

Board of Commissioners of Public Utilities

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PRESS RELEASE

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PUBLIC UTILITIES BOARD ORDERS DECREASED ELECTRICAL RATES

The Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board") today issued Order No. P.U. 23 (2003) directing Newfoundland Power Inc. ("NP") to decrease electricity rates charged to its customers by an average of 0.15% effective August 1, 2003 and to rebate customers a total of \$3,640,000 in revenues previously collected. This latest order reflects the specific rate impact of decisions previously announced by the Board on June 20th, 2003 resulting from its public hearing into NP's general rate application. Based on the Board's decisions, NP filed its revised rate calculations on July 8th, 2003.

In its initial application, NP requested a rate increase of 0.96%, proposing to retain \$944,000 in excess earnings for 2001 to be applied against future operating expenditures. NP also requested the Board allow a return on regulated common equity for rate setting purposes of 10.75%.

Following the hearing, the Board denied the rate increase sought, instead allowing a 9.75% return on regulated common equity for rate setting purposes and as well making certain other changes to Newfoundland Power's proposals which results in the rate decrease and rebate to consumers. A typical customer without electric heat who uses approximately 1000 kWh per month will experience an approximate 1.3% decrease in rates while a customer with electric heat who uses an average of 2000 kWh per month will experience a 0.8% decrease. This decrease includes a reduction in the basic customer charge from \$16.90 to \$15.90 per month as ordered by the Board. In addition, Newfoundland Power is required to rebate to customers in September a total of \$3,640,000, which for an individual customer will result in a rebate of approximately 0.9% of the customer's bills for the previous year.

Robert Noseworthy, Chair and CEO of the Public Utilities Board, noted that although the Consumer Advocate, Mr. Dennis Browne, has filed with the Court of Appeal a Notice of Application for Leave to Appeal the Board's June 20th Decision and Order, the rate decrease and rebate will be implemented as ordered by the Board.

The Board of Commissioners of Public Utilities is an independent, quasi-judicial agency established under provincial legislation to regulate public utilities in the province, which include Newfoundland Power Inc. and Newfoundland and Labrador Hydro. The Board's mandate is to ensure that consumers receive safe and reliable electricity at rates that are reasonable while allowing the utility to earn a fair return on its investment in supplying the electrical service. The Board works to reach an equitable balance between the interests of consumers and the utility.

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