

Board of Commissioners of Public Utilities

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PRESS RELEASE

June 23, 2011

**Board of Commissioners of Public Utilities issues
Board Orders No. P.U. 12(2011) and No. P.U. 13(2011) approving rates to be charged by
Newfoundland Power Inc. and Newfoundland and Labrador Hydro as of July 1, 2011.**

The Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board") has issued Order No. P.U. 12(2011), approving an average increase in electricity rates of approximately 7.7% for Newfoundland Power's residential and general service customers, effective July 1, 2011. The Board also issued Order No. P.U. 13(2011), which approves rate increases for Newfoundland and Labrador Hydro's Island Interconnected customers and Isolated Rural customers (excluding government departments) to be effective July 1, 2011. Since these rates are based on Newfoundland Power's rates, they are automatically adjusted as Newfoundland Power's rates are changed.

The rate increases result from the annual operation of the retail Rate Stabilization Plan, which reflects variations in significant cost factors that are beyond the control of the utilities. Among these variations are fuel costs associated with the production of thermal energy at the Holyrood Thermal Generating Station, variations in system load, and municipal taxes charged each year to Newfoundland Power by municipalities throughout the province.

The specific impact on both Newfoundland Power's customers and Newfoundland and Labrador Hydro's Island Interconnected customers of this rate increase will depend on energy usage levels. For example, non-electric heat consumers on the Island interconnected system using 1000 kWh of electricity per month will see an estimated increase of 7.40% in their monthly bills, excluding HST and early payment discounts. Electric heat customers using 2000 kWh per month will see an increase of 7.95% in their monthly bills. Newfoundland and Labrador Hydro's Isolated Rural Customers with the same usage amounts will see estimated increases of approximately 7.15% and 7.40% respectively in their monthly bills.

Additional information concerning electricity costs for residential customers can be found in the attached schedules.

The Orders can be viewed on the Board's website at www.pub.nl.ca.

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Schedule 1

COMPARISON OF AVERAGE MONTHLY RESIDENTIAL ELECTRICITY BILLS

Order Nos. P.U. 12(2011) and P.U. 13(2011)

| | Average Monthly Consumption* | Newfoundland Power & Hydro Island Interconnected | Hydro Isolated Rural** | Hydro Labrador Interconnected*** |
|--|------------------------------|--|------------------------|----------------------------------|
| Existing Rates As of January 1, 2011 | 1000 kWh | \$ 111.53 | \$ 115.77 | \$ 39.95 |
| | 2000 kWh | \$ 207.37 | \$ 264.84 | \$ 72.75 |
| New Rates Effective - July 1, 2011 | 1000 kWh | \$ 119.78 | \$ 124.05 | \$ 39.95 |
| | 2000 kWh | \$223.85 | \$ 284.45 | \$ 72.75 |

* 1000 kWh - Average usage per month for customers without electric heat; includes basic customer charge, excludes prompt payment discount & HST.

2000 kWh - Average usage per month for customers with electric heat; includes basic customer charge, excludes prompt payment discount & HST.

** Calculations are based on a lifeline block of 700 kWh and a 2nd block of 300 kWh with anything over 1,000 kWh in the 3rd block.

***These rates are not affected by Order Nos. P.U. 12(2011) and P.U. 13(2011).

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Schedule 2

COMPARISON OF ELECTRICITY RATES RESIDENTIAL CUSTOMERS

Order Nos. P.U. 12(2011) and P.U. 13(2011)

| RETAIL CUSTOMER CLASS | | CURRENT RATES | NEW RATES |
|---|--|-----------------|--------------|
| | | January 1, 2011 | July 1, 2011 |
| NEWFOUNDLAND POWER & NEWFOUNDLAND & LABRADOR HYDRO RURAL INTERCONNECTED (Customers whose rates are based on NP rates) | Basic Monthly Charge | \$ 15.69 | \$ 15.71 |
| | Energy Rate (per kWh) | 9.584¢ | 10.407¢ |
| NEWFOUNDLAND & LABRADOR HYDRO ISOLATED DIESEL (Coastal Labrador & Isolated Island Systems) | Basic Monthly Charge | \$ 15.69 | \$ 15.71 |
| | Energy Rate (per kWh) <i>Usage per/month</i> | | |
| | <i>First Block</i> | 9.584¢ | 10.407¢ |
| | <i>Second Block</i> | 10.995¢ | 11.831¢ |
| | <i>Over 1000 kWh</i> | 14.907¢ | 16.040¢ |
| NEWFOUNDLAND & LABRADOR HYDRO LABRADOR INTERCONNECTED* | Basic Monthly Charge | \$ 7.15 | \$ 7.15 |
| | Energy Rate (per kWh) | 3.280¢ | 3.280¢ |

*Rates for these customers are not affected by Orders Nos. P.U. 12(2011) and P.U. 13(2011).