

Financial Statements of

**NEW BRUNSWICK POWER CORPORATION
NUCLEAR FUEL WASTE TRUST**

For the year ended March 31, 2004

Deloitte & Touche LLP

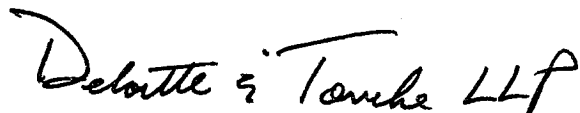
Auditors' Report

To the Trustee of New Brunswick Power Corporation Nuclear Fuel Waste Trust:

We have audited the statement of assets of the New Brunswick Power Corporation Nuclear Fuel Waste Trust (the "Trust") as at March 31, 2004 and the statement of changes in assets for the year then ended. These financial statements are the responsibility of the Trustee of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trustee, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2004 and the changes in its assets for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

April 23, 2004

**NEW BRUNSWICK POWER CORPORATION
NUCLEAR FUEL WASTE TRUST**

Statement of Assets

as at March 31, 2004

(000's)

	<u>2004</u>	<u>2003</u>
ASSETS		
Investments (Note 3)	\$ 24,000	\$ 20,000
ASSETS	<u>\$ 24,000</u>	<u>\$ 20,000</u>

NEW BRUNSWICK POWER CORPORATION
NUCLEAR FUEL WASTE TRUST
Statement of Changes in Assets
for the year ended March 31, 2004
(000's)

	<u>2004</u>	<u>2003</u>
ASSETS, BEGINNING OF YEAR	\$ 20,000	\$ -
Capital contributions	4,000	20,000
ASSETS, END OF YEAR	<u>\$ 24,000</u>	<u>\$ 20,000</u>

NEW BRUNSWICK POWER CORPORATION
NUCLEAR FUEL WASTE TRUST
Notes to the Financial Statements
for the year ended March 31, 2004

1. DESCRIPTION OF THE TRUST

Bill C-27, the *Nuclear Fuel Waste Act* ("NFWA"), received royal assent on June 13, 2002, and came into force on November 15, 2002. Bill C-27 is a key component of the Government of Canada's 1996 Policy Framework for Radioactive Waste. Under this policy, the federal government, through effective oversight, will ensure that the long-term management of radioactive waste is carried out in a comprehensive, integrated and economically sound manner.

As required under the NFWA, owners of nuclear fuel waste established, by incorporation, the Nuclear Waste Management Organization ("NWMO"). The NWMO will report regularly to the Government of Canada and make recommendations on long-term management of nuclear fuel waste. The NWMO must submit, to the Minister of Natural Resources, its recommendations for a long-term used fuel management strategy within three years of the NFWA coming into effect.

The NFWA also requires the owners of nuclear fuel waste to establish trust funds and to make annual payments into those trust funds to finance the long-term management of nuclear fuel waste. Accordingly, New Brunswick Power Corporation ("NB Power") established the New Brunswick Power Corporation – Nuclear Fuel Waste Trust (the "Trust"), and made an initial deposit of \$20 million into this trust fund on November 25, 2002. Under the NFWA, from 2003 onwards, NB Power will deposit an additional \$4 million annually into this trust fund until an approach for long-term used fuel management is approved by the Government of Canada. The funds in the Trust will be used for the purposes of managing used fuel and radioactive waste. These financial statements do not portray the funding requirements of the long-term management of nuclear fuel waste obligations.

The Trustee of the Trust is CIBC Mellon Trust Company. The Province of New Brunswick and NB Power are beneficiaries of the Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Trust have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles, requires the Trustee to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

The financial statements present the assets of the Trust as at March 31, 2004 and the statement of changes in assets for the year then ended.

NEW BRUNSWICK POWER CORPORATION
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Notes to the Financial Statements
for the year ended March 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment valuation

The carrying value of the investments approximates their fair value due to their short-term maturity.

Taxation

Based on the indications received from the Senior Assistant Deputy Minister, Department of Finance Canada, of the Department's overall intent to ensure that the legislative obligations under the NFWA do not cause the Trust to be subject to income taxes, the Trust has made no provision for income taxes in these financial statements. The Senior Assistant Deputy Minister is expected to recommend to the Minister of Finance, a measure that would ensure that the income of a trust established and maintained solely to meet the obligations of the NFWA would be exempt from taxation under the Federal Income Tax Act.

3. INVESTMENTS

Investments are comprised of Province of New Brunswick non-interest bearing Treasury Bills issued June 23, 2003 and Nov 14, 2003, due June 21, 2004.

Portfolio investments are accounted for on the cost basis of accounting. Declines in value considered to be other than temporary are recorded in the period in which such determination is made.