

Board of Commissioners of Public Utilities

P.O. Box 21040, St. John's, NL. A1A 5B2
Tel: (709) 726-8600 - Fax: (709) 726-9604

PRESS RELEASE

June 20, 2003

**The Board of Commissioners of Public Utilities
Today issued its Decision and Order with respect to
The General Rate Application of Newfoundland Power**

The Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board") today released Order No. P.U. 19 (2003) with respect to a hearing into an application of Newfoundland Power Inc. ("NP") for a General Rate Review. The hearing concluded on April 25, 2003.

In its Application, NP requested an increase in electrical rates of 0.96% as of August 1, 2003. During a comprehensive public hearing, the Board considered this increase and other matters contained in the Application, including NP's financial targets, certain accounting and policy matters, and its revenue requirement for 2003 and 2004, which is the amount of money NP is allowed to recover from customers through electricity rates.

In P.U. 19 (2003), the Board has made several decisions which will ultimately result in rates different than those proposed by Newfoundland Power. The Board has allowed a return on regulated common equity of 9.75% for setting a fair and reasonable return on rate base for NP, instead of the 10.75% proposed by NP. This decision by the Board has the effect of reducing NP's proposed revenue requirement and return on rate base. NP has been directed to re-file a revised Schedule of Rates which will incorporate the decisions and orders of the Board.

The Board also ordered NP to file a proposal for the rebate of the 2001 excess earnings of \$944,000 to customers.

Other decisions include the continued use of the Automatic Adjustment Formula to set rates beyond 2004, unless otherwise ordered by the Board, and specific requirements with respect to NP's relationship with its sole shareholder, Fortis Inc. The Board also ordered that there be no change in the capital structure of NP.

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The specific impact of Order P.U. 19 (2003) on customers will be finalized once NP re-files its new rates. The Board anticipates this revised filing will be completed in the next few weeks. This re-filing will be reviewed to ensure compliance with this Decision and Order before a final order of the Board is issued approving customer rates to be effective for bills issued after August 1, 2003.

A copy of the Summary of Board Decisions and Board Order is available for pick-up at the Board's Office and can be viewed on the Board's website at www.pub.nf.ca.

Media Contact: Dwanda Newman, Legal Counsel
Phone: (709) 726-6781
Toll Free: 1-866-782-0006
E-mail: dnewman@pub.nf.ca
Facsimile: (709) 726-9604