimination, for entities generating and selling power and for customers, whether from inside or from outside the province. • how the NB Power Group raises revenues to operate and maintain the transmission system.
New Brunswick Energy and Utilities Board (EUB)	Oversees and regulates the OATT.
System Operator	<ul style="list-style-type: none"> • Designs and administers the OATT. • Collects revenues from load serving entities – including Genco, Nuclearco and Disco – and reimburses Transco for its revenue requirement.

Expectation of returns

Transco is intended to collect sufficient revenues to cover its costs, and to provide a return on its equity. The return approved by the regulator for Transco is 9.5 per cent (within a range from 8.5 per cent to 10.5 per cent), and a capital structure of 65 per cent debt and 35 per cent equity.

Disco

Disco is regulated under a system whereby annual average rate increases greater than three per cent or the percentage change in the average Consumer Price Index, whichever is higher, require regulatory approval by the EUB. Under the EUB Act, section 24(1), the Minister of Energy may direct the EUB to make an investigation into the need for a rate increase of 3 per cent or less and file the report to the Minister.

Regulatory assets and liabilities

Regulatory assets or liabilities may arise as a result of the rate-setting process. If all the required conditions are met, Transco's and Disco's balance sheet can contain

- Regulatory assets which represent future revenues associated with certain costs incurred in current or prior periods that are expected to be recovered from customers in future periods through the rate-setting process.
- Regulatory liabilities which represent future reductions or limitations of revenue increases associated with amounts that are expected to be refunded to customers.

All amounts deferred as regulatory assets and liabilities are subject to legislation or regulatory approval. As such

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

For the regulatory deferral related to the Point Lepreau Generating Station refurbishment, the *Electricity Act* was amended to provide guidance on the specific treatment of costs incurred.

For the regulatory deferral related to the lawsuit settlement with PDVSA (Note 15) the EUB ruled how the settlement benefits would be passed on to customers.

Transco

As at March 31, 2011, Transco has a regulatory asset related to allowance for funds used during construction (AFUDC) which is included in property, plant and equipment (see Note 16). The EUB permits AFUDC to be capitalized monthly on capital construction projects. AFUDC is based on Transco'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 OATT.

Disco

Point Lepreau Generating Station refurbishment

At March 31, 2011, Disco has a regulatory deferral asset relating to refurbishing the Point Lepreau Generating Station (see Note 15). This asset accumulates

- the normal period costs (net of any revenues) incurred by Nuclearco, and
- the costs of replacement power incurred by Genco, 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 Disco's charges, rates and tolls to customers (section 143.1 of the *Electricity Act*).

Lawsuit settlement with PDVSA

At March 31, 2011, Disco has a regulatory deferral asset relating to a lawsuit settlement with PDVSA (see Note 15). The settlement's benefits will be

- amortized over the Coleson Cove Generating Station's 23-year useful life
- passed on to customers over 17 years, as approved by the EUB, on a levelized basis.

The regulatory deferral reflects Disco's obligation to pass the settlement's net benefits on to the customers, by reducing future rates. The regulatory deferral is in an asset position because the settlement's net benefits are passed on to the customers faster than they are recognized by the Group.

Net earnings adjusted to remove the 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 (loss) before special payments in lieu of income taxes would be as follows:

	2011	2010
Net earnings (loss) before special payments in lieu of income taxes	99	(170)
Less regulatory deferral	(216)	(147)
Net loss before special payments in lieu of income taxes adjusted to remove the effects of regulatory accounting	(117)	(317)

4. SIGNIFICANT ACCOUNTING POLICIES

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

- Materials, supplies and fuel inventory
- Property, plant and equipment
- Intangible asset
- Foreign exchange transactions
- Long-term debt
- Asset retirement obligations
- Pension plans
- Retirement allowance
- Early retirement programs
- Revenues
- Financial instruments
- Derivatives
- Special payments in lieu of taxes
- Consolidation of variable interest entities
- Use of estimates

a. Materials, supplies and fuel inventory

Inventories of materials, supplies and fuel other than nuclear fuel are valued at average cost. Nuclear fuel is valued at cost using the first-in, first-out method.

b. Property, plant and equipment

Cost of additions

The cost of additions to property, plant and equipment is the original cost of

- contracted services
- direct labour and material
- interest and allowance for funds used during construction
- indirect charges for administration
- asset retirement obligations
- salvage value, and
- other expenses related to capital projects

less

- credits for the value of power generated during commissioning,
- contributions in aid of construction, which include customer contributions, and research and development grants, and
- recovery of capital from lawsuit and insurance settlements.

Generating station decommissioning and management of used nuclear fuel

Property, plant and equipment also includes the present value of asset retirement obligations related to

- the management of used nuclear fuel, and
- decommissioning of the nuclear and thermal generating stations.

Interest and allowance for funds used during construction

Interest during construction is capitalized monthly based on the weighted average cost of long-term debt, except in Transco where AFUDC is capitalized monthly on capital projects based on the weighted average cost of capital.

Cost of retired distribution system assets

The cost of distribution system assets retired, net of dismantlement and salvage, is charged to accumulated amortization as deemed appropriate by the New Brunswick Board of Commissioners of Public Utilities (now the EUB).

Asset amortization

Amortization is provided for all assets sufficient to amortize the net cost of such assets over their estimated useful lives.

Estimated service lives

The estimated service lives of property, plant and equipment are periodically reviewed and any changes are applied prospectively.

The main categories of property, plant and equipment are being amortized on a straight-line basis based on the following estimated service lives

Assets	Years
Power generating stations	
Nuclear generating station ⁴	25 - 50
Hydro generating facilities	35 - 100
Thermal generating stations	25 - 35
Combustion turbine generating stations	25
Transmission system	45 - 60
Terminals and substations	25 - 60
Distribution system	16 - 40
Buildings	40 - 50
Communications and computer systems	3 - 15
Motor vehicles	3 - 18

⁴The Nuclear generating station's useful life is based on the refurbished life

Recognizing impairment

The Group evaluates its property, plant and equipment to identify impairment whenever conditions indicate that estimated undiscounted future net cash flows may be less than the net carrying amount of assets. If impairment is identified, an impairment loss will be recognized equal to the amount by which the carrying amount exceeds the fair value.

c. Intangible asset

The intangible asset is recorded at cost on the balance sheet and amortized over its estimated useful life (50 years).

d. Foreign exchange transactions

Monetary assets and liabilities denominated in foreign currencies

- may be hedged using a forward exchange contract, and
- are translated to Canadian dollars as follows

If a forward exchange contract	Then the exchange rate used is
is not in place	the exchange rate prevailing at the balance sheet date.
is in place	the exchange rate established by the terms of the contract.

Exchange gains and losses resulting from foreign currency translation are reflected in earnings.

e. Long-term debt

Long-term debt is classified as other liabilities for financial instrument purposes and is recorded at the amortized cost using the effective interest method (see Note 4k). The estimated fair value of long-term debt is disclosed in the notes to the financial statements using market values or estimates of market values based on debt with similar terms and maturities. Debentures discounts and premiums, and deferred interest related to debt financing, are amortized over the lives of the issues to which they pertain. These unamortized debt costs are included in long-term debt.

f. Asset retirement obligations

This describes the accounting policies related to asset retirement obligations. It contains information on the

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

Nuclear and thermal generating stations

NB Power Group provides 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.

The Group reviews such calculations periodically 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.

The NB Power Group recognizes these liabilities taking into account the time value of money.

Calculation methodology

The Nuclear Waste Management Organization (NWMO) was established by the *Nuclear Fuel Waste Act (NFWA)*. The methodology used by the NB Power Group to calculate the liability for used nuclear fuel management is consistent with the Nuclear Waste Management Organization's (NWMO) 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, 2011

- the fixed cost portion of used nuclear fuel management activities. These 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, 2011, 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 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.

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

- calculated using the Group's credit-adjusted risk-free rate, and
- included with amortization expense.

Hydro generating stations, transmission and distribution assets

For hydro generating stations, transmission and distribution assets no removal date can be determined. Consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time.

- **Hydro generating stations**
The Group currently has no intention and is not legally obligated to decommission its hydro generating stations. With either maintenance efforts or rebuilding, the assets are expected to be used for the foreseeable future.
- **Transmission and distribution assets**
The Group expects to use the majority of its transmission and distribution assets for an indefinite period of time.

If at some future date it becomes possible to estimate the fair value cost of removing assets that the Group is legally required to remove, an asset retirement obligation will be recognized at that time.

g. Pension plans

This describes the accounting policies related to pension plans. It contains information on the following

- plans in place
- method to determine accrued benefit obligation
- expected return on plan assets
- actuarial gains and losses, and
- transitional asset.

Plans in place

The NB Power Group employees, excluding Mine Reclamation Inc. employees, are members of the Province of New Brunswick Public Service Superannuation Plan. Mine Reclamation Inc. maintains a private defined benefit pension plan for its employees.

The Province of New Brunswick Public Service Superannuation Plan is a multi-employer, defined benefit plan. Details are as follows

Aspect	Detail
Pension benefits based on	length of service and the average of the highest five consecutive years of earnings
Escalation	annual, based on the Consumer Price Index to a maximum of five or six per cent depending on retirement date.
Contributions	made by the Group and its employees as prescribed in the <i>Public Service Superannuation Act</i> and its regulations.

Method to determine accrued benefit obligation

The projected benefit method is used in determining the accrued benefit obligation. This method involves complex actuarial calculations using several assumptions including discount rates, expected rates of return on plan assets, projected salary increases, retirement age, mortality and termination rates.

Expected return on plan assets

The expected return on plan assets is based on the expected long-term rate of return on plan assets and the market related value of plan assets.

Actuarial gains and losses

Actuarial gains or losses in excess of 10 per cent of the greater of the accrued benefit obligation, and the fair value of the plan assets at the beginning of the year are amortized over the expected average remaining service life of the employee group.

Transitional asset

The transitional asset is the fair market value of the plan assets less the accrued benefit obligation as determined at April 1, 2000, and amortized over the average remaining service life of the employee group.

h. Retirement allowance

The NB Power Group has a retirement allowance program for employees. The program provides a lump-sum payment equal to one week of pay for each full year of employment to a maximum of 26 weeks of pay.

The present value of accrued retirement allowance obligations

- is based on actuarial calculations
- incorporates management's best estimate assumptions on salary and wage projections to expected retirement dates, and
- is amortized on a straight-line basis over the expected average remaining service life of the employee group.

i. Early retirement programs

The present value of the estimated future costs of early retirement programs is charged to earnings in the year the program is accepted by employees, irrespective of when payments are actually made.

j. Revenues

Recognizing revenues

The NB Power Group recognizes revenue when

- persuasive evidence of an arrangement exists
- delivery has occurred
- the price to the buyer is fixed or determinable, and
- collection is reasonably assured.

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.

Customer type	Billing schedule
<ul style="list-style-type: none"> • residential • general service, and • most industrial customers 	on a cyclical basis (i.e. the date on which a customer is billed each month varies from one customer to the next).
<ul style="list-style-type: none"> • industrial transmission, and • out-of-province customers 	at the end of each month.

k. 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 (e.g. 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. The instruments are designated into one of five following categories

- held-for-trading
- loans and receivables
- available-for-sale
- other liabilities
- held-to-maturity

Held-for-trading

Financial assets and liabilities in this category are typically acquired with the intention of reselling them prior to maturity. The Group can choose to designate any financial asset or liability as being held for trading.

The following are classified as held-for-trading assets

- cash
- long-term receivable
- derivative assets not in a hedging relationship

The following is classified as a held-for-trading liability

- derivative liabilities not in a hedging relationship

The Group has not designated any non-derivative financial liabilities as held for trading.

Accounting for held-for-trading assets and liabilities

These assets and liabilities are measured at fair value at the balance sheet date. Changes in fair value are included in net earnings. These include

- interest earned
- interest accrued
- realized gains and losses, and
- unrealized gains and losses.

Loans and receivables

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

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 held-for-trading investments. Available-for-sale assets include

- nuclear decommissioning fund
- used fuel management funds.

Accounting for available-for-sale assets

Available-for-sale financial assets are recorded as follows

Asset	Accounting treatment
with quoted market prices in an active market	carried at fair value with <ul style="list-style-type: none"> • unrealized gains and losses 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	carried at cost.

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

Other liabilities

All the Group's financial liabilities, except for derivative liabilities designated as held-for-trading, are included in this category. They are recorded at amortized cost, using the effective interest method.

Effective interest method and transaction costs

The NB Power Group uses the effective interest method to recognize interest income or expense. The effective interest method discounts estimated future cash payments or receipts over an instrument's expected life, or a shorter period if appropriate, down to the net carrying amount at the balance sheet date. The calculation includes earned or incurred

- transaction costs
- fees
- premiums
- discounts.

Transaction costs associated with held-for-trading instruments are expensed as they are incurred.

Fair value

The financial instruments carried at fair value are classified using a fair value hierarchy which has three levels (see Note 27). The hierarchy is based on the inputs used in making the fair value measurement.

l. 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
- settled at a future date.

Under derivative contracts, the Group 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.

Derivative use and documentation

The Group uses derivatives to manage or “hedge” certain exposures. It does not use them for speculative or trading purposes. Certain derivative financial instruments held by the Group are eligible for hedge accounting. To be eligible for hedge accounting the Group 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 balance sheet or to specific forecasted transactions.

Accounting for derivatives

Derivatives eligible for hedge accounting are recognized on the balance sheet at their fair value. The accounting for changes in fair value depends on their effectiveness as a hedge. 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.

If a hedging instrument is sold or terminated before it matures, or if it ceases to be effective as a hedge,

- the Group ceases hedge accounting at that point, and
- any gains or losses previously accumulated in other comprehensive income are then recognized immediately in net earnings.

m. Special payments in lieu of taxes

The NB Power Group, excluding Mine Reclamation Inc., is required under the *Electricity Act* to make special payments in lieu of taxes to New Brunswick Electric Finance Corporation (see Note 26). Total special payments in lieu of taxes consist of

- an income tax component based on accounting net earnings multiplied by a rate of 28.88 per cent for the year ended March 31, 2011 as compared to 31.00 per cent for the year ended March 31, 2010
- a capital tax component based on the large corporation tax rules contained in the *New Brunswick Income Tax Act*, the New Brunswick capital tax rate was 0 per cent at March 31, 2011 compared to 0 per cent at March 31, 2010.
- future special payments in lieu of taxes on other comprehensive income based on a rate of 28.88 for the year ended March 31, 2011 as compared to 31.00 per cent for the year ended March 31, 2010.

The Group also recognizes the future special payments in lieu of income taxes benefit of current losses when it is more likely than not that sufficient earnings will be generated in future periods to offset losses previously incurred.

Special payments in lieu of taxes are calculated at the subsidiary operating company level.

n. Consolidation of variable interest entities

Variable interest entities refers to entities subject to consolidation according to the provisions of the CICA accounting guidelines AcG-15.

The NB Power Group has several variable interests in the form of power purchase contracts with third-party corporations. The Group has not consolidated the financial results of these third-party entities.

Rationale: all contracts except one

For all of these contracts except one, it was determined that there is an insignificant amount of variability being absorbed by the Group as a result of these contracts and therefore consolidation is inappropriate.

Rationale: the exception

There is one purchase power contract to purchase all of the capacity and electrical energy produced by a 90 MW co-generation facility that began production in December 2004. Purchases under this contract were \$42 million for the year ended March 31, 2011 as compared to \$41 million for the year ended March 31, 2010.

The Group has been unable to obtain the necessary information, and has therefore been unable to assess whether the third-party corporation is a variable interest entity. As a result, the Group has not consolidated the financial results of this third-party entity.

o. Use of estimates

The preparation of financial statements that conform to generally accepted accounting principles requires management to make estimates and assumptions that affect

- the reported amounts of assets and liabilities at the date of the financial statements and
- the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from the estimates. The following table lists the notes that refer to these estimates

Note reference	Estimate
Note 4j	Revenues (billing estimates)
Note 7	Amortization and decommissioning of capital assets
Note 14	Long-term receivable
Note 15	Regulatory assets and liabilities
Note 17	Nuclear decommissioning and used nuclear fuel management funds
Note 20	Deferred pension benefit
Note 23	Generating station decommissioning and used nuclear fuel management liability
Note 24	Deferred liabilities – other
Note 27	Financial instruments
Note 29	Commitments, contingencies and guarantees

5. CHANGES IN ACCOUNTING POLICIES

Policies that have changed during the year ended March 31, 2011

There were no changes impacting the financial statements during the year ended March 31, 2011.

Future accounting changes

International Financial Reporting Standards (IFRS)

This describes the issues and impact on the NB Power Group relating to implementing IFRS.

Key dates

Date	Event
September 2010	The Accounting Standards Board (AcSB) allowed companies with rate-regulated activities to defer their IFRS implementation by one year. The NB Power Group met the requirements for the deferral and has elected to defer implementation until the fiscal year ended March 31, 2013.
April 1, 2012	The transition date for the NB Power Group. This will require the restatement, for comparative purposes, of amounts reported by the Group for its year ended March 31, 2012, and of the opening balance sheet as at April 1, 2011.

6. OUT-OF-PROVINCE REVENUES

Out of province revenues were as follows

	2011	2010
United States customers	\$116	\$88
Canadian customers	134	141
Out-of-province revenues	\$250	\$229

7. AMORTIZATION AND DECOMMISSIONING

Amortization and decommissioning

	2011	2010
Amortization	\$171	\$173
Decommissioning	28	26
Amortization and decommissioning	\$199	\$199

8. TAXES

Taxes

	2011	2010
Property taxes	\$23	\$23
Utility and right of way taxes	17	17
Special payments in lieu of provincial taxes ⁵	-	-
Taxes	\$40	\$40

⁵The New Brunswick capital tax rate was 0 per cent at March 31, 2011 (0 per cent at March 31, 2010).

9. FINANCE CHARGES

	2011	2010
Interest expense (Note 26)	\$202	\$197
Less: Earnings from trust funds and other investments	(21)	(22)
	181	175
Debt portfolio management fee	28	26
Deferred debt costs	1	3
Realized foreign exchange losses	1	4
	211	208
Less: Interest capitalized	(97)	(76)
Finance charges	\$114	\$132

Interest paid during the year

Interest paid during the year was \$200 million compared to \$193 million in 2010. Interest received on investments during the year was \$22 million compared to \$21 million in 2010.

10. SERVICE LIFE EXTENSION

In 2010 there was a write-down due to impairment as a result of the intent to shut-down on March 31, 2011 and decommission the Dalhousie Generating Station. During 2011 the life of the Dalhousie Generating Station was extended to March 31, 2012. The remaining net book value at March 31, 2010 of \$34 million will be amortized equally over fiscal years ending March 31, 2011 and March 31, 2012.

Net book value prior to write-down in 2010	\$195
Write-down in 2009/10	(161)
Net book value after write-down (March 31, 2010)	34
Amortization during 2011	(17)
Net book value at March 31, 2011	\$17

11. SPECIAL PAYMENTS IN LIEU OF INCOME TAXES

This describes NB Power Group's special payments in lieu of income taxes. It contains information on the following:

- Special payments in lieu of income taxes for the year
- Future special payments in lieu of income taxes – other comprehensive income.

Special payments for the year

Special payments in lieu of income taxes (recovery) were as follows

	2011	2010
Earnings (loss) before special payments in lieu of income taxes	\$99	\$(170)
Loss not subject to payments in lieu of income taxes (Mine Reclamation Inc.)	8	15
Earnings (loss) subject to special payments in lieu of income taxes	107	(155)
Income tax rate	28.88%	31.00%
	31	(48)
Rate differential related to loss carryback	1	(5)
	\$32	\$(53)

Special payments in lieu of taxes paid during the year were \$27 million compared to \$8 million in 2010.

Future special payments in lieu of income taxes - other comprehensive income

Future special payments for other comprehensive income were as follows

	2011	2010
Other comprehensive earnings (loss) before special payments in lieu of income taxes	\$104	\$(1)
Income tax rate	28.88%	31.00%
Special payments in lieu of income taxes (recovery)	\$30	\$-

Special payments in lieu of income taxes are calculated at an individual company level.

12. CAPITAL STOCK

The NB Power Group, with Electric Finance's approval, is authorized to issue an unlimited number of Class A or Class B shares without nominal or par value.

Capital stock issued and outstanding is as follows

	Class A	Class B
Number of shares	1	1,006
Voting or non-voting	Voting	Non-voting
Shareholder	New Brunswick Minister of Energy	Electric Finance
Value	Nominal	\$ 140 (stated value)
Dividend entitlement	Cannot be paid dividends until such time that there are no longer any Class B shares outstanding.	Received when declared by the Group's Boards of Directors. The designated percentage of the dividends declared may vary based upon the discretion of the Shareholder and the financial position of the Group. Dividends are declared by Transco and paid at the subsidiary operating company level.

13. CAPITAL MANAGEMENT

The Group's objectives with respect to its capital structure are to maintain effective access to capital on a long-term basis at the lowest possible cost to customers. The Group's borrowings are completed with Electric Finance acting as an agent for the Group with the guarantee of the Province of New Brunswick. The Group is predominantly debt financed.

The Group's capital structure includes the following

At March 31	2011	2010
Long-term debt payable within one year	\$550	\$99
Less: Cash	10	4
	540	95
Short-term indebtedness	483	673
Long-term debt	3,417	3,481
Capital stock	140	140
Contributed surplus	187	187
Deficit	(33)	(91)
Total Capital	4,734	4,485
Percentage of net debt in capital structure	94%	95%

14. LONG-TERM RECEIVABLE

This describes elements of the lawsuit settlement with Petroleos de Venezuela S.A. (PDVSA). It contains information on the following

- amount and terms of settlement, and
- use and recognition of the settlement.

Amount and terms of settlement

On August 3, 2007, the NB Power Group settled a lawsuit with PDVSA for \$333 million in total. The settlement was as follows

This amount	Was settled as follows
\$115 million	paid by PDVSA on signing.
\$218 million	a commitment by PDVSA to deliver a specified quantity of fuel in the future. The Group assigned a value at the time of the settlement based on <ul style="list-style-type: none"> • forward prices, and • planned delivery dates

Use and recognition of the settlement

For the Group, the lawsuit settlement recovers part of its investment to prepare the Coleson Cove Generating Station to receive and burn Orimulsion® fuel. Therefore the majority of the settlement, \$304 million, has been applied to reduce the station's net book value.

The Group will recognize the benefits of the lawsuit settlement through reduced interest and amortization as a result of

- reduced debt levels, and
- reduced net book value of the Coleson Cove Generating Station

During 2010/11, as a result of the settlement

- interest expense was lower by \$13 million, and
- amortization was lower by \$14 million due to the station's reduced net book value.

Ultimately, the settlement's net benefit will be accumulated through a regulatory deferral and passed on to customers, through rate reductions over 17 years as approved by the EUB (see Note 3).

Long-term receivable	2011	2010
Opening balance	\$77	\$147
Shipments received	(55)	(106)
	22	41
(Loss) gain on long-term receivable and associated hedges ⁶	(22)	49
Realized cost adjustments	(1)	16
Unrealized mark-to-market adjustments on associated hedges ⁷	1	(29)
	(22)	36
	-	77
Less: current portion	-	(77)
Ending Balance	\$-	\$-

⁶ The mark-to-market adjustments are temporary and will reverse when all the fuel shipments have been received. At March 31, 2011 all shipments have been received. The \$22 million loss in the year represents the reversal of the mark-to-market unrealized gains.

⁷ Unrealized (loss) gain on associated hedges is recognized in derivative assets/liabilities.

15. REGULATORY ASSETS AND LIABILITIES

Disco has regulatory assets totaling \$728 million at March 31, 2011 compared to \$482 million at March 31, 2010. A reconciliation of the two regulatory assets is as follows

Regulatory asset (liability) - lawsuit settlement with PDVSA	2011	2010
Opening balance	\$33	\$77
Deferral adjustment on Statement of Earnings (Loss)		
Amortization and interest savings	(27)	(21)
Unrealized loss (gain) on mark-to-market of long-term receivable	22	(36)
Unrealized loss (gain) on mark-to-market of associated freight hedges	1	(29)
Cost adjustments on shipments received	(1)	16
Levelized benefit to customers ⁸	24	24
	19	(46)
Interest on deferral	3	2
	22	(44)
Closing balance	\$55	\$33
Regulatory asset - Point Lepreau Generating Station refurbishment	2011	2010
Opening balance	\$449	\$240
Deferral adjustment on Statement of Earnings (Loss)		
Period costs	164	176
Additional costs to supply energy	239	223
Offset for costs included in current rates	(206)	(206)
	197	193
Interest on deferral	27	16
Closing balance	\$673	\$449
Total regulatory assets	\$728	\$482

⁸Relates to the current year portion of the projected benefits of the lawsuit settlement that are passed onto customers on a levelized basis over 17 years.

Regulatory deferral adjustment to earnings (loss)	2011	2010
Lawsuit settlement with PDVSA	\$19	\$(46)
Point Lepreau Generating Station refurbishment	197	193
Regulatory deferral adjustment to (loss)	\$216	\$147

16. PROPERTY, PLANT AND EQUIPMENT

Cost, accumulated amortization and net book value for property, plant and equipment is as follows

	2011			2010		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Power generating stations	\$4,404	\$2,839	\$1,565	\$4,365	\$2,747	\$1,618
Transmission system	366	176	190	358	169	189
Terminals and substations	524	298	226	512	287	225
Distribution system	839	425	414	825	409	416
Buildings and properties	62	38	24	62	37	25
Communications and computer systems	148	115	33	142	106	36
Mining equipment	-	-	-	-	-	-
Motor vehicles	72	39	33	68	37	31
Miscellaneous assets	36	14	22	34	14	20
Construction-in-progress	1,266	-	1,266	1,143	-	1,143
Total	\$7,717	\$3,944	\$3,773	\$7,509	\$3,806	\$3,703

Construction-in-progress related to the Point Lepreau Generating Station refurbishment at March 31, 2011 was \$1,062 million compared to \$942 million at March 31, 2010.

The charge for equity capital (allowance for funds used during construction) included for 2011 was \$1 million compared to \$1 million in 2010.

17. NUCLEAR DECOMMISSIONING AND USED NUCLEAR FUEL MANAGEMENT FUNDS

This describes the segregated funds established by NB Power Group regarding nuclear decommissioning and used fuel management. It contains information on the following

- fund requirements
- NB Power Group's funds
- status of NB Power Group's funds.

Fund requirements

The *Nuclear Fuel Waste Act* requires major owners of used nuclear fuel in Canada to establish trust funds to finance the long-term management of used nuclear fuel. In June 2007, the Government of Canada announced its decision to accept the long term disposal plan proposed by the Nuclear Waste Management Organization. This is an entity created by the *Nuclear Fuel Waste Act* and owned by major owners of nuclear used fuel.

The Canadian Nuclear Safety Commission (CNSC) requires the Group 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.

NB Power Group's funds

The NB Power Group 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 2010/11 year was nil (2009/10 - nil).
Used nuclear fuel trust fund	Federal Minister of Finance	To meet the <i>Nuclear Fuel Waste Act</i> and to meet the CNSC requirements	The Act requires the Group to deposit to the trust fund an amount based on the approved funding formula. The amount of the contribution in the 2010/11 year was \$4 million (2009/10 - \$14 million).

Status of NB Power Group's funds

The status of each fund is as follows

	2011	2010
Nuclear Decommissioning Fund		
Decommissioning segregated fund	\$160	\$148
Used Nuclear Fuel Management Funds		
1. Used nuclear fuel segregated fund	260	246
2. Used nuclear fuel trust fund	77	67
	337	313
Total nuclear decommissioning and used nuclear fuel management funds ⁹	\$497	\$461

⁹Includes a mark-to-market adjustment at March 31, 2011 of \$37 million as compared to \$22 million at March 31, 2010.

18. OTHER INVESTMENTS AND DEFERRED ASSETS

The Group entered into a 15-year agreement to have an outside party build and operate an ash separation facility at the Belledune Generating Station to process the fly ash produced at the plant. The \$6 million investment in 2007 represents the Group's required share of the cost of the facility. Pursuant to this agreement, the Group will receive royalties on the sale of the processed ash over the term of the agreement. The investment is being amortized on a straight line basis over the life of the agreement.

	2011	2010
Ash separation asset	\$4	\$4

19. INTANGIBLE ASSET

In 2008 the Group purchased the Nepisiguit generating facility. The purchase consisted of land, a dam, equipment, and the assignment of a statutory right to generate electricity on the Nepisiguit River.

The estimated fair market value of the assignment of rights was \$22 million and is being amortized over the remaining useful life of the facility (50 years).

	2011	2010
Intangible asset	\$22	\$22
Accumulated amortization	(2)	(1)
	\$20	\$21

20. DEFERRED PENSION BENEFIT

This describes details associated with NB Power Group's deferred pension benefit. It contains information on the following

- applicable pension plans
- assumptions
- costs
- assets and obligations
- contributions.

Applicable pension plans

NB Power Group employees, excluding Mine Reclamation Inc. employees, are members of the Province of New Brunswick Public Service Superannuation Plan as described in Note 4(g). Pension assets and liabilities for the NB Power Group plan and the Mine Reclamation Inc. plan are measured as at March 31, 2011. The most recent actuarial valuations for funding purposes for the Public Service Superannuation Plan was completed as at April 1, 2008. The next valuation for funding purposes is required to be completed as at April 1, 2011.

Assumptions

Management's significant assumptions include the following

	2011 (%)	2010 (%)
Discount rate used to determine the retirement allowance liability	5.75	6.30
Expected long-term rate of return on plan assets	6.75	7.30
Expected salary increases	2.5	2.5

Costs

The costs recognized and included in operations maintenance and administration expense for the year are

	2011	2010
Current service cost	\$17	\$16
Interest on accrued benefit obligation	75	72
Actual (gain) loss on plan assets	(92)	(161)
Difference between actual and expected return on plan assets	20	98
Actuarial losses (gains) on accrued benefit obligation	110	27
Difference between actuarial loss recognized for the year and actuarial loss on accrued benefit obligation for the year	(99)	(10)
Amortization of transitional asset	(3)	(3)
Settlement loss	-	1
Curtailement gain	-	(2)
	\$28	\$38

During the prior year (March 31, 2010), NB Coal Ltd. (now Mine Reclamation Inc.) shut-down its coal operations. The former employees of Mine Reclamation Inc. have ceased to earn benefits under the defined benefit pension plan.

Assets and obligations

The status of the assets and obligations of the Group's share of the Public Service Superannuation Plan and the private plan of Mine Reclamation Inc. as at March 31 was as follows

	2011	2010
Pension fund assets at fair value	\$1,070	\$987
Accrued benefit obligation	(1,354)	(1,178)
Pension deficit	(284)	(191)
Unamortized transitional asset	(16)	(19)
Unamortized losses	353	262
Deferred pension benefit	\$53	\$52

Contributions

In accordance with prescribed regulations, contributions were as follows

	2011	2010
Employee contributions	\$13	\$13
Employer contributions	\$30	\$30

21. SHORT-TERM INDEBTEDNESS

The Group borrows funds for temporary purposes from Electric Finance. The short-term borrowings due to Electric Finance were \$483 million at March 31, 2011, as compared to \$673 million at March 31, 2010.

22. LONG-TERM DEBT

The Group borrows funds from Electric Finance to finance long-term requirements. This provides details around the Group's long-term debt. It contains information on

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

Year-end long-term borrowings

Long-term borrowings at year-end were as follows

	2011	2010
Debentures held by Electric Finance	\$4,010	\$3,645
Other	-	1
	4,010	3,646
Unamortized deferred debt costs	(43)	(66)
	3,967	3,580
Less: Current portion	(550)	(99)
Long-term debt	\$3,417	\$3,481

Terms

The maturity dates of the debentures range from 2011 to 2039. The terms of the debentures are such that the Group is required to make annual principal repayments of one per cent of the original amount of each debenture on the anniversary date of its maturity. These payments will be made until the actual maturity dates of the debentures, at which time the remaining principal amounts will be repaid.

Interest rates

The debentures bear interest at fixed rates ranging from 3.35 to 8.75 per cent. The weighted average coupon interest rate on all debentures outstanding at March 31, 2011 is 5.15 per cent as compared to 5.23 per cent at March 31, 2010.

Debt portfolio management fee

The Group pays an annual debt portfolio management fee to Electric Finance amounting to 0.6489 per cent of the total of long-term debt and short-term indebtedness, measured as at the beginning of the fiscal year.

Principal repayments

Long-term debt principal repayments are due as follows

Year Ending	Principal Repayment
March 31, 2012 - current portion	\$550
March 31, 2013	476
March 31, 2014	180
March 31, 2015	31
March 31, 2016	334
March 31, 2017 and thereafter	2,439
Long-term portion	\$3,460
	\$4,010

23. GENERATING STATION DECOMMISSIONING AND USED NUCLEAR FUEL MANAGEMENT LIABILITY

This provides details of NB Power Group's asset retirement obligations. It contains information on

- nature of the liability
- assumptions used for the liabilities
- liabilities at year-end

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 17 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 17 for details on the funding of this liability.

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
Undiscounted amount of estimated cash flows to settle liability			
2011	\$ 162	\$ 889	\$ 585
2010	\$ 160	\$ 872	\$ 570
Reason for the increase	Escalation and changes to the liability resulting from updated cost estimates and revisions to timing of cash flows.	Escalation and changes to the liability resulting from a recent study which determined certain decommissioning costs needed to be increased.	Escalation
Cash expenditures required until the year	2035	2079	2159
Rate used to discount cash flows			
- for initial recognition of the liability	7.1%	7.1%	7.1%
- for subsequent recognition of additional liability	5.3 to 6.3%	5.9%	5.2 to 5.9%
Inflation rate to determine asset retirement obligation	1.8 to 2.5%	2.0%	1.8 to 3.6%

Liabilities at year-end

The liabilities for thermal generating and nuclear generating stations decommissioning and used nuclear fuel management consists of the following

	2011	2010
Thermal generating station decommissioning liability		
Balance, beginning of year	\$93	\$55
Add: Liabilities incurred, including revisions to cash flows	(1)	35
Add: Accretion expense	6	5
Less: Expenditures	(7)	(2)
Balance, end of year	\$91	\$93
Nuclear generating station decommissioning liability		
Balance, beginning of year	\$146	\$88
Add: Liabilities incurred, including revisions to cash flows	1	52
Add: Accretion expense	8	6
Balance, end of year	\$155	\$146
Used nuclear fuel management liability		
Balance, beginning of year	\$232	\$223
Add: Accretion expense	12	12
Less: Expenditures	(1)	(3)
Balance, end of year	\$243	\$232
Total generating station decommissioning and used nuclear fuel management liability	\$489	\$471

24. DEFERRED LIABILITIES – OTHER

This provides details around the NB Power Group's other deferred liabilities. It contains information on the following

- early retirement liability
- retirement allowance liability
- Mine Reclamation Inc. environmental liability.

The table below summarizes the Group's deferred liabilities - other

	2011	2010
Early retirement programs	\$70	\$56
Retirement allowance program	24	26
Other future employee benefits payable	6	5
Mine Reclamation Inc. land reclamation	5	3
Mine Reclamation Inc. environmental liability	10	10
	115	100
Less: Amounts due within one year ¹⁰	(8)	(5)
Deferred liabilities - other	\$107	\$95

¹⁰Amounts due within one year are included in accounts payable and accruals.

Early retirement liability

The NB Power Group has an unfunded early retirement program as described in Note 4(j). The latest actuarial calculation to estimate the liability was completed as at April 1, 2008.

The table shows

- Management's significant assumptions
- the costs recognized for the period, and
- the status of the obligation of the Group at year-end.

	2011	2010
Assumption		
Discount rate used to determine the early retirement liability	5.75%	6.30%
Cost		
Interest on early retirement liability	\$4	\$4
Special termination benefits ¹¹	17	9
Costs recognized for the year	\$21	\$13
Obligation		
Accrued benefit obligation	\$74	\$57
Unamortized losses	(4)	(1)
Early retirement liability	\$70	\$56

¹¹As a result of an employee reduction program during the year special termination benefits of \$17 million were recognized. In the prior year the special termination benefits of \$9 million recognized were related to the shut down of operations at NB Coal.

Retirement allowance liability

The Group has an unfunded retirement allowance program as described in Note 4(h). The latest actuarial calculation to estimate the liability was completed as at April 1, 2008.

Assumptions

Management's significant assumptions include the following

	2011 %	2010 %
Discount rate used to determine the retirement allowance liability	5.75	6.30
Expected salary increases	2.5	2.5

This table shows

- the costs recognized for the year, and
- the status of the obligation of the Group at year-end

	2011	2010
Costs recognized for the year		
Current service cost	\$2	\$2
Interest on retirement allowance liability	4	3
Settlement loss	-	1
Costs recognized for the year	\$6	\$6
Obligation		
Accrued benefit obligation	\$42	\$41
Unamortized losses	(18)	(15)
Retirement allowance liability	\$24	\$26

Mine Reclamation Inc. environmental liability

The Group and its subsidiary, Mine Reclamation Inc., have a long-term plan to treat acidic water drainage from an inactive mine. Mine Reclamation Inc. has recognized an unfunded environmental liability equal to the net present value of the expected future costs using a discount rate of 7.75% (2010 - 7.75%).

The liability is as follows

	2011	2010
Balance, beginning of year	\$10	\$10
Add: Accretion expense	1	1
Less: Expenditures	(1)	(1)
Balance, end of year	\$10	\$10

Cash flows required to settle the liability

The total undiscounted amount of the estimated cash flows required to settle the liability is \$11 million.

25. AMOUNTS CHARGED OR CREDITED TO OPERATIONS NOT REQUIRING A CURRENT CASH PAYMENT

The amounts are as follows

	2011	2010
Amortization, decommissioning, and gain or loss on disposal	\$200	\$197
Land reclamation liability adjustment	4	-
Retirement expense payments	9	11
Pension expense less related funding	(1)	7
Impairment of property, plant and equipment	-	161
Future payments in lieu of income taxes	14	(14)
	\$226	\$362

26. RELATED PARTY TRANSACTIONS

Related parties of the NB Power Group include New Brunswick Electric Finance Corporation (Electric Finance), New Brunswick System Operator (System Operator), and the Province of New Brunswick.

Electric Finance and the System Operator were established by the *Electricity Act* as follows:

- Electric Finance, a Crown Corporation and agent of the Crown, whose purpose is to facilitate the conversion of Holdco's debt to appropriate levels in the subsidiary operating companies and to assume and reduce the remaining portion of NB Power's debt
- System Operator, a not-for-profit body whose purpose is to independently direct the operation of the electricity market, and maintain the long-term adequacy and reliability of the electricity system.

This note outlines transactions with these related parties.

Revenues and expenses

The following related party revenues and expenses are included in the financial results for the year ended March 31, 2011

	Electric Finance		System Operator	
	2011	2010	2011	2010
Revenues				
Transmission revenue	\$-	\$-	\$91	\$91
Miscellaneous revenue	-	-	1	5
	-	-	92	96
Expenses				
Transmission expense	-	-	90	86
Interest	202	197	-	-
Debt portfolio management fee	28	26	-	-
Special payments (recovery) in lieu of income taxes	32	(53)	-	-
	262	170	90	86

Receivables and payables

The following related party receivable and payable balances existed as at March 31, 2011

	Electric Finance		System Operator	
	2011	2010	2011	2010
Accounts receivable	\$2	\$59	\$10	\$11
Accounts payable	4	3	10	7
Accrued interest payable	38	35	-	-

The amounts included in accounts receivable and accounts payable for related parties are subject to the normal payment terms extended to unrelated parties.

Dividends

During the year the Group declared \$9 million in dividends, as compared to \$13 million in 2010, payable to Electric Finance.

Debt and guarantees

The Group has debt payable to Electric Finance (Note 21 and 22) which is guaranteed by the Province of New Brunswick.

Electric Finance has provided certain guarantees for the Group to significant third-party creditors with respect to banking arrangements, trade payables and derivative financial instrument obligations.

Payments to the Province of New Brunswick

During the year the Group made payments to the Province of New Brunswick for property taxes, utility taxes and right of way taxes of \$40 million, as compared to \$40 million in 2010 (see Note 8). The Group also made payments to New Brunswick Investment Management Corporation related to pension plans (see Note 20).

27. FINANCIAL INSTRUMENTS

A financial instrument (see Note 4(k)) is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity (e.g. accounts receivable/ accounts payable).

Fair value of financial instruments

Fair value represents an estimate of the consideration that would be agreed on in an arm's length transaction between knowledgeable, willing parties under no compulsion to act.

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.

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

Hierarchy Level	Fair values are determined	Includes these financial instruments
1	using inputs that are quoted prices in active markets for identical assets or liabilities.	<ul style="list-style-type: none"> the nuclear decommissioning fund the used fuel management funds other financial assets and liabilities (the fair value approximates the carrying value due to their short-term maturity)
2	using internal models using observable market prices as inputs	<ul style="list-style-type: none"> the long-term receivable derivative assets derivative liabilities long-term debt
3	based on internal models using inputs that are not based on observable market data.	The Group currently does not have any fair values in level 3.

Valuation dates

For all of its financial assets and liabilities, the Group discloses fair values as at March 31, 2011.

Outstanding financial instruments

This details the Group's outstanding financial instruments at March 31, 2011. It contains information on the following instruments

- a. Long-term debt
- b. Nuclear decommissioning and used fuel management funds
- c. Long-term receivable (PDVSA settlement)
- d. Derivative instruments in hedging relationships
 - i. foreign exchange contracts
 - ii. heavy fuel oil contracts
 - iii. natural gas contracts
 - iv. coal contracts
 - v. Freight contracts
 - vi. Electricity contracts
- e. Other financial assets and liabilities

a. Long-term debt

This financial instrument is categorized within financial instruments as other liabilities and is therefore recorded on the combined balance sheet at book value.

At March 31, the Group had outstanding long-term debt as follows

	Hierarchy level	2011	2010
Cost (see Note 22)		\$3,967	\$3,580
Fair value	2	\$4,190	\$3,797

b. Nuclear decommissioning and used fuel management funds

This financial instrument is categorized as available-for-sale and is recorded on the Combined Balance Sheet at fair value.

At March 31, the Group had outstanding nuclear decommissioning and used fuel management funds as follows

	Hierarchy level	2011	2010
Cost		\$460	\$439
Fair value (see Note 17)	1	\$497	\$461
Gain in market value (included in AOCI)		\$37	\$22

c. Long-term receivable (PDVSA settlement)

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

At March 31, the Group had an outstanding long-term receivable valued as follows

	Hierarchy level	2011	2010
Cost		\$-	\$55
Fair value (see Note 14)	2	\$-	\$77
Gain in market value (included in retained earnings)		\$-	\$22

d. Derivative instruments in hedging relationships¹²

i. Foreign exchange contracts

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

The Group hedges exchange risk relating to net forecasted US dollar requirements, by entering into forward contracts to sell Canadian dollars and to acquire US dollars. At March 31, it had outstanding contracts maturing over the next 58 months as follows

	Hierarchy level	2011	2010
Net commitment to purchase (\$ US in millions)		\$891	\$479
Weighted average exchange rate (\$ US / \$ CAD)		1.0274	1.1008
Fair value (liability) asset	2	\$(40)	\$(39)

¹² A derivative asset represents a favorable mark-to-market position, whereas a derivative liability represents an unfavorable mark-to-market position.

ii. Heavy fuel oil contracts

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

The Group hedges its anticipated exposure to changes in the cost of heavy fuel oil. At March 31, it had net outstanding contracts maturing over the next 23 months as follows

	Hierarchy level	2011	2010
Net notional amount (in millions of barrels)		0.2	0.8
Weighted average fixed price (in \$ US per barrel)		\$86.76	\$61.12
Fair value asset (liability)	2	\$2	\$12

iii. Natural gas contracts

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

The Group hedges its anticipated exposure to changes in natural gas prices. At March 31, it had outstanding contracts maturing over the next 30 months as follows

	Hierarchy level	2011	2010
Net notional amount (in mmbtu)		21.9	12.6
Weighted average fixed price (in \$ US per btu)		\$6.05	\$8.23
Fair value liability	2	\$4	\$(32)

iv. Coal contracts

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

The Group hedges its anticipated exposure to changes in coal prices. At March 31, it had outstanding contracts maturing over the next 14 months as follows

	Hierarchy level	2011	2010
Net notional amount (in millions of metric tonnes)		0.04	-
Weighted average fixed price (in \$ US per metric tonne)		\$ 69.10	\$-
Fair value asset	2	\$2	\$-

v. Freight contracts

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

A portion of the Group's fuel freight costs are based on an index price. The Group hedges its anticipated exposure to changes in this index. At March 31, it had no outstanding contracts.

	Hierarchy level	2011	2010
Notional amount (in metric tonnes)		-	170.0
Weighted average fixed price (index value)		-	2,330
Fair value asset (liability)	2	\$-	\$1

vi. Electricity contracts

This financial instrument is categorized as held-for-trading and is recorded on the Combined Balance Sheet at fair value.

The Group hedges, to the extent possible, its anticipated exposure relating to changes in electricity prices. These changes affect both

- the price the Group receives on its export sales of electricity
- the price it pays on out-of-province purchases.

Sales contracts

At March 31 the Group had outstanding electricity sale contracts maturing over the next 9 months as follows

	Hierarchy level	2011	2010
Net notional amount (in millions of MWh)		0.1	0.2
Weighted average fixed price (in \$ US per MWh)		\$71.00	\$71.00
Fair value asset	2	\$2	\$5

Purchase Contracts

At March 31 the Group had outstanding electricity purchase contracts maturing over the next 59 months as follows

	Hierarchy level	2011	2010
Net notional amount (in millions of MWh)		7.4	3.7
Weighted average fixed price (in \$ US per MWh)		\$49.48	\$53.53
Fair value asset (liability)	2	\$10	\$(55)

e. Other financial assets and financial liabilities

The fair value of other financial assets and financial liabilities on the balance sheet approximate their carrying values due to their short-term maturity.

Summary of impacts of financial instruments

The following table summarizes the impact of financial instruments recorded on the balance sheet at March 31, 2011. These include

- the fair value of the derivative instruments in hedging relationships
- the accrued settlement value on the derivatives no longer qualifying for hedge accounting, and
- the market value change on the long-term receivable and nuclear trust funds

	Nuclear Trust Funds	Long term receivable PDVSA ¹⁴	Foreign Exchange	Heavy Fuel Oil	Coal	Natural Gas	Freight	Electricity Sale	Electricity Purchase	Total
Accrued settlement value on forward contracts not qualifying for hedge accounting ¹³	-	-	(2)	2	-	-	-	2	(2)	-
Included in deficit	-	-	(2)	2	-	-	-	2	(2)	-
Current portion of derivative assets	-	-	-	-	1	-	-	-	4	5
Long-term portion of derivative assets	-	-	-	-	1	4	-	-	8	13
Mark-to-market on Nuclear Funds (Note 17)	37	-	-	-	-	-	-	-	-	37
Current portion of derivative liabilities	-	-	(27)	-	-	-	-	-	-	(27)
Long-term portion of derivative liabilities	-	-	(11)	-	-	-	-	-	-	(11)
Included in AOCI	37	-	(38)	-	2	4	-	-	12	17
Assets (liabilities)	37	-	(40)	2	2	4	-	2	10	17

¹³Included in accounts receivable and/or accounts payable

¹⁴Included in long-term receivable, loss is offset by a regulatory deferral.

The impact of financial instruments at March 31, 2011 resulted in a net liability of \$17 million (see previous table). Of the \$17 million recognized on the balance sheet

- \$- million is recognized in deficit
- \$17 million gain (\$12 million gain after tax) is recognized in accumulated other comprehensive income (AOCI)

A reconciliation of these amounts are summarized in the following tables

The deficit impact table includes financial instruments that do not qualify for hedge accounting.

Deficit impact	Nuclear Trust Funds	Long term receivable PDVSA ¹⁵	Foreign Exchange	Heavy Fuel Oil	Coal	Natural Gas	Freight ¹⁵	Electricity Sale	Electricity Purchase	Total
Balance - April 1, 2010	-	22	(3)	1	-	-	-	5	(1)	24
Current year adjustments										
Mark-to-market of lawsuit settlement and related hedges	-	(22)	-	-	-	-	-	-	-	(22)
Mark-to-market adjustments	-	-	(3)	6	-	-	-	-	(2)	1
Settlements	-	-	4	(5)	-	-	-	(3)	1	(3)
Balance - March 31, 2011	-	(22)	1	1	-	-	-	(3)	(1)	(24)
	-	-	(2)	2	-	-	-	2	(2)	-

¹⁵The earnings impact (before regulatory deferral) of the mark-to-market of the long-term receivable and freight contracts related to PDVSA lawsuit settlement shipments are fully offset through a regulatory deferral.

The AOCI impact table includes financial instruments that qualify for hedge accounting.

AOCI Impact	Nuclear Trust Funds	Long term receivable PDVSA	Foreign Exchange	Heavy Fuel Oil	Coal	Natural Gas	Freight	Electricity Sale	Electricity Purchase	Total
Accumulated other comprehensive income (loss) (before tax) - April 1, 2010	22	-	(36)	11	-	(32)	-	-	(54)	(89)
Current year impact of mark-to-market adjustments ¹⁶	15	-	(2)	(11)	2	36	-	-	66	106
	37	-	(38)	-	2	4	-	-	12	17
Future special payments in lieu of income taxes reflected in AOCI	(11)	-	11	-	(1)	(1)	-	-	(3)	(5)
Balance March 31, 2011	26	-	(27)	-	1	3	-	-	9	12

¹⁶The current year's impact of mark-to-market adjustments does not reflect the impact of year-over-year tax rate changes of \$2 million which is not reflected in the OCI statement.

28. FINANCIAL INSTRUMENT RISK MANAGEMENT

This describes the following types of risk:

- credit risk
- market risk, and
- 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, the Group

- 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 the Group's financial instruments that were exposed to credit risk at March 31

Financial assets	Designated category	2011	2010
		Fair value	Fair value
Cash	Held for trading	\$10	\$4
Accounts receivable	Loans and receivables	266	307
Long-term receivable	Held for trading	-	77
Derivative assets	Held for trading	18	11
Nuclear decommissioning and used nuclear fuel management funds	Available for sale	497	461
		\$791	\$860

Cash

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

Accounts receivable

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

The following table shows a summary of accounts receivable by the number of days outstanding for the Group as at March 31

Accounts receivable	2011	2010
Trade		
Current	\$171	\$153
60-89 days	11	10
Greater than 90 days	12	21
	194	184
Allowance for doubtful accounts	(4)	(7)
Miscellaneous ¹⁷	74	71
Special payments in lieu of income taxes	2	59
	\$266	\$307

¹⁷Miscellaneous receivables include non-electricity sales, accruals and accrued hedge settlements.

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	2011	2010
Balance, beginning of year	\$7	\$8
Increase during the year	1	7
Bad debts recovery during the year	-	(1)
Bad debts written off during the year	(4)	(7)
	\$4	\$7

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 the Group holds deposits or requires letters of credit.

Nuclear decommissioning and used fuel management funds

The Group limits its credit risk associated with the nuclear decommissioning and used fuel management trust funds by investing in liquid securities tied to creditworthy counterparties. The current portfolio comprises mainly provincial and federal government bonds. The related credit risk associated with these funds is considered to be low.

Derivative assets

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

The Group

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

There is a concentration of credit risk at March 31, 2011 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.

Market Risk

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

The Group is exposed to a variety of market price risks such as changes in

- foreign exchange rates
- interest rates
- commodity prices, and
- freight prices.

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

The Group manages these exposures through the use of forwards and other derivative instruments in accordance with Board approved policies. 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, 2011.

(millions of dollars)	Impact on earnings before special payments in lieu of income taxes ¹⁸	Impact on other comprehensive income before tax
Exchange and interest rates		
1 cent change in the CAD/USD exchange rate	\$ -	\$ 9
.25% change in Canadian interest rates	-	-
.5% change in short-term debt rates	2	-
.5% change in investment yields	-	31
Commodity prices		
\$5/bbl change in the price of heavy fuel oil	-	1
\$1/mmbtu change in natural gas prices	-	22
\$5/MWh change in electricity prices	-	37

¹⁸These impacts are not included in other comprehensive income as the financial instruments are either not derivatives or not eligible for hedge accounting.

Liquidity Risk

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

The Group 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 the Group's financial liabilities at March 31, 2011 and in future years.

Financial liability	Carrying amount	Contractual cash flows	2012	2013	2014	2015 and thereafter
Short-term indebtedness	\$483	\$483	\$483			
Accounts payable and accruals	199	199	199			
Accrued Interest	38	38	38			
Derivative liabilities	38	38	27	11		
Long-term debt	3,967	4,010	550	476	180	2,804
Interest on long-term debt	-	1,817	199	169	138	1,311
	\$4,725	\$6,585	\$1,496	\$656	\$318	\$4,115

The Group has the ability to generate sufficient funding to meet these financial obligations.

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES

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

Belledune Wharf

The Group has entered into an operating lease agreement for use of the port facility at Belledune. The agreement expires in 2013 with a 20-year renewal option. This lease provides for annual charges of approximately \$5 million.

Courtenay Bay Generating Station

This details the agreements that the Group has in place regarding the Courtenay Bay Generating Station. It contains information on agreements in the following areas

- rental of site facilities
- power purchase and transmission access
- natural gas transportation service.

Rental of site facilities

The Group has entered into a lease agreement for rental of site facilities. The agreement expires in 2021 with a five-year option to extend.

Power purchase and transmission access

The Group has a related power purchase and transmission access agreement. The agreement expires in 2021 with a five-year option to extend with the same third party.

The Group will purchase all the electrical energy produced by a 280 MW combined cycle natural gas unit during the winter period, November 1 to March 31, and from time-to-time some or all of the electrical energy produced during the summer period.

Natural gas transportation service

The Group has entered into an agreement expiring in 2015 for firm natural gas transportation service to Courtenay Bay Generating Station. The cost of transportation will be recovered from the tenant that is a party to the lease agreement mentioned above.

Power purchase agreements

The Group has other power purchase agreements with third parties, as follows

Initial duration of agreement	End date	Amount of energy	Agreement to purchase
20 years	2024	90 MW	all the capacity and electrical energy produced by a co-generation facility.
30 years	2027	38.5 MW	38.5 MW capacity and energy from a co-generation facility.
25 years	2033	96 MW	all the electrical energy of a wind generation facility.
5 years	2014	90 MW	90% of all the electrical energy of a wind generation facility.
20 years	2029	48 MW	all the electrical energy of a wind generation facility to be constructed by third parties.
20 years	2029	51 MW	all the electrical energy of a wind generation facility to be constructed by third parties.
25 years	2034	45 MW	all the electrical energy of a wind generation facility to be constructed by a third party.
25 years	2035	54 MW	all the electrical energy of a wind generation facility.

Coleson Cove – Fuel Supply Agreement**Supply**

The Group entered into 10-year agreement expiring in 2020 for the supply of the fuel oil requirements for the Coleson Cove Generating Station.

Delivery

The Group entered into a 10-year agreement expiring in 2020 for the delivery of fuel via a pipeline owned by a third party.

Gypsum Contract

The Group 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, the Group must pay the third party for the difference between actual gypsum supplied and the minimum amount of gypsum agreed to in the contract.

Point Lepreau Generating Station refurbishment project

The Group will refurbish the Point Lepreau Generating Station replacing key components of the reactor and upgrading other major plant systems. This project is expected to extend the operating life of the facility by approximately 25 years.

Total construction costs, excluding fuel and purchased power costs, are expected to be approximately \$1.4 billion. The project was originally scheduled for completion in September 2009 and is now expected to be completed by the Fall of 2012.

The Station shut down on March 28, 2008 for completion of the retubing and refurbishment work. Expenditures to March 31, 2011 were \$1.1 billion (\$60 million capitalized, \$1,062 million construction-in-progress).

Point Lepreau Generating Station turbine upgrade project

The Group is proceeding with the replacement of three low pressure turbine rotors. The budget for the project is \$65 million. The project will be completed within the Point Lepreau Generating Station outage period. Expenditures to March 31, 2011 were \$64 million.

Transmission power line

To ensure financial viability of the International Power Line project, the Corporation signed Commitment Agreements with load serving entities in the Maritimes for the equivalent of long-term firm transmission reservations through fiscal 2032.

Transmission reservations

For the purposes of delivering electricity to out-of-province markets, the Group has committed to long-term transmission reservations with the System Operator.

Ancillary Services contracts

The NB Power Group has entered into three ancillary services contracts with the System Operator. The Group's obligation is to supply ancillary services for the life of the heritage assets (generation assets that were already held prior to restructuring). The services provided are

- reactive power and voltage support
- automatic generation control
- load following
- operating reserve, and
- black start capability.

Legal Proceedings

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

30. SEGMENTED INFORMATION

This provides information for the specific segments that make up the NB Power Group. It contains information on the following

- the Group's five business segments
- significant inter-company agreements
- financial overview for the current and previous years.

The Group's five business segments

The Group is organized and operates under the following five reportable business segments.

Business segment	Responsibility
Genco	operating and maintaining the oil, hydro, coal, and diesel-powered generating stations.
Nuclearco	operating and maintaining the Point Lepreau Generating Station.
Transco	operating and maintaining the transmission system.
Disco	operating and maintaining the distribution system. Disco is designated as the standard service supplier for the Province of New Brunswick and is obligated to provide standard services to residential, commercial, wholesale and industrial customers located throughout the province.
Holdco (unconsolidated)	providing <ul style="list-style-type: none"> • strategic direction, governance and support to the other business segments for communications, finance, human resources, legal, governance, and risk management, and • shared services on a cost-recovery basis.

Significant inter-company agreements

The Group has entered into a number of significant inter-company power purchase agreements. They are as follows

- power purchase agreement – Disco and Nuclearco
- power purchase agreement – Disco and Colesonco, and
- power purchase agreement – Disco and Genco.

Power purchase agreement – Disco and Nuclearco

Disco and Nuclearco entered into a power purchase agreement as follows

Aspect	Detail
Terms of the agreement	Disco purchases 95 per cent of <ul style="list-style-type: none"> • the Point Lepreau Generating Station's 635 MW capacity, and post-refurbishment 630 MW capacity, and • the electricity produced.
Expiration	The agreement expires 25 years after the Station returns to service following refurbishment. Disco has annual renewal options thereafter.

Power purchase agreement – Disco and Colesonco

Disco and Colesonco entered into a 25-year tolling agreement as follows

Aspect	Detail
Terms of the agreement	Disco purchases tolling capacity and related services to convert fuel to electricity. The agreement requires the sale of all energy generated at Coleson Cove Generating Station to Disco. Under the Colesonco PPA Disco pays a monthly capacity payment based on plant capacity (\$/MW-month) and a monthly payment towards plant operations and maintenance, and a charge in \$/MWh to cover variable costs, excluding fuel, and provide a nominal incentive to operate the plant as and when required. All of the capacity and energy delivered under the Colesonco PPA is made available to Genco to be dispatched along with other generation resources so as to minimize the overall cost of production to meet in-province requirements. The billing from Colesonco is passed over to Genco. Genco pays Disco and Disco in turn pays Colesonco. The Genco PPA capacity and energy charges incorporate all of the Colesonco capacity charges, monthly payment towards operation and maintenance and the variable charges related to in-province energy supply.
Expiration	The agreement expires in March 2030.

Power purchase agreement – Disco and Genco

Disco and Genco entered into a long-term power purchase agreement as follows

Aspect	Detail
Terms of the agreement	Genco supplies capacity and energy to Disco. The commitment at March 31, 2011 was 2,358 MW of base capacity and 1,161 MW of peaking capacity. Under the Genco PPA, Disco has access to the capacity of all of the generation resources available to Genco. These include power purchase agreements that Genco has with third parties. The pricing has two parts, a capacity price (\$/MW) and an energy price (\$/MWh). The capacity price covers the capital related costs associated with the generating plants including Coleson Cove. The price applies to the base load capacity nominated by Disco to meet its supply obligations.
Expiration	The agreement expires when <ul style="list-style-type: none"> • all of Genco's heritage assets, including third-party power purchase agreements, are retired or expire, or • Disco reduces its nominated capacity under the terms of the agreement to zero.

Financial Overview - 2011

	Genco	Nuclearco	Transco	Disco	Holdco (Unconsolidated)	Eliminations	Total
Sales of power							
In-province	\$2	\$-	\$-	\$1,244	\$-	\$-	\$1,246
Out-of-province	240	10	-	-	-	-	250
Inter-company	1,008	163	-	5	-	(1,176)	-
Transmission	6	1	84	-	-	-	91
Miscellaneous	4	1	4	41	1	-	51
Other inter-company	1	-	18	4	80	(103)	-
Loss on mark to market of derivative asset	(22)	-	-	-	-	-	(22)
Total revenues	1,239	175	106	1,294	81	(1,279)	1,616
Fuel and purchased power	838	-	-	1,206	-	(1,170)	874
Transmission	35	2	-	62	-	(9)	90
Operations, maintenance and administration	129	140	48	121	74	(96)	416
Amortization and decommissioning	102	37	19	38	3	-	199
Taxes	15	6	8	11	-	-	40
Finance charges	84	(10)	12	28	4	(4)	114
Regulatory deferral	-	-	-	(216)	-	-	(216)
Impairment of long-term asset	-	-	-	-	-	-	-
Special payments in lieu of income taxes (recovery)	13	-	6	13	-	-	32
Total expenses	1,216	175	93	1,263	81	(1,279)	1,549
Net earnings (loss)	\$23	\$-	\$13	\$31	\$-	\$-	\$67
Total assets	\$1,628	\$2,181	\$402	\$1,548	\$358	\$(485)	\$5,632
Capital expenditures (net of customer contributions)	\$19	\$153	\$19	\$43	\$4	\$-	\$238

Financial Overview - 2010

	Genco	Nuclearco	Transco	Disco	Holdco (Unconsolidated)	Eliminations	Total
Sales of power							
In-province	\$1	\$-	\$-	\$1,206	\$-	\$-	\$1,207
Out-of-province	218	11	-	-	-	-	229
Inter-company	1,006	175	-	6	-	(1,187)	-
Transmission	6	1	84	-	-	-	91
Miscellaneous	10	1	9	39	-	-	59
Other inter-company	2	-	17	3	76	(98)	-
Gain on mark to market of derivative asset	49	-	-	-	-	-	49
Total revenues	1,292	188	110	1,254	76	(1,285)	1,635
Fuel and purchased power	869	-	-	1,201	-	(1,183)	887
Transmission	34	2	-	59	-	(9)	86
Operations, maintenance and administration	138	161	49	119	72	(92)	447
Amortization and decommissioning	109	32	19	37	2	-	199
Taxes	14	6	8	11	1	-	40
Finance charges	99	(13)	12	34	1	(1)	132
Regulatory deferral	-	-	-	(147)	-	-	(147)
Impairment of long-term asset	161	-	-	-	-	-	161
Special payments in lieu of income taxes (recovery)	(41)	-	7	(19)	-	-	(53)
Total expenses	1,383	188	95	1,295	76	(1,285)	1,752
Net (loss) earnings	\$(91)	\$-	\$15	\$(41)	\$-	\$-	\$(117)
Total assets	\$1,794	\$1,998	\$402	\$1,320	\$555	\$(690)	\$5,379
Capital expenditures (net of customer contributions)	\$26	\$256	\$19	\$50	\$5	\$-	\$356

Statement of Generation

(millions of kWh)	2010/11	2009/10	2008/09	2007/08	2006/07
Hydro	3,132	3,221	3,172	2,781	3,124
Thermal	4,453	6,303	8,089	7,262	8,125
Nuclear	-	-	-	4,393	4,696
Combustion turbine	2	1	3	1	1
Purchases	9,546	6,772	5,295	3,909	3,092
Gross generation and purchases	17,133	16,297	16,559	18,346	19,038
Station service	414	491	535	794	858
Net generation and purchases	16,719	15,806	16,024	17,552	18,180
Losses - transformer and transmission	729	647	757	645	673
Total energy available for distribution	15,990	15,159	15,267	16,907	17,507

Statement of Sales

(millions of kWh)	2010/11	2009/10	2008/09	2007/08	2006/07
Wholesale	1,128	1,145	1,207	1,207	1,176
Industrial	4,321	4,164	4,362	5,589	5,976
General service	2,294	2,304	2,372	2,369	2,291
Residential	4,840	4,857	5,036	5,010	4,824
Street lights	75	75	75	75	75
Total in-province sales	12,658	12,545	13,052	14,250	14,342
Interconnections	2,994	2,326	1,891	2,327	2,815
Total sales	15,652	14,871	14,943	16,577	17,157
Distribution losses	338	288	324	330	350
Total energy distributed and sold	15,990	15,159	15,267	16,907	17,507

Statement of Revenue

(in millions)	2010/11	2009/10	2008/09	2007/08	2006/07
Wholesale	\$97	\$96	\$98	\$94	\$87
Industrial	311	294	307	362	350
General service	264	254	250	248	225
Residential	551	540	539	519	470
Street lights and energy imbalance	23	23	25	14	14
Total in-province sales of power	1,246	1,207	1,219	1,237	1,146
Interconnections	250	229	217	196	215
Sales of power	1,496	1,436	1,436	1,433	1,361
Gain (loss) on mark-to-market of long-term receivable	(22)	49	(145)	93	-
Miscellaneous	51	59	73	99	67
Transmission revenue	91	91	89	87	84
Total revenue	\$1,616	\$1,635	\$1,453	\$1,712	\$1,512

Statement of In-province Generation

(millions of kWh)	2010/11	2009/10	2008/09	2007/08	2006/07
Hydro	3,066	3,205	3,149	2,698	2,891
Coal and petroleum coke	2,672	2,952	3,515	3,189	2,756
Heavy fuel oil	875	1,851	3,201	2,466	2,632
Orimulsion	-	-	-	-	383
Nuclear	-	-	-	3,871	4,142
Combustion turbine	-	-	-	-	-
Purchases¹	7,085	5,473	4,272	2,957	2,576
Net generation and purchases	13,698	13,481	14,137	15,181	15,380
Losses - transformer and transmission	729	647	757	645	673
Total energy available for distribution	12,969	12,834	13,380	14,536	14,707

Operating Statistics

	2010/11	2009/10	2008/09	2007/08	2006/07
Transmission lines - km	6,848	6,841	6,829	6,780	6,703
Distribution lines - km	20,602	20,595	20,397	20,284	20,030
Residential customers	316,104	312,779	309,623	306,383	303,177
Industrial customers	1,837	1,898	1,904	1,915	1,920
General service customers	25,330	25,113	24,984	24,798	24,665
Non-metered customers	2,616	2,632	2,486	2,417	2,345
Direct customers	345,887	342,422	338,997	335,513	332,107
Indirect customers	42,010	41,474	41,685	41,451	41,100
Total customers	387,897	383,896	380,682	376,964	373,207
Positions - regular	2,343	2,509	2,477	2,474	2,428
Positions - temporary	117	164	198	159	91
Positions - Mine Reclamation Inc. ¹	15	15	54	66	69
Total positions	2,475	2,688	2,729	2,699	2,588

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

Income Statement Summary

(in millions)	2010/11	2009/10	2008/09	2007/08	2006/07
In-province sales of power	\$1,246	\$1,207	\$1,219	\$1,237	\$1,146
Out-of-province sales of power	250	229	217	196	215
Miscellaneous revenue	51	59	73	99	67
Gain (loss) on mark-to-market of long-term receivable	(22)	49	(145)	93	-
Transmission revenue	91	91	89	87	84
Total fuel and purchased power	874	887	869	585	560
Transmission expenses	90	86	82	85	85
Operations, maintenance and administration	416	447	415	397	389
Regulatory deferral	(216)	(147)	(386)	73	-
Amortization and decommissioning	199	199	186	216	220
Taxes, other than special payments in lieu of income taxes	40	40	43	43	49
Finance charges	114	132	140	175	180
Impairment of long-term asset	-	161	-	-	-
Special payments in lieu of income taxes	32	(53)	34	49	8
Net earnings (loss)	\$67	\$(117)	\$70	\$89	\$21

Balance Sheet Summary March 31

(in millions)	2010/11	2009/10	2008/09	2007/08	2006/07
Assets					
Current assets	\$542	\$613	\$736	\$622	\$411
Property, plant and equipment²	3,773	3,703	3,585	3,310	3,405
Long-term assets²	1,242	947	758	646	247
Other assets	75	116	111	96	88
Total assets	\$5,632	\$5,379	\$5,190	\$4,674	\$4,151
Liabilities and Shareholders' Equity					
Current liabilities	\$1,297	\$1,154	\$1,377	\$928	\$659
Long-term debt	3,417	3,481	3,051	2,879	2,869
Deferred liabilities	612	570	457	516	392
Shareholders' equity	306	174	305	351	231
Total liabilities and shareholders' equity	\$5,632	\$5,379	\$5,190	\$4,674	\$4,151

Cash Flow Summary

(in millions)	2010/11	2009/10	2008/09	2007/08	2006/07
Cash flow from operations	\$293	\$245	\$273	\$316	\$238
Change in working capital	(36)	(65)	(60)	(80)	13
Nuclear trust fund payments	(22)	(21)	(35)	(141)	(13)
Regulatory deferrals excluding mark-to-market adjustments	(224)	(230)	(255)	(20)	-
Other	(10)	(7)	(2)	(1)	(13)
Operating activities	1	(78)	(79)	74	225
Investing activities	(183)	(250)	(381)	(323)	(287)
Financing activities	188	326	466	219	71
Net cash (outflow) inflow	6	(2)	6	(30)	9
Cash & short-term investments					
Beginning of year	4	6	0	30	21
End of year	\$10	\$4	\$6	\$-	\$30

² Certain comparative figures have been reclassified to conform to the current year's presentation

Finance Charges

(in millions)	2010/11	2009/10	2008/09	2007/08	2006/07
Interest expense	\$202	\$197	\$193	192	198
Income from sinking funds, trust funds, and other	(21)	(22)	(21)	(16)	(14)
Debt portfolio management fee	28	26	22	21	20
Amortization of deferred debt costs	1	3	2	1	-
Foreign exchange (gain) or loss	1	4	(11)	5	(2)
Interest deferred¹⁰	(30)	(18)	(4)	-	-
Interest capitalized¹⁰	(67)	(58)	(41)	(28)	(22)
Net finance charges	\$114	\$132	\$140	\$175	\$180

Financial Ratios

	2010/11	2009/10	2008/09	2007/08	2006/07
Operating margin³	11.4%	-3.9%	15.3%	17.1%	12.5%
Cash flow from operations / capital expenditures⁴	1.23	0.69	0.62	0.77	0.79
Cash flow from operations / total debt	0.07	0.06	0.07	0.09	0.07
Debt / capital⁵	94%	96%	93%	91%	93%
Interest coverage ratio⁶	1.02	(0.21)	1.26	1.61	1.02

Other Statistics

	2010/11	2009/10	2008/09	2007/08	2006/07
Rate increase	3.0%	3.0%	3.0%	5.9%	6.9%
CPI (New Brunswick)	2.1%	0.3%	1.7%	1.9%	1.7%
GDP increases (New Brunswick)⁷	3.3%	-0.3%	-0.2%	1.7%	2.4%
Capital expenditures (millions)^{8,10}	\$238	\$356	\$438	\$409	\$287
Change in total debt (millions)	\$197	\$339	\$479	\$230	\$74
Per cent breakdown of long-term debt					
Canadian dollar	100%	100%	100%	100%	100%
US dollar⁹	0%	0%	0%	0%	0%
Weighted average coupon interest rate	5.2%	5.2%	5.5%	5.8%	6.0%
Canadian Dollar - March 31	\$1.029	\$0.985	\$0.794	\$0.973	\$0.866

³ Operating margin = (net income before finance charges - debt portfolio management fee) / total revenue

⁴ Capital expenditures are net of proceeds on disposal and customer contributions

⁵ Debt ratio = (debt) / (debt + equity), where debt = (long-term debt + short-term indebtedness)

⁶ Interest coverage ratio = [net income before finance charges + (income from sinking funds, trust funds, and other investments - debt portfolio management fee)] / (interest expense)

⁷ In its 2010/11 budget documents, the Provincial Government restated its GDP growth rates for the past years

⁸ Capital expenditures are net of proceeds on disposal and customer contributions

⁹ All U. S. denominated debt was transferred to New Brunswick Electric Finance Corporation on October 1, 2004

¹⁰ Certain comparative figures have been reclassified to conform to the current year's presentation

Board of Directors



Ed Barrett



Norman Betts



Normand Caissie



Bernard Cyr



Eloi Duguay



Jane Fritz



Louis LaPierre



John Mallory



Shirley Mears



Lise Ouellette



Robert (Bob) Youden



Gaëtan Thomas

Corporate Management



Gaëtan Thomas,
President and
Chief Executive Officer



Michael Gorman,
Vice President Legal and
Shared Services



Blair Kennedy,
Vice President Generation
(Nuclear and Conventional)



Darren Murphy,
Vice President Finance and
Human Resources



Sherry Thompson,
Vice President Customer Service,
Distribution and Transmission



Keith Cronkhite,
Executive Director, Business
Development and Strategic Advisor

During the year, there was one retirement from the Executive team: Paul Thériault, Vice President, Human Resources

Governance

The companies in the NB Power Group share a common Chair, President & CEO and common directors. The Boards of Directors are responsible for directing the affairs of each of the Corporations consistent with the *Business Corporations Act* and the *Electricity Act*.

The NB Power Group has a common Audit Committee and a common Strategic Planning Committee for the holding company and all of the operating companies. Each Corporation also has an Environment, Health & Safety Committee and a Human Resources, Governance and Nominating Committee.

In addition to these committees, NB Power Nuclear Corporation has a Nuclear Oversight Committee.

Audit Committee

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

Audit Committee Members: Shirley Mears (Chair), Ed Barrett, Norman Betts, John Mallory and Lise Ouellette.

Environment, Health & Safety Committees

The Environment Health & Safety Committee exists to assist the board in establishing and maintaining appropriate board policies that guide the companies in respect to the outcomes to be achieved in meeting or exceeding their environmental and safety obligations.

Environment, Health & Safety Committee Members: Eloi Duguay (Chair), Ed Barrett, Bernard Cyr, Louis LaPierre and Lise Ouellette.

Strategic Planning Committee

The Strategic Planning Committee is responsible for monitoring the implementation of the Strategic Plan and overseeing the productivity and performance improvement initiatives.

Strategic Planning Committee Members: Robert Youden (Chair), Ed Barrett, Norman Betts, Jane Fritz and John Mallory

Human Resources, Governance and Nominating Committees

The Human Resources, Governance and Nominating Committees have the following mandates

1. Human Resources

The committees in this role exist to assist the Boards in establishing and maintaining appropriate board policies to guide the companies regarding outcomes to be achieved in the management and handling of human resources.

2. Governance

The committees in this role exist to assist the Boards in establishing and maintaining an effective system of corporate governance.

3. Nominating

The committees in this role exist to assist the Boards 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 Boards and facilitates diversity of opinion and effective governance of the Corporations.

Human Resources, Governance and Nominating Committee Members: Norman Betts (Chair), Ed Barrett, Normand Caissie, Bernard Cyr, Eloi Duguay and Robert Youden

Nuclear Oversight Committee

The Nuclear Oversight Committee is responsible for monitoring the nuclear performance of Nuclearco, particularly with respect to safety and operations issues, oversight of any refurbishment process and nuclear risk.

Nuclear Oversight Committee Members: Jane Fritz (Chair), Ed Barrett, Normand Caissie, Louis LaPierre and Robert Youden

There were no disclosures received pursuant to the Public Interest Disclosure Act, 2007, S.N.B., c.P.-23.005 during the period covered in this annual report.



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Stop. Think. Live.



Stop. Think. Live.



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