

*Financial Statements of*

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

*for the year ended March 31, 2006*

**Deloitte & Touche LLP**

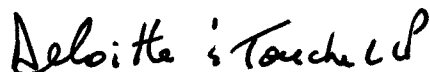
## Auditors' Report

To the Province of New Brunswick and New Brunswick Power Nuclear Corporation:

We have audited the statement of assets of the New Brunswick Power Nuclear Corporation Nuclear Fuel Waste Trust (the "Trust") as at March 31, 2006 and the statements of operations and changes in assets for the year then ended. These financial statements are the responsibility of Management 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, 2006 and the results of its operations and the changes in its assets for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

May 26, 2006

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

**Statement of Assets**

as at March 31, 2006

(000's)

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
INVESTMENTS		
Cash	\$ 804	\$ -
Investments (Note 3)	31,666	28,000
	<u>32,470</u>	<u>28,000</u>
OTHER		
Accrued interest receivable	98	-
<b>TOTAL ASSETS</b>	<b>\$ 32,568</b>	<b>\$ 28,000</b>

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

**Statement of Operations**

for the year ended March 31, 2006

(000's)

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	<u>2006</u>	<u>2005</u>
Investment income	\$ 615	\$ -
Amortization of premium	(47)	-
<b>INCREASE IN ASSETS FROM OPERATIONS</b>	<b>\$ 568</b>	<b>\$ -</b>

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**NEW BRUNSWICK POWER NUCLEAR CORPORATION**  
**NUCLEAR FUEL WASTE TRUST**  
**Statement of Changes in Assets**  
**for the year ended March 31, 2006**  
**(000's)**

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	<u>2006</u>	<u>2005</u>
<b>ASSETS, BEGINNING OF YEAR</b>	<b>\$ 28,000</b>	<b>\$ 24,000</b>
Contributions	<b>4,000</b>	4,000
Increase in assets from operations	<b>568</b>	-
<b>ASSETS, END OF YEAR</b>	<b>\$ 32,568</b>	<b>\$ 28,000</b>

# NEW BRUNSWICK POWER NUCLEAR CORPORATION NUCLEAR FUEL WASTE TRUST

## Notes to the Financial Statements

for the year ended March 31, 2006

(000's)

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### 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. The NFWA 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 an environmentally sound, comprehensive, cost-effective and integrated 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 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. Effective October 1, 2004, upon proclamation of the Province of New Brunswick's *Electricity Act*, the Trust was transferred from NB Power to New Brunswick Power Nuclear Corporation ("NuclearCo"). Under the NFWA, from 2003 onward, NuclearCo is required to 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. In November 2005, the NWMO submitted its recommendation on the long-term management of nuclear fuel waste to the federal government. The federal government will determine the strategy for dealing with the long-term management of used nuclear fuel based on submitted alternatives. 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 NuclearCo are beneficiaries of the Trust. The Trust, the Point Lepreau Used Fuel Management Fund and the Point Lepreau Decommissioning Fund collectively have been accepted by the Canadian Nuclear Safety Commission as satisfaction of NuclearCo's financial guarantee requirement.

### 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.

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

**Notes to the Financial Statements**

for the year ended March 31, 2006

(000's)

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The financial statements present the assets of the Trust as at March 31, 2006 and the statements of operations and changes in assets for the year then ended. There is no activity to report in the previous year's statement of operations. Investments in the previous fiscal year were comprised of non-interest bearing treasury bills.

*Investments*

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.

*Taxation*

Based upon proposed legislation to change the Federal Income Tax Act ("ITA"), the Trust will not be subject to income taxes and therefore the Trust has made no provision for income taxes in these financial statements. The timeframe for the enactment of these legislative changes to the ITA is uncertain.

**3. INVESTMENTS**

Investments are comprised of Federal and Provincial Bonds as follows:

	<u>2006</u>	<u>2005</u>
Maturity value	\$ 28,442	\$ 28,000
Unamortized premiums	3,224	-
	<u>\$ 31,666</u>	<u>\$ 28,000</u>
Fair market value	<u>\$ 31,676</u>	<u>\$ 28,000</u>

The premiums are amortized to operations over the life of the bonds.

Terms to maturity of fixed-term securities at March 31 are as follows:

	<u>2006</u>	<u>2005</u>
0 to 1 year	\$ -	\$ 28,000
Over 25 years	28,442	-
Total	<u>\$ 28,442</u>	<u>\$ 28,000</u>