

HYDRO

U-HYDRO #6

NEWFOUNDLAND AND LABRADOR HYDRO

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October 12, 2001

**Mr. Philip Hughes
President & Chief Executive Officer
Newfoundland Power
P.O. Box 8910
St. John's, Newfoundland
A1B 3P6**

Dear Mr. Hughes:

This is to acknowledge receipt of your letter of October 9th following our meeting on October 5th, 2001. I had requested the meeting as a result of the expressed concern of the Consumer Advocate that electricity consumers should be made more particularly aware of the impact of rising fuel prices on electricity rates. It was suggested that the two utilities should consider what, if any, action should be taken at this time.

As we had discussed, in reviewing the merits and timeliness of communicating with our retail customers, it was thought to be preferable if we were to await the outcome of the current rate hearing and any Order of the Board which resulted in an adjustment of consumer rates. Focusing specifically on the price of oil, in the absence of a direct link to rate impacts, would not be as effective.

Within the current Island Interconnected System, there would have to be a significant reduction in electricity consumption to achieve an appreciable result in decreased fuel consumption at our Holyrood Thermal Plant. A structured



communications program following receipt of the Board's decision is more likely to produce a positive result from consumer response.

In the meantime, as you are aware, Hydro continues to stress the impact of oil on electricity prices to the general public through communications surrounding its application to the Board for a rate increase and we will maintain this approach throughout the conduct of the hearing.

As well, Hydro has a number of on-going initiatives to assist customers with their energy efficiency and conservation needs. We recognize this area is important to our customers and continue to look for ways to improve this service.

Hydro recognizes education and good communications, both internal and external, as key factors in helping customers make wise energy choices. Our Company has put great emphasis on training for our customer services personnel to insure the information provided to customers is accurate and consistent with current energy efficiency technology and practices.


We have developed an affiliation with Seneca College, a highly recognized institute of energy training; the Conservation Corps, a lobby & service group for energy conservation and environmental protection; and Natural Resources Canada, a federal government resource for current energy efficiency publications.

With our internal and external resources we deliver energy efficiency information and assistance to our customers through our customer newsletter, brochures, employees, customer and community visits, our Customer Communications Centre and our Technical Support group. We also use our resources to educate customers on the environmental benefits of conservation. Attached is a listing of initiatives Hydro is currently undertaking to communicate effectively with customers concerning energy efficiency and conservation



Hydro undertakes to provide the result of our discussion to the Consumer Advocate and the Board.

Yours very truly,



William E. Wells,
President & Chief Executive Officer.

WEW/kdc
Attachment

List of Initiatives Newfoundland and Labrador Hydro is currently undertaking to communicate effectively with customers concerning energy efficiency and conservation.

- Employee education program through Seneca College
- Partnership with Newfoundland and Labrador Conservation Corps
- Natural Resources Canada Energy Efficiency Publications
- Customer Assistance Database (Records & Monitors customer requests for assistance to insure timely responses)
- Customer Newsletter
- Hot 2000 Program for Estimating Electricity Consumption for New Homes
- Communications Center with toll free service
- In house expertise in "House as a System"



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October 11, 2001

Mr. William Wells
President & Chief Executive Officer
Newfoundland & Labrador Hydro
P.O. Box 12400
St. John's, NF A1B 4K7

Dear Mr. Wells:

I am pleased to provide you with an outline of Newfoundland Power's on-going customer information and services regarding energy efficiency and conservation.

Newfoundland Power regularly promotes energy efficiency to customers through in-person and customer communications, as well as partnering with environmental and community groups on conservation projects. Our Company's focus is to educate and inform both our residential and commercial customers on wise energy choices including home energy efficiency and the environmental benefits of conservation.

In particular, our Company focuses on informing consumers of their energy options. As outlined on our website, Newfoundland Power places particular emphasis on the need for customers to make wise energy choices related to converting one's heating system. As stated on our website *"Unless your current heating system is at the end of its useful life, it is not cost effective to convert to another heating system. The costs associated with removing one heating system and installing another will generally cost more than the operating costs of your current system."*

Newfoundland Power's specially trained customer service team works to help customers from across the island identify ways they can increase energy efficiency in their homes. As well, our Company provides a number of rebate and financing programs to assist customers with home projects aimed at increasing energy efficiency. Our energy efficiency communications are delivered on a regular and consistent basis through bill inserts, brochures, employees, home shows, partner groups, customer newsletters, our Key Customer Program and customer visits, Newfoundland Power's corporate website, and our Customer Service Call Centre.

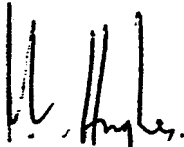
Mr. William Wells
October 11, 2001
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Given our on-going communications to customers on the benefits of energy efficiency and conservation, we would be reluctant to engage in a high-cost advertising campaign at the expense of our customers. In addition, based on the considerable information consumers receive on oil and pricing trends from the general media, our Company feels that there is no need to make further investments in advertising, as consumers are already well educated on the issue.

With respect to keeping customers informed of regulatory decisions regarding their electrical rates, our Company feels that it is appropriate to await the outcome of the current rate hearing and assess the impacts before communicating any changes. We feel interim communications may result in customers receiving confusing and conflicting information regarding their electrical rates.

For your information, a list outlining Newfoundland Power's communications with customers concerning energy efficiency and conservation is attached. Please do not hesitate to contact me should you wish to discuss this issue further.

Yours truly,



Philip G. Hughes
President
& Chief Executive Officer

Listing of Newfoundland Power's On-going Customer Communications on Energy Efficiency and Conservation

Customer Programs and Services

- Wrap Up For Savings (insulation rebate and financing program)
- Energy Efficient Water Heater (electric water heater financing program)
- Thermostat Program (thermostat rebate and financing program)
- R-2000 Upgrade Financing (finances the cost differential between a conventionally constructed home built to the National Building Code standard and the same home built as a registered R-2000 home)
- Key Customer Program (focuses on building personal relationships with key commercial customers)
- In-person energy efficiency and conservation consultation services are available through Newfoundland Power's Customer Service Specialists located across Newfoundland.
- Newfoundland Power's Customer Call Centre representatives are also trained to assist customers with questions on energy use and efficiency.

Residential Customer Information, Brochures and Worksheets

- Keeping the Heat In (Natural Resources Canada publication)
- Heating With Electricity (Natural Resources Canada publication)
- Home Comfort (information on water heating and thermostats)
- High Comfort Thermostats
- Tips for the Placement of Electric Baseboard Heaters and Thermostats
- Should I Convert My Heating System? (includes a worksheet to provide customers with information to make informed choices on the economics of conversion)
- How to Calculate Home Heating Costs for My New Home (includes a worksheet)
- Building a New Home Information Package
- Wrap Up For Savings Information Package
- When I Green Up! (Conservation Corps Newfoundland & Labrador publication)

Commercial Customer Information

- Energy Efficient Office Equipment (Natural Resources Canada publication)
- How to Reduce Your Energy Costs
- Understanding Demand/Energy Rates and Managing Your Electricity Costs

Bill Inserts

Newsletters

- Power Connection (general customer newsletter)
- Business Links (business customer newsletter)

Website Information

Residential

- **Energy Efficient Home Construction (Building a New Home, New Home Heating Costs, R-2000 Construction)**
- **Getting the Most Out of Your Energy Dollar (Insulating Your Home, High Performance Thermostats, Energy Use Chart, Converting Your Heating System, Energy Efficient Water Heating, Energy Efficient Tips and Frequently Asked Questions on topics such as Insulation and Weatherization, Lighting, Water Heating, Major Appliances and other topics)**

Commercial

- **Managing Your Energy Costs (Energy Efficient Lighting, Energy Saving Tips and Lighting Controls)**
- **Load Management and Load Factor**
- **Power Quality and its Effects on Equipment**

Energy Efficiency Partnerships

- **Newfoundland & Labrador Home Builders Association**
- **Conservation Corps Newfoundland & Labrador**
- **Action By Canadians**