

September 28, 2023

New Brunswick Energy and Utilities Board
P.O. Box 5001
15 Market Square, Suite 1400
Saint John, NB
E2L 4Y9

Attention: Ms. Kathleen Mitchell,
Executive Director, Administration and Chief Clerk

Re: NB Power General Rate Application

Dear Ms. Mitchell:

As the Board is aware, the filing date for NB Power's next required General Rate Application ("GRA") is October 4, 2023.

The Board is also aware that, for some time, NB Power's requests for approval of rates have been based on achieving the objective of 20% equity in its capital structure. Most recently, in Matter 541, the basis of the request was specific to attaining that goal by March 31, 2027, as directed by the Mandate Letter dated February 14, 2022.

This is to advise the Board that, on September 27, 2023, NB Power received a Directive from the Executive Council, under the provisions of section 69 of the *Electricity Act*, altering the date by which NB Power is directed to achieve the equity goal. Specifically, NB Power is directed as follows:

1. To make plans to achieve the equity target of 20% by March 31, 2029, through a combination of cost minimization and other appropriate mechanisms that will, consistent with the achievement of that target, maintain rates as low as practicable; and
2. To incorporate the directive to achieve the target by March 31, 2029 into its forecast operating budgets, capital expenditures and rate forecasts for each of the 2024/25 through 2026/27 fiscal years, being the three fiscal years of the next required Three Year Plan.

I attach a copy of the Directive for your reference.

Section 69 of the *Electricity Act* requires NB Power's Board of Directors to take this updated Directive into consideration. NB Power's management has been instructed by the Chairman of the Board of Directors to prepare and present updated plans and related forecasts for the consideration of the Board of Directors.

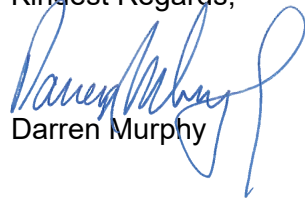
This has obvious implications for the filing of NB Power's GRA. Only upon receipt of further instruction from the Board of Directors will NB Power's management be able to finalize the GRA and the Three Year Plan. NB Power has not yet had the opportunity to assess the time required

to engage in the process of updating the forecasts for consideration by the Board of Directors, and preparing the GRA and Three Year Plan based on further instruction from that Board.

Based on this, I wanted to advise the Board as quickly as possible that NB Power will not be in a position to file the GRA by October 4, 2023. NB Power will advise the Board as soon as it has a reasonable estimate of the date it will be able to do so.

I trust this is satisfactory to the Board. Please advise if you require anything further from NB Power.

Kindest Regards,



Darren Murphy

Directive of the Executive Council pursuant to Section 69 of the *Electricity Act*

WHEREAS His Majesty the King in right in the Province of New Brunswick (the "**Shareholder**") is the registered and beneficial owner of all the issued and outstanding shares of New Brunswick Power Holding Corporation, which in turn is the sole shareholder of New Brunswick Power Corporation (the "Corporation");

AND WHEREAS the Corporation is governed by the *Electricity Act* (the "**Act**") and is defined as the "Corporation" in the *Act*;

AND WHEREAS the Corporation is required to apply to the New Brunswick Energy and Utilities Board (the "NBEUB") for approval of the rates it proposes to charge for each fiscal year, pursuant to subsection 103(1) of the *Act*;

AND WHEREAS the Shareholder is very concerned about the overall cost of living and affordability for all New Brunswickers, and regards the price of electricity as a significant contributor to overall affordability concerns;

AND WHEREAS the Shareholder is also concerned about the financial health and stability of the Corporation, and regards those matters as essential to the continued sustainability of the Corporation and its ability to safely, reliably and cost-effectively deliver electricity for the benefit of all New Brunswickers;

AND WHEREAS the Shareholder has previously delivered Mandate Letters to the Corporation under the provisions of section 3 of the *Accountability and Continuous Improvement Act*, under which the Corporation was directed to make plans to achieve a target of 20% equity in its capital structure (the "Equity Target") by March 31, 2027;

AND WHEREAS the Shareholder considers that an appropriate balancing of its concerns regarding affordability for New Brunswickers and the financial health and stability of the Corporation justifies an extension of the time by which the Corporation is directed to achieve the Equity Target;

AND WHEREAS section 69 of the *Act* states:

69. The Executive Council may at any time issue directives in writing to the Corporation that must be taken into consideration by the board of directors of the Corporation.

NOW THEREFORE, and pursuant to section 69 of the *Act*, THE EXECUTIVE COUNCIL OF THE GOVERNMENT OF NEW BRUNSWICK (the "Executive Council**") hereby issue the following directives to the Corporation to be taken into consideration by the board of directors of the Corporation:**

- (1) The Executive Council directs the Corporation to make plans to achieve the Equity Target by March 31, 2029, through a combination of cost minimization and other appropriate mechanisms that will, consistent with the achievement of the Equity Target, maintain rates as low as practicable;
- (2) The Executive Council directs the Corporation to incorporate the directive to achieve the Equity Target by March 31, 2029 into its forecast operating budgets, capital expenditures and rate forecasts for each of the 2024/25 through 2026/27 fiscal years.

DATED Sept 25, 2023


Hon. Blaine Higgs
President of the Executive Council