

Reference: Exhibit NBP1.03 Page 80-81 “5.1 Matter 251: Financial Risk Management Policies - Filing of Information”

Questions:

- a) Please provide reasons why internal audit was not performed and the results included in the report on compliance with NB Energy Marketing financial risk management policies as ordered by the board in matter 251?
- b) Does NB Energy Marketing consider, not submitting the results of an internal audit on NB Energy Marketing financial risk management policies, an offence under section **140**(2) of the Act?
- c) When does NB Energy Marketing intend to have a completed internal audit on compliance with NB Energy Marketing financial risk management policies?
- d) How often are internal audits for compliance supposed to be performed?
- e) How often are external audits for compliance supposed to be performed?
- f) Are there any past internal or external audits from the previous risk management policies that can be provided?
- g) How can NB Energy Marketing assure there have been no incidences of “breaches” or “deviations” of financial risk management policies if no audit has been performed?

h) NB Power Export Margin Actuals Compared to Budget For the period April 2014 - September 2014 shows negative \$9 million in margin.

1. What activities are being performed to ensure the financial risk objective of predictable net income is met in the future?
2. How is the loss of \$9 million in margin being managed to ensure the objective of protecting profits is met?
3. Is the \$9 million loss on margins within the approved risk tolerances?
4. What are the current approved risk tolerances and can documentation supporting them be provided?
5. Who is responsible for setting the risk tolerances?
6. Please provide a breakdown in dollar amounts of the “variances explanations”.
7. Are any of the margin losses due to speculative market transactions?
8. Are any of the margin losses due to standard offer contracts?

Reference: Exhibit NBP1.03 Page 56-58 “2015/16 CAPITAL EXPENDITURES”

Questions:

- a) Please provide up to date costs associated with PLGS Fukushima projects.
- b) Please provide cost forecasts for PLGS Fukushima projects.
- c) Please give the scope of the specific PLGS Fukushima projects.
- d) Did NB Power review the refurbishment contracts to see if any of the PLGS Fukushima projects might be covered by warrantee?
- e) Is the transmission line from Keswick to Sisson for the New Sisson Brook Mine?
- f) Please provide details on the nuclear information technology infrastructure capital project.
- g) How long is the “Multi-Year” agreement with Siemens for the RADS program, and what are the terms of renewing the contract?
- h) What are the deliverables associated the Siemens agreement?
- i) Please provide the “comprehensive RASD deployment program” developed my NB Power and Siemens mentioned on Pg 62 line 15.
- j) Is the Integrated Load Management (“ILM”) software system an off the shelf piece of software or is being developed by NB Power and Siemens? If it is being developed by NB Power and Siemens who owns the rights to this software?
- k) How will the success or failure of the RASD be measured?
- l) Will the deployment of RASD require EUB approval of new types of rate classes to achieve the objectives or RASD?

Reference: Exhibit NBP1.03 “2.0 2015/16 Budgeted Revenue Requirement”

Questions:

- a) Please provide actual vs budget and variance data for the last 5 years for all of the tables included in section 2.0.

Reference: Exhibit NBP1.03 Page 23 line 26 “INSURANCE & CLAIMS (LINE 9)”

Questions:

- a) What is going to be the cost impact of the Federal Governments proposed increase in nuclear liability from \$75,000,000 to \$1,000,000,000?
- b) Is the increase cost of liability insurance included in NB Powers forecasting?

Reference: Exhibit NBP1.03 Pages 47-50 “SALES OF POWER, OUT-OF-PROVINCE”

Questions:

- a) Please provide the “Supply and Services Agreement” mentioned on page 47 lines 21 and 22.
- b) Who determines what energy or capacity is surplus, NB Power or NB Energy Marketing?
- c) Is the cost of generating power from Belledune considered in NB Energy Marketing economic dispatch?
- d) Is Belledune considered a must run generator and if so why?
- e) Please provide monthly export and import MWh’s for ISO-NE, HQ, PEI, and NS for the last 10 years.
- f) Does NB Energy Marketing consider itself fully compliant with the Board approved Financial Risk Management policies?
- g) Page 48 lines 16-19 states the “NB Energy Marketing” hedges “fuel prices”. Isn’t it NB Powers responsibility to hedge fuel prices not NB Energy Marketing?
- h) Has NB Power considered how the US market may change due to recent renewable energy commitments? If so how does NB Power think this may affect the market?

Reference: Exhibit NBP1.03 Pages 78-79 “FINANCIAL RISK MANAGEMENT POLICES”

Questions:

- a) Is it possible under the current NB Power and NB Energy Marketing Financial Risk Management Policies for NB Energy Marketing to hedge the sale of electricity for 36 months that is not appropriately backed by a NB Power hedge for fuel due to its limit of 18 months?
- b) Are there currently any exemptions to NB Power’s Financial Risk Management policies?
- c) Does NB Power consider itself fully compliant with its current Financial Risk Management policies?
- d) Can NB Power please provide any internal or external compliance audits for its financial risk management policies?
- e) How does NB Power plan on reporting to the board on the compliance and effectiveness of the financial risk management policies?

Reference: Exhibit NBP1.2 Page 26 “2014 Annual Report”

Questions:

- a) The 2014 Annual Report shows a reduction of \$44 million in “Total net debt at end of year” ending at \$ 5,018 million in 2013/14 from \$ 5,062 million in 2012/13. The 2013 Annual report shows a “Total net debt at end of year” of \$ 4,714 million for 2012/13. Please explain the difference of \$384 million for the total net debt for 2012/13 between to the 2013 and 2014 Annual Reports.

Reference: Exhibit NBP1.2 Page 70 "2014 Annual Report- 21. Long-Term Debt"

Questions:

- a) Please provide actual vs budget of principal repayments for the last 5 years.

Reference: Exhibit NBP1.04 Figure 72 Page 132 “Integrated Resource Plan 2014”

Questions:

- a) Please provide MWh breakdown of generation for 2014 and 2020 shown in Figure 72.
- b) What were the MWh breakdowns of generation when the RPS standard was introduced?
- c) Why doesn't the IRP not consider an increased RPS once the 2020 commitments are made for its sensitivity cases?

Reference: Exhibit NBP1.04 Figure 60 Page 104 “Integrated Resource Plan 2014”

Questions:

- a) Please provide actual levelized cost of electricity values for figure 60. Please include both privately financed numbers and publicly financed numbers.
- b) Are current wind PPA’s lower than the levelized cost of electricity for wind shown in Figure 60?
- c) What is the average price for current wind PPA’s?

Reference: General

Questions:

- a) Please provide monthly MWh for each in province generator for the last 5 years.
- b) Please provide Monthly total generation and monthly demand for the last 5 years.
- c) Has NB Power considered proposing an additional rate class for surplus energy to New Brunswick ratepayers? This rate class could have provisions such as the load must be flexible, does not increase demand requirements, and does not displace current or projected revenue from current rate classes.