

Financial Statements of

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

for the year ended March 31, 2007

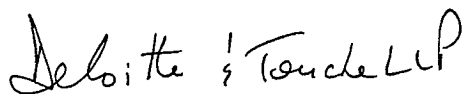
Auditors' Report

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

We have audited the statement of assets of the New Brunswick Power Nuclear Corporation Nuclear Fuel Waste Trust (the "Trust") as at March 31, 2007 and the statements of operations and changes in assets for the year then ended. These financial statements are the responsibility of the trustee. 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, 2007 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 14, 2007

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

Statement of Assets

as at March 31, 2007

(in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
INVESTMENTS		
Cash (Note 3)	\$ -	\$ 804
Investments (Note 3)	37,387	31,666
	<u>37,387</u>	<u>32,470</u>
OTHER		
Accrued interest receivable	133	98
TOTAL ASSETS	\$ 37,520	\$ 32,568

NEW BRUNSWICK POWER NUCLEAR CORPORATION
NUCLEAR FUEL WASTE TRUST

Statement of Operations

for the year ended March 31, 2007

(in thousands)

	<u>2007</u>	<u>2006</u>
Investment income	\$ 1,744	\$ 615
Amortization of premium	(126)	(47)
INCREASE IN ASSETS FROM OPERATIONS	\$ 1,618	\$ 568

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

Statement of Changes in Assets

for the year ended March 31, 2007

(in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS, BEGINNING OF YEAR	\$ 32,568	\$ 28,000
Contributions (Note 5)	3,334	4,000
Increase in assets from operations	1,618	568
ASSETS, END OF YEAR	\$ 37,520	\$ 32,568

NEW BRUNSWICK POWER NUCLEAR CORPORATION NUCLEAR FUEL WASTE TRUST

Notes to the Financial Statements

for the year ended March 31, 2007

(in thousands)

1. DESCRIPTION OF THE TRUST

As required under the Nuclear Fuel Waste Act (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 *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. The Act requires the Corporation to contribute \$4 million annually in November of each year until a long-term disposal plan is chosen. Further funding requirements beyond this time will be based on the plan chosen. The funds contained in the established fund to meet the license conditions of the generating station noted above will also be used to meet these requirements.

The Trustee of the Trust is CIBC Mellon Trust Company. The NWMO is the beneficiary 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 New Brunswick Power Nuclear Corporation's financial guarantee requirement. The financial statements present the assets of the Trust as at March 31, 2007 and the statements of operations and changes in assets for the year then ended.

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.

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

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.

NEW BRUNSWICK POWER NUCLEAR CORPORATION
NUCLEAR FUEL WASTE TRUST
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(in thousands)

3. INVESTMENTS

Investments are comprised of cash and Federal and Provincial Bonds as follows

	<u>2007</u>	<u>2006</u>
Cash	\$ -	\$ 804
Maturity value investments	33,954	28,442
Unamortized premiums	3,433	3,224
	<u>\$ 37,387</u>	<u>\$ 32,470</u>
Fair market value	<u>\$ 38,534</u>	<u>\$ 32,480</u>

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

	<u>2007</u>	<u>2006</u>
25 to 34 years	<u>\$ 33,954</u>	<u>\$ 28,442</u>

4. FUTURE ACCOUNTING CHANGES

In 2005, the Canadian Institute of Chartered Accountants (CICA) issued a number of standards that dealt with the recognition, presentation, and disclosure of financial instruments. These new standards must be adopted by the Corporation for the fiscal period beginning April 1, 2007 at the latest.

- i) CICA Handbook Section 1530, "Comprehensive Income" establishes new standards whereby enterprises will include a statement of comprehensive income while the cumulative amount, accumulated other comprehensive income (AOCI), will be presented as a new category of shareholders' equity in the balance sheet. Section 1530 defines other comprehensive income to include revenues, expenses and losses that are recognized in comprehensive income, but excluded from net earnings.
- ii) CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

The Corporation has considered all financial instruments, potential forward contract relationships and the presentation of comprehensive income and is prepared to adopt the standards on April 1, 2007.

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NUCLEAR FUEL WASTE TRUST
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for the year ended March 31, 2007
(in thousands)

5. TRUST CONTRIBUTIONS

New Brunswick Power Nuclear is required to make annual contributions of \$4,000 to the Trust. During the year assets with a book value of \$3,334 and a fair market value of \$4,000 were contributed by New Brunswick Nuclear Corporation – Point Lepreau Used Fuel Management and Decommissioning Funds.