2.31 Board of Commissioners of Public Utilities

Introduction

The Board of Commissioners of Public Utilities (the Board) was established in 1949. The Commissioners are appointed by the Lieutenant-Governor in Council under the authority of the *Public Utilities Act* and the Board's Strategic Plan describes the Board as an independent, quasi-judicial regulatory body. The Board's primary responsibility is the regulation of the electric utilities in the Province to ensure that the rates charged are just and reasonable, and that the service provided is safe and reliable. The Board is also responsible for the supervision of rates charged by automobile insurers for the various components of automobile coverage, as well as limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations. The Board's regulatory activities include: monitoring compliance with reporting requirements and Board Orders; considering applications for rate changes; managing complaints and responding to enquiries; conducting hearings; and conducting investigations.

The Board has 3 full-time commissioners and 6 part-time commissioners along with 10 full-time staff. The Board spends approximately $1.5 million per year on operating expenses and these expenses are recovered from the utilities and insurance companies based on staff time spent working on each category. The Provincial Government does not provide any funding to the Board.

When the Board has rate hearings on utilities (i.e. Newfoundland and Labrador Hydro or Newfoundland Power Inc.), or on insurance (Facility Association), the Board at times incurs significant costs to support these proceedings. These costs can vary from year to year depending on the scope and nature of applications submitted by regulated parties to the Board, e.g. in 2000 the Board's hearing related expenses were $175,000 while in 2004 they were $1.9 million. These costs are charged back to the entity requesting the rate review.

At 31 March 2004, the Board had an accumulated surplus of $1.2 million and had no long-term debt. Figure 1 shows the financial position of the Board for 2003 and 2004.

2.31 Board of Commissioners of Public Utilities

Figure 1

Board of Commissioners of Public Utilities
Financial Position
As at 31 March
($ 000's)

	2003	2004
Assets		
Cash	318	258
Accounts receivable	117	129
Hearing costs receivable	1,132	1,325
Prepaid expenses	5	-
Designated pension funds	548	493
	2,120	2,205
Liabilities		
Accounts payable and accruals	414	255
Accrued paid leave	256	296
Accrued severance pay	145	150
Pension obligations	362	349
	1,177	1,050
Accumulated Surplus	943	1,155
	2,120	2,205

Source: Audited Financial Statements

Scope and Objectives

We completed our review of the Board of Commissioners of Public Utilities in May 2004. Our objectives were to:

- review the Board's management practices and control systems;
- review the financial position and operating results of the Board; and
- determine whether controls and systems for the acquisition of goods and services are adequate and comply with Board policies and the *Public Tender Act* and *Regulations*.

2.31 Board of Commissioners of Public Utilities

Conclusions

The Board of Commissioners of Public Utilities (the Board) was established in 1949. The Commissioners are appointed by the Lieutenant-Governor in Council under the authority of the *Public Utilities Act* and the Board's Strategic Plan describes the Board as an independent, quasi-judicial regulatory body. The Board's primary responsibility is the regulation of the electric utilities in the Province to ensure that the rates charged are just and reasonable, and that the service provided is safe and reliable. To represent the interests of consumers, Government appoints a consumer advocate for each rate application before the Board. The Board is also responsible for the supervision of rates charged by automobile insurers for the various components of automobile coverage, as well as limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations.

The Board owes a duty of fairness to the regulated parties. The duty to act fairly includes the duty to provide procedural fairness to parties coming before the Board. Independence and impartiality are part of this general duty of procedural fairness.

Institutional independence and impartiality are related concepts. Both seek to uphold public confidence in the fairness of the Board and its decision-making procedures. As such, both concepts appeal to the perceptions of the reasonable, well-informed member of the public. The issue is whether a reasonably well-informed member of the public would perceive that the Board is independent and impartial.

The Commissioners of the Public Utilities Board, the Directors of Newfoundland and Labrador Hydro and consumer advocates are all appointed by Cabinet and are accountable to Government. The appearance, therefore, is that Cabinet could be seen as being in a position to influence all parties in matters relating to Hydro rate regulation. While it is not suggested that the Board carries out its duties and responsibilities with anything but the utmost good faith, the perception of impartiality is paramount and necessitates a strong system of accountability to ensure public confidence.

As the administrative body that regulates such matters as utility rates and service, matters which directly impact the daily lives of consumers in Newfoundland and Labrador, it is important that the Board be, and be perceived as, independent from the executive branch of Government in its functioning. In order to strengthen and enhance the public perception of independence and impartiality of the Board, we recommend the accountability to the House of Assembly should be strengthened. In particular, there should be a legislative provision which requires that the Board must prepare an annual report and provide it directly to the Speaker of House of Assembly for tabling. The legislative provision should also

clearly outline the information required by Members of the House of Assembly to hold the Board accountable for its activities and should provide for a reasonable review of the Board's performance.

The consumer advocates do not prepare any form of annual report for the House of Assembly outlining details of their expenses and the work performed for the expenses incurred. These costs, which totalled approximately $500,000 per year in each of the last three years, are ultimately passed on to the people of the Province.

The Board has not updated the Strategic Plan it developed in 1998 to reflect changes since that time. Furthermore, the Board does not prepare an annual operational plan to focus its activities towards achieving its strategic goals and objectives.

The Board's assessment revenues are exceeding its expenses resulting in a significant accumulated surplus of $1.2 million as at 31 March 2004. Although the *Act* has a provision which allows the Board to reduce future assessments and eliminate any surpluses, the Board has decided not to take this action. As a result, consumers in the Province have paid for this surplus through the rates the utility and insurance companies charge.

The Board has contravened the *Public Tender Act* and the *Public Utilities Act*, and its travel and entertainment expenditures are not consistent with Government's policies. For example:

- The Board did not always call public tenders or obtain three quotes or otherwise establish a fair and reasonable price for all purchases as required under the *Public Tender Act.*

- The Board is paying a former commissioner an annual pension of $24,000 without the approval of the Lieutenant-Governor in Council as required under the *Public Utilities Act.*

- Contrary to the *Public Utilities Act*, a commissioner was appointed to the Board even though the commissioner was 70 years of age before being sworn in as a Commissioner.

- The Board had no authority for a payment of $10,000 to a former employee as settlement of a proposed court case relating to an issue with an early retirement.

- Contrary to Government's policy, the Board paid credit card fees for two staff, travel claims were not always properly documented and approved for payment, and there were expenditures relating to staff functions.

2.31 Board of Commissioners of Public Utilities

Findings and Recommendations

Independence

The Board of Commissioners of Public Utilities was established in 1949 and is a regulatory Crown agency appointed by the Lieutenant-Governor in Council under the *Public Utilities Act.* The Board's primary responsibility is the regulation of the electric utilities in the Province to ensure that the rates charged are just and reasonable, and that the service provided is safe and reliable. The Board is also responsible for the supervision of rates charged by automobile insurers for the various components of automobile coverage, as well as limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations.

The Board owes a duty of fairness to the regulated parties. The duty to act fairly includes the duty to provide procedural fairness to parties coming before the Board. Independence and impartiality are part of this general duty of procedural fairness.

Institutional independence and impartiality are related concepts. Both seek to uphold public confidence in the fairness of the Board and its decision-making procedures. As such, both concepts appeal to the perceptions of the reasonable, well-informed member of the public. The issue is whether a reasonably well-informed member of the public would perceive that the Board is independent and impartial.

The Commissioners of the Public Utilities Board, the Directors of Newfoundland and Labrador Hydro and consumer advocates are all appointed by Cabinet and are accountable to Government. The appearance, therefore, is that Cabinet could be seen as being in a position to influence all parties in matters relating to Hydro rate regulation. While it is not suggested that the Board carries out its duties and responsibilities with anything but the utmost good faith, the perception of impartiality is paramount and necessitates a strong system of accountability to ensure public confidence.

As the administrative body that regulates such matters as utility rates and service, matters which directly impact the daily lives of consumers in Newfoundland and Labrador, it is important that the Board be, and be perceived as, independent from the executive branch of Government in its functioning. However, at the same time the Board must be accountable for its activities. In order to strengthen and enhance the public perception of independence and impartiality of the Board, and provide some form of accountability to the House of Assembly, we recommend that the accountability of the Board to the House of Assembly should be strengthened. In particular:

- There should be a legislative provision which requires that the Board must prepare an annual report and provide it directly to the Speaker of the House of Assembly for tabling. Currently, the *Act* indicates that the Board "may" prepare an annual report and there is no requirement that such a report be provided to the Members of the House of Assembly.

- The *Act* indicates that the Board's annual report would include information "regarding its proceedings". There should be a legislative provision which clearly outlines the information required by Members of the House of Assembly to hold the Board accountable for its activities and should provide for a reasonable review of the Board's performance. This information would normally include such things as:

    - A three-year strategic plan outlining goals and objectives along with performance measures;
    - An annual operating plan outlining the planned activities of the Board;
    - An annual budget prepared on the same basis as its financial statements;
    - Details of the annual operating costs incurred by the Board in performing its rate regulation activities compared to its approved budget;
    - Details of the annual performance activities of the Board in relation to its strategic plan and annual operating plan using the predetermined performance measures along with explanation where objectives or plans were not achieved;
    - Details as to how the Board carried out the duties and responsibilities assigned to it by the House of Assembly through various legislation; and
    - Details as to how the Board ensured that it complied with any applicable legislation, policies and directives.

To represent the interests of consumers, Government appoints a consumer advocate for each rate application before the Board. The costs of the consumer advocate, which totalled approximately $500,000 per year in each of the last three years, are paid by the entity requesting the rate review and ultimately form part of the costs to the consumer. The consumer advocates do not prepare any form of annual report for the House of Assembly outlining details of their expenses and the work performed for the expenses incurred. The consumer advocate should be accountable for the costs paid and the activities performed on behalf of consumers.

Therefore, consumer advocates should be required to provide a report outlining how their funding was spent and what was achieved as a result of their work. This report should be provided to the Members of the House of Assembly so that they may be fully informed of rate regulation activities in the Province, hold the consumer advocates accountable for their costs and activities, and provide a reasonable review of the consumer advocates' performance.

Management Practices and Control Systems

1. Compliance with the *Public Utilities Act*

The Board operates under the authority of the *Public Utilities Act* and therefore, we would expect the Board to comply with all of the provisions contained in that *Act*. Our review indicated the following:

- The Board has no authority for the $24,000 annual pension it has been paying to a former Commissioner since November 1999. The *Public Utilities Act* permits the Lieutenant-Governor in Council to establish a pension for a commissioner and to prescribe the period of service and the basis for the amounts of pensions including the method for calculating those amounts.

  In this instance, the Board did not obtain the required approval of the Lieutenant-Governor in Council to pay the annual $24,000 pension.

- The Board had no authority to pay a former employee $10,000 as settlement of a proposed court case. In March 1997 a former employee of the Board applied for and was granted early retirement under the Voluntary Departure Program with effect from 31 March 1997. The employee signed the Voluntary Departure Program Statement and gave up any rights to further compensation from the Board. Under this program the employee was entitled to receive severance pay of 20 weeks salary and redundancy pay of up to 62 weeks of pay, less severance. Therefore the total entitlement was 62 weeks salary.

  However, in September 2002, the former employee filed a claim in the Supreme Court for payment of the 20 weeks severance pay in addition to the 62 weeks redundancy pay received. In May 2003, the Board paid the former employee the $10,000 as settlement of the proposed court case. We could find no legislative or policy support for this payment.

- In August 2003 an individual who had reached 70 years of age on 5 July 2003 was sworn in as a part-time commissioner. This is contrary to the requirements of the *Public Utilities Act*, which states that a commissioner cease holding office upon reaching the age of 70 years. At the time of our review, this part-time commissioner was still in place.

- Contrary to the *Public Utilities Act*, the Board does not have the required three full-time commissioners in that the full-time commissioner who retired in May 2004 had not been replaced as at October 2004.

2. Planning and Accountability

Sound management practice requires that the Board have a strategic plan in place to set its goals and objectives and an operating plan to annualize its work. Another requirement is that the Board report annually on progress towards its goals and objectives. Our review indicated the following:

- Although the Board developed a strategic plan in 1998, which outlined its mandate, mission, core values and critical success factors, along with its strengths, challenges and strategic issues, this plan has never been updated. Furthermore, although the strategic plan could be used to develop an annual operational plan, the Board has never prepared such a document to focus its activities towards achieving its strategic goals and objectives.

- Although the Board prepares an annual report, it does not contain any performance information to show actual results compared to planned results for strategic initiatives identified by the Board. For example, initiatives relating to staff utilization, reducing regulatory costs, and timeliness of hearings and decisions.

  Furthermore, the report does not provide a concise and consolidated accounting of the total cost of rate regulation in that operating expenses are outlined in the Statement of Operations while hearing costs are outlined in a note to the financial statements. The annual report, however, does provide information on the Board's mandate, mission and lines of business and highlights of the significant regulatory items before the Board.

  The annual report is not presented to the Members of the House of Assembly on a timely basis. The report for the year ended 31 March 2002 was not tabled in the House of Assembly until March 2003 and the report for the year ended 31 March 2003 was not provided to the Minister of Justice until April 2004.

Financial Position and Operating Results

The Board spends approximately $1.5 million per year on operating expenses and recovers this amount by assessing the utilities and insurance companies based on staff time spent working on each category. Figure 2 shows the Board's operating results for the last five years.

Figure 2

Board of Commissioners of Public Utilities
Operating Results
Years Ended 31 March
($000's)

	2000	2001	2002	2003	2004
Revenue					
Assessments	1,374	1,511	1,725	1,671	1,725
Other	57	96	53	38	25
Total Revenue	**1,431**	**1,607**	**1,778**	**1,709**	**1,750**
Expenses					
Salaries	854	1,077	930	997	994
Consulting fees	81	177	145	111	200
Rent and Insurance	130	131	131	131	142
Office equipment/supplies	40	58	93	82	67
Pension obligations	42	47	48	52	52
Travel	57	70	50	60	37
Telecommunications	28	26	25	23	27
Training and memberships	30	43	35	56	16
Other expenses	10	16	6	1	2
Total Expenses	**1,272**	**1,645**	**1,463**	**1,513**	**1,537**
Excess of Revenues over Expenses	**159**	**(38)**	**315**	**196**	**213**

Source: Audited Financial Statements

2.31 Board of Commissioners of Public Utilities

Our review of the Board's financial position and operating results indicated the following:

- As Figure 2 indicates, the Board has had a significant surplus in four of the last five years. At 31 March 2004, the Board's Statement of Financial Position reflected a total accumulated surplus of $1.2 million. This surplus has resulted because the Board's assessments have exceeded its expenditures. As a result, consumers in the Province are paying for this surplus through the rates the utility and insurance companies charge. Although the *Act* has a provision which allows the Board to reduce future assessments and eliminate any surpluses, the Board has decided not to take this action.

- Although the Board has an annual budget approved by Cabinet, the budgeted amounts are not reflected in its annual financial statements. As a result, it is not possible to compare the Board's approved budget with its actual expenditures. Such a comparison would enhance the usefulness of the information provided by the Board.

- The *Act* allows the Board to hire legal counsel, accountants, engineers, stenographers or other persons that it may require. The Board does not have a professional accountant on staff to review the information received from the public utility companies. Instead, the Board hires an accounting consulting firm to carry out this work. The Board has to pay rates for this service at approximately $200 per hour. For the three year period ended 31 March 2004, the Board paid an accounting consulting firm approximately $993,000 to review and challenge the various submissions which it received.

- In the Board's financial statements, the Statement of Operations outlines the revenues and expenses related to the operations of the Board. All costs related to Board hearings, including the consumer advocate, are outlined in a note to the financial statements. Therefore, the total expenditures of the Board can only be obtained by combining the operational expenditures and hearing costs. These combined costs for the past five years are outlined in Figure 3.

Figure 3

Board of Commissioners of Public Utilities
Expenditures
Years Ended 31 March
($ Millions)

	2000	2001	2002	2003	2004
Operating	**1.3**	**1.6**	**1.5**	**1.5**	**1.5**
Hearings - Board	0.2	0.2	1.1	1.1	1.4
Hearings - consumer advocates	0.0	0.0	0.5	0.5	0.5
Hearings - total	**0.2**	**0.2**	**1.6**	**1.6**	**1.9**
Total expenditures	**1.5**	**1.8**	**3.1**	**3.1**	**3.4**

Source: Audited Financial Statements

It is this total expenditure relating to the Public Utilities Board which is ultimately charged back to the rate payers of the Province as part of the cost of service and it is this information which should be presented to Members of the House of Assembly.

Expenditures

We reviewed a sample of Board expenditures covering the period from April 2001 to March 2004. Our review identified instances of non-compliance with the *Public Tender Act* and non-compliance with Government's travel rules and entertainment policies.

1. Public Tender Act

The Board is an agency of the Crown and therefore is required to comply with the *Public Tender Act*. The *Public Tender Act* requires that tenders be invited where the cost of goods and services is more than $10,000 or a public work is more than $20,000. The *Act* provides exceptions where tenders may not be required to be invited and in these cases the Minister of Government Services must be informed. The Minister in turn will table a report in the House of Assembly. The *Public Tender Regulations* outline requirements that have to be followed when issuing a tender, opening a tender and documentation required to be maintained. The *Act* also requires that, where the cost of goods and services is $10,000 or less or public work is $20,000 or less, quotations are required to be obtained from at least three suppliers or establish for the circumstances a fair and reasonable price.

Our review indicated that the Board contravened the requirements of the *Public Tender Act* and *Regulations* as follows:

- We selected 8 purchases greater than $10,000 for the period April 2001 to March 2004 to determine the Board's compliance with the *Public Tender Act* and *Regulations*. Of the 8 purchases requiring a public tender, 7 were not tendered and 1 was tendered by the Board.

- We also selected 12 purchases $10,000 or less to determine whether the Board complied with the requirements of the *Public Tender Act* to obtain either three quotes or establish for the circumstances a fair and reasonable price. Of the 12 purchases requiring quotes, 7 did not have the required 3 quotes, 4 had the 3 quotes and 1 was a sole source purchase.

The following are details of our findings:

(a) No public tender called

In 7 purchases over $10,000 and totalling $943,746 (excluding HST), the Board did not call a public tender as required by the *Act.*

- In June 2003, the Board contravened the *Public Tender Act* in that it renewed its St. John's office space lease at a rate higher than the rate in the original lease without a public tender. Although the *Act* provides that where a lease contains a renewal option, it may be renewed at the same terms and conditions as the original lease, in this instance the rate increased and therefore the lease should have been publicly tendered. This was a five year lease at a total cost of $683,640.

  The Board also contravened the *Public Tender Act* by not obtaining Treasury Board approval to pay its office space lease on a month to month basis after it expired in May 1997. The Board paid a monthly lease of $9,365 for the period June 1997 to May 1998, totalling $112,380.

- In April 2001, the Board leased a digital photocopier without requesting public tenders. Payments under the 36 month lease totalled $10,764.

- In August 2001, the Board entered into a month to month web server hosting services contract without requesting public tenders. Monthly payments for these services, which continued until April 2003, totalled $12,500.

- In September 2001, the Board purchased microphones and cable totalling $15,071 from the same company on the same day and used two separate purchase orders without requesting public tenders. Purchases should not be split to avoid the requirements for public tender.

- In April 2002, the Board entered into a contract for internet access without requesting public tenders. Payments under the three year contract totalled $12,117.

- In January 2003, the Board hired a company owned by the lessor of its office space in St. John's to complete renovations at that space. These renovations cost $43,274 and were not publicly tendered as required.

  Furthermore, instead of paying for this work, the amount was added to the lease that the Board had in place with the lessor. The Board agreed to pay the lessor $19,666 for finance charges on the $43,274 renovation costs. This $19,666 finance charge was also added to the lease that the Board had with the lessor. As a result of these additional charges, the monthly lease payments increased from $10,345 (excluding HST) before the renovations and finance charges, to $11,394 (excluding HST) after these costs were included.

- In March 2003, the Board entered into a one year contract, with a three year renewal option, for transcription services without requesting public tenders. Payments under the one year contract (based on hours of service) totalled $54,000.

(b) Purchases requiring quotes

A review of 12 purchases of $10,000 and less requiring that either three quotes be obtained or that a fair and reasonable price be established identified the following:

- For 7 purchases totalling $36,584, the Board contravened the *Public Tender Act* as it did not either obtain three quotes or provide documentation that a fair and reasonable price was established.

- For 4 purchases totalling $18,590, the Board either obtained three quotes or provided documentation that a fair and reasonable price was established.

- For 1 purchase totalling $8,068 for a five-year mailing machine rental contract, the Board indicated the purchase was a sole source and therefore three quotations were not obtained.

2. Travel and Entertainment

The Board has adopted Government's rules for travel and entertainment expenses. Our review of travel claims submitted by commissioners and staff of the Board during the period April 2001 to March 2004 disclosed the following:

- 19 travel claims totalling $16,546 did not have the appropriate payment approval signature.

- In 23 instances where entertainment claims were made totalling $5,280, the claims did not list the individuals being entertained.

- In 8 instances, meal per diems totalling $365 were charged when the individuals were only entitled to claim $176. Of the $189 difference, $154 related to claims submitted by one Commissioner.

Our review also indicated that the Board made several expenditures which, while approved by the Board, were not consistent with Government's entertainment policy.

- The Board incurred costs totalling $4,976 relating to Christmas parties over the three year period (2004 - $590, 2003 - $3,600, 2002 - $786).

- The Board paid a total of $1,385 over the three year period (2004, 2003 and 2002) for credit card fees for two staff.

- In July 2003, the Board held an annual staff meeting over a two-day, one-night period at a golf resort at a cost of $3,157.

Capital Assets

The financial statements of the Board for the year ended 31 March 2004 disclose that it has accumulated a total of $497,697 in capital assets. Included in this amount are: furniture and equipment of $193,741; computer hardware of $158,820; leasehold improvements of $129,222; and computer software of $15,914. Our review of control over these capital assets indicated that although the Board has a listing of capital assets by location, the assets are not tagged or otherwise marked to identify them as Board owned assets and to readily compare assets to the listing.

Recommendations

Government should:

Consider strengthening the Board's accountability to the House of Assembly as follows:

- *There should be a legislative provision which requires that the Board must prepare an annual report and provide it directly to the Speaker of House of Assembly.*

- *Legislation should clearly outline the information required by Members of the House of Assembly to hold the Board accountable for its activities and should provide for a reasonable review of the Board's performance.*

Furthermore, the consumer advocates should be required to prepare a report for tabling in the House of Assembly in order for the House of Assembly to be fully informed of rate regulation activities in the Province, hold the consumer advocates accountable for their costs and activities, and provide for a reasonable review of the consumer advocates' performance.

The Board should:

- *update its strategic plan and prepare an annual operational plan to focus its activities towards achieving its goals and objectives;*

- *include performance information and the total cost of rate regulation in its annual report to Members of the House of Assembly;*

- *comply with* Public Tender Act *and the* Public Utilities Act*;*

- *Comply with Government's travel and entertainment policies; and*
- *address the issue of its significant annual and accumulated surpluses.*

Board's Response

Independence

The Board points out detailed annual reports of comparable format and content to those provided by other administrative tribunals across Canada are currently prepared by the Board. These annual reports are generally consistent and recognize the independent quasi-judicial role played by these Boards. The Board's annual report is tabled in the House of Assembly through the Minister of Justice. The Board in this respect and all others complies with its governing legislation contained in the Public Utilities Act. *It is the position of the Board that the suggestion of changing current legislative enactments to strengthen the Board's accountability directly to the House of Assembly is beyond the mandate of the Auditor General and is essentially a public policy question for Government. The Board currently engages in significant business improvement, performance and reporting activities which are not acknowledged in the Auditor General's report. While the Board concurs some of the information items listed by the Auditor General to enhance the Board's annual report merit consideration, other items in fact conflict with the Board's quasi-judicial function.*

The Board notes that the most fundamental measure of the Board's independence and accountability as reflected in the Public Utilities Act is that decision/orders of the Board have the force of law and can only be challenged through an appeal brought to the Supreme Court of Appeal of Newfoundland and Labrador.

With respect to the role of the Consumer Advocate, the issue raised by the Auditor General concerning the consumer advocate's accountability to Members of the House of Assembly is a matter best addressed by Government through its appointment of the consumer advocate.

Planning and Accountability

The Board will formalize its reporting and accountability requirements in accordance with criteria established relative to the new Transparency and Accountability Act. *The Board will also incorporate the total cost of rate regulation in its annual report.*

2.31 Board of Commissioners of Public Utilities

Public Tender Act/Public Utilities Act

The Board will examine its existing purchasing and tendering practices in relation to the Public Tender Act. *The Board is in full compliance with the* Public Utilities Act. *There are a number of issues raised by the Auditor General respecting this Act that falls within the purview of Government.*

Administrative Practices

The Board will review its existing administrative practices in relation to Government's travel and entertainment policies.

Accumulated Surplus

The Board is of the view that its current accrual policy of retaining surplus against identified future liabilities reflects due financial diligence. The Board confirms its present policy that any material unappropriated surplus will be used to reduce future assessments of the Board upon its regulated industries.

2.31 Board of Commissioners of Public Utilities