

Media Releases 1998

Media Release



55 Kenmount Road
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Organizations Partner to Clean Up at the Canada Games!

For immediate release:

February 12, 1998

(*Corner Brook, NF*): ACAP Humber Arm Environmental Association, the 1999 Canada Winter Games Host Society, West Lane Recycling and Newfoundland Power have initiated an innovative partnership to promote environmental responsibility during the Canada Winter Games.

Using a van donated by Newfoundland Power, West Lane Recycling employees and volunteer Newfoundland Power employees and retirees will collect recyclables from more than 170 pick up locations at 16 Games' venues during the Winter Games.

Recycling is one of the many environmental initiatives being addressed at the 1999 Canada Winter Games, says Sheldon Peddle, Executive Director, ACAP Humber Arm and Chair, 1999 Canada Winter Games Environmental Issues Unit. "We have taken great strides over the past three years to incorporate 'green' practices into the Games by forming a committee responsible for developing policies and procedures to ensure environmental issues are properly dealt with," explains Peddle. "This effort is really something for our community to be proud of."

Bob Pike, Manager, Corporate Communications, Newfoundland Power, says the recycling unit and program is a natural fit with Newfoundland Power's Environmental Commitment Program. "Not only does the effort benefit our environment and encourage community partnering, but it will also support the work of West Lane Recycling," says Pike.

All money generated through collected recyclables will be used to support West Lane's ongoing efforts to provide clients with mental illnesses with opportunities to learn new skills and increase self-esteem and confidence by providing employment opportunities in recycling.

"We continue to be overwhelmed by the initiative and resourcefulness of our community partners to work together," says Allan Skanes, Vice President, Athlete's Village, 1999 Canada Winter Games Host Society. "Partnerships like these are what will make the 1999 Canada Winter Games a successful, first rate sporting and cultural event."

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Newfoundland Power - 1997 Results

February 18, 1998

(*St. John's, Newfoundland*): Newfoundland Power released its year-end results for 1997 today.

"Earnings applicable to common shares declined from \$25.1 million in 1996 to \$24.9 million," said Philip Hughes, President and Chief Executive Officer. "Productivity gains achieved were slightly more than offset by expenses associated with an early retirement program offered in 1997, resulting in a net one per cent decrease in earnings."

Earnings per common share for the year were \$2.42 compared to \$2.44 in 1996. Energy sales for the year were consistent with 1996.

Revenue for 1997 totaled \$343.7 million, representing a one per cent increase over 1996 revenue of \$341.6 million.

Net capital expenditures increased from \$28.2 million in 1996 to \$30.9 million in 1997.

"The 1998 Capital Budget is \$40.6 million and will focus on improving system reliability and customer service. The Company will construct a 6.1 MW hydroelectric generating plant at Rose Blanche Brook on the southwest coast of Newfoundland at a total cost of \$13 million," explains Mr. Hughes.

Summary - 1997 Results

	Year ended December 31	
	1997	1996
Energy Sales	4438 GWh	4425 GWh
Revenue	\$343,677,000	\$341,560,000
Earnings Applicable to Common Shares	24,931,000	25,144,000
Earnings Per Common Share	2.42	2.44
Net Capital Expenditures	30,900,000	28,200,000

Newfoundland Power is a wholly owned subsidiary of Fortis Inc., St. John's, Newfoundland. Its preferred shares are traded on the Montreal Exchange. With a customer base of 172,000, Newfoundland Power is dedicated to providing the highest level of customer service and reliability of supply while relentlessly pursuing employee and community safety.

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Newfoundland Power Initiates Preventive Maintenance Program in Broad Cove - Bell Island Area

For immediate release:

February 20, 1998

(St. John's, NF): Newfoundland Power has initiated a \$300,000 preventive maintenance program to improve reliability to residents of St. Thomas, St. Phillip's, Portugal Cove and Bell Island.

"Over the past year, customers in these areas have experienced an uncharacteristic and unacceptable number of power interruptions," explains Bob Pike, Manager, Corporate Communications.

"Our Company is dedicated to ensuring that our customers receive the highest quality of service. Power reliability and quality are fundamentals of this service."

The preventive maintenance program will include the replacement of all insulators on the transmission line leading to the Broad Cove substation; the replacement of all insulators in the Broad Cove substation; and the replacement of anchors, guy wires, poles and conductors along the distribution lines of St. Thomas, St. Phillip's, Portugal Cove and the "front" of Bell Island.

Insulator failures account for half the power outages which occurred in the areas last year.

"The use of thermoscan technology and our Insulator Replacement Program have contributed to improved reliability across the island through the proactive detection and elimination of potential outage causing problems," says Pike. "However, a more aggressive approach is required for this area."

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Newfoundland Power Launches Rose Blanche Hydroelectric Development Project

For immediate release:

February 26, 1998

(*St. John's, NF*): Philip G. Hughes, President and Chief Executive Officer, Newfoundland Power, launched the development of a 6.1 Megawatt (MW) hydroelectric plant at Rose Blanche Brook today. The construction project will cost approximately \$13.8 million, of which more than \$1 million has been dedicated to environmental planning.

"The Rose Blanche plant will directly benefit our customers on the southwest coast of Newfoundland by providing enhanced security and reliability of supply," said Hughes.

The development, which is Newfoundland Power's first generating facility construction project in 14 years, will create an estimated 70 jobs throughout the construction process.

"For several years our Company has been working to address reliability challenges in Port aux Basques and surrounding areas," explained Hughes. "This project provides the solutions we have been searching for without impacting rates."

The Rose Blanche Hydroelectric Development Project began in the fall of 1997 with construction of the access road and transmission line to Rose Blanche Brook. Construction will begin again in late May with the completion scheduled for the end of November.

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Newfoundland Power Board Supportive of Government Efforts to Achieve Agreement on Lower Churchill Hydroelectric Development

For immediate release:

February 27, 1998

(St. John's, NF): The Chair of Newfoundland Power, Dr. Linda Inkpen, said today that "the Board of Newfoundland Power strongly supports the Newfoundland Government in its efforts to work out fair and equitable arrangements with Quebec in a deal that would see the creation of new opportunities for the Province by proceeding with the Lower Churchill hydroelectric development."

Newfoundland Power, a Fortis company, is the major distributor of electricity on the Island of Newfoundland. Dr. Inkpen said recent comments made by the Chief Executive Officer of Fortis, Stan Marshall, have been interpreted in a negative light and the Newfoundland Power Board felt it was necessary to clarify its position.

"We welcome the government's efforts to develop new sources of electrical generation for Labrador and the Island portion of the province. We have an interest in the development of a secure, renewable source of power which can be made available to both residential and industrial consumers at stable rates," she said.

Dr. Inkpen also said that an infeed to the Island from Labrador "is a very attractive option if it makes economic sense. We are not privy to the details of the proposed development but we certainly support the government in its efforts to fully explore all of the options."

She noted that Newfoundland is the only province not connected to the North American grid and that "a connection is important as we move into a de-regulated and competitive environment."

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According to Dr. Inkpen, there are a number of factors that would make such an arrangement with Quebec on hydro power very desirable. "Replacing thermal generation with renewable sources of power helps reduce greenhouse gases. The price of oil, over time, can be unpredictable and higher oil prices would make thermal generation less economic. Hydro generation on the other hand, is normally the most economic long-term source of electrical generation."

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Newfoundland Power Awaits PUB Decision on Rate Hearing

For immediate release:

March 2, 1998

(*St. John's, NF*): Philip G. Hughes, President and Chief Executive Officer, Newfoundland Power, says the long Canada bond rate is just one element to consider when determining a rate of return.

"Establishing a rate of return and electricity rates is a very complicated process," says Hughes. "Many factors including the costs of providing services, interest rates, market rates and revenue must be taken into consideration."

The Board of Commissioners of Public Utilities of Newfoundland (PUB) is responsible for establishing the rate of return for Newfoundland Power. In October 1996, the PUB set Newfoundland Power's rate of return at 11 per cent, a rate which is in line with regulated electrical utilities across the country.

"Interest rates go up and down daily. If electricity rates were adjusted based solely on every short-term fluctuation, rates could change on a monthly basis," says Hughes. "This would benefit no one. Not residential customers, not commercial customers and not our Company."

Rate hearings are an expensive process in themselves, explains Hughes, noting that such hearings can cost in excess of one million dollars – a cost which is passed on to consumers.

The PUB is currently reviewing Newfoundland Power's rate of return. A decision determining whether or not a rate hearing will be held is expected by March 31, 1998.

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Newfoundland Power Media Release

Public Utilities Board Announces Hearing

For immediate release:

March 11, 1998

(*St. John's, NF*): The Board of Commissioners of Public Utilities announced today that it will hold a public hearing into the rate of return currently permitted Newfoundland Power. The main focus is to determine the appropriateness of an annual, automatic rate of return adjustment formula by which Newfoundland Power's rate of return may be adjusted annually to reflect changing financial market benchmarks.

Philip Hughes, President & CEO, Newfoundland Power, indicated that the Company is currently assessing the Public Utilities Board's announcement. Hughes says, "A formula-driven rate of return may or may not give Newfoundland Power the opportunity to earn a fair and reasonable rate of return."

Hughes went on to say, "There are many factors to consider. By way of example, while interest rates are currently low, they fluctuate as would customers' electricity rates if tied to a formula-driven rate of return."

"A fair and reasonable rate of return ensures that companies such as Newfoundland Power are financially sound to invest in long-term projects. Newfoundland Power will invest \$41 million in 1998 on capital projects which benefit customers through improved service and reliability. This compares to 1997 capital expenditures of \$31 million. Assets take about 30 years to pay for themselves," Hughes said.

Allowed rates of return for other regulated Canadian gas and electrical utilities currently range from 10.0% to 11.25%. Newfoundland Power's current rate of return on equity, which was set by the Public Utilities Board in 1996, is 10.75% to 11.25%.

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Costs Associated with Recent Ice Storm Tally \$430,000

For immediate release:

March 13, 1998

(*St. John's, NF*): Damage from last week's ice storm will cost Newfoundland Power approximately \$430,000 – about \$160,000 of which is needed for repairs in the Bay de Verde area alone.

"Although the cost of the storm damage is significant, we are very fortunate that it wasn't worse," says Bob Pike, Manager, Corporate Communications.

"Last week's icing was equivalent in weight and thickness to that of the 1984 sleet storm which caused major damage and extensive outages. The only factor in our favor was that the winds were less severe this time."

Approximately 60 poles and numerous power lines and cross arms were broken under the weight of the ice which reached depths of 15 inches in places.

Newfoundland Power is very pleased with how well its system withstood the ice storm, says Pike. "Our Company has increased its investment in preventive system maintenance over the past few years to improve reliability. The benefits of this investment were clearly demonstrated in the course of last week's events."

For a short period of time, more than 75,000 customers were affected by the storm due to the loss of a supply in-feed. In addition, three hundred customers in the Bay de Verde area were without power for up to 48 hours.

"Our crews did an outstanding job restoring service," says Pike. "And once again our customers helped us through the storm despite the inconveniences they experienced."

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Fair and Reasonable Rate of Return Necessary to Ensure Reliable Power for Customers

For immediate release:

April 1, 1998

(*St. John's, NF*): The timing is appropriate for the Public Utilities Board to review Newfoundland Power's rate of return considering long-term interest rates have decreased since the last rate hearing and have remained at around 6 per cent, says Bob Pike, Manager, Corporate Communications.

"Rates of return for other regulated Canadian utilities are in the range of 10 to 11.75 per cent," says Pike, noting that it is important Newfoundland Power's rate of return remain in line with those of other regulated utilities across the country. The Company's current rate of return is 11 per cent.

A fair and reasonable rate of return is required in order for Newfoundland Power to be able to compete for capital in the money markets. Investment capital is used to expand and maintain the Company's electrical system throughout the island.

"Capital investment is necessary to provide customers with safe, reliable power and to operate efficiently," says Pike, adding that the Company will invest 41 million dollars in capital projects in 1998 compared to 31 million dollars in 1997.

"By operating efficiently, we are better able to control costs which are ultimately borne by customers," explains Pike. In 1997, productivity improved by almost 15 per cent and revenue per employee increased from 425,000 to 487,000 dollars.

Newfoundland Power maintains more than 9,300 kilometers of power lines and provides electrical service to 172,000 customers throughout Newfoundland. Poles, power lines and transformers take approximately 30 years to pay for themselves.

Natural Resources Canada, in the *Electric Power in Canada Report*, cites residential electricity costs in Newfoundland as the lowest in Atlantic Canada.

The Public Utilities Board has convened a public hearing for April 2, 1998 to review the Company's rate of return and capital structure.

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Dr. Waters' Proposed Rate of Return Unreasonable and Puts Customers At Risk Says Newfoundland Power

For immediate release:

April 1, 1998

(*St. John's, NF*): The rate of return proposed in the preliminary report by Dr. William Waters, who has been retained as an expert witness by the Public Utilities Board, is significantly outside the range of reasonableness, says Bob Pike, Manager, Corporate Communications.

In 1998, allowed rates of return for regulated Canadian utilities are in the range of 10 to 11.75 per cent. Newfoundland Power's current rate of return is 11 per cent.

Dr. Waters' proposal would set Newfoundland Power's rate of return at about 9 per cent and, in addition, would propose to make an adjustment to the Company's capital structure.

"Waters' recommendation would jeopardize Newfoundland Power's credit rating," says Pike. "There is a statutory requirement that the Company earn a just and reasonable return so as to achieve and maintain a sound credit rating in the financial markets."

"A fair and reasonable rate of return is required in order for Newfoundland Power to be able to compete for capital in the money markets," explains Pike. "Investment capital is necessary to provide customers with safe, reliable electrical power and to operate efficiently."

Investment capital is used to expand and maintain the Company's electrical system throughout the island. Poles, lines, and transformers take approximately 30 years to pay for themselves. The Company will invest 41 million dollars in capital projects in 1998.

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"Through our capital investments we are able to operate efficiently, thereby controlling costs which are ultimately borne by customers," explains Pike. He adds that a rate of return comparable with other regulated Canadian utilities becomes even more necessary when you consider Newfoundland's severe climate, and local economic conditions such as out-migration trends in many of the Company's service territories.

Natural Resources Canada, in the *Electric Power in Canada Report*, cites residential electricity costs in Newfoundland as the lowest in Atlantic Canada.

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Consumer Advocate's Comments Mislead Customers

For immediate release:

April 3, 1998

(*St. John's, NF*): The consumer advocate is misleading customers when he suggests that Newfoundland Power stands to make \$22,000 each day before the public hearing commences, says Bob Pike, Manager, Corporate Communications.

The Public Utilities Board has called a public hearing to begin on May 25, 1998 to review the Company's rate of return.

"We want our customers to understand that the Company's 1998 earnings are in no way impacted by the date the hearing starts," explains Pike.

Newfoundland Power has already stated that the timing is appropriate for the Public Utilities Board to review its rate of return considering long-term interest rates have decreased and remained at around six per cent for some time.

In 1998, allowed rates of return for regulated Canadian utilities are in the range of 10 to 11.75 per cent. Newfoundland Power's current rate of return is 11 per cent.

In the recent *Electric Power in Canada Report*, Natural Resources Canada states residential electricity costs in Newfoundland are the lowest in Atlantic Canada, and lower than Toronto and Regina.

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Weekend Ice Storm Causes More Than \$1 Million in Damages

April 6, 1998

(St. John's, NF): Damage caused by the weekend sleet storm will cost Newfoundland Power over \$1 million, the majority of which is needed for repairs on the Burin Peninsula.

The ice storm knocked out power to 3,000 customers on the Burin Peninsula and caused problems in the St. Mary's/ Trepassey area and parts of St. John's.

Crews were dispatched to the Burin Peninsula from several of the Company's operating bases to help restore power. Approximately 170 poles and related equipment suffered damage by the ice, which in some places was five inches in diameter. In total, about 120 line personnel worked to restore power as quickly as possible.

Power on the Burin Peninsula was restored to all but 65 customers on Sunday evening – one full day ahead of schedule. "Considering the weather conditions over the weekend, this is a remarkable demonstration of our employees' commitment to our customers," says Earl Ludlow, Vice President, Operations.

In 1992, a severe ice storm hit the same area of the Burin Peninsula. The lines were rebuilt to above-normal standards to withstand the harsh elements; however, "It just goes to show you the power of Mother Nature," notes Ludlow.

The St. Mary's/Trepassey area, Chamberlains, Pouch Cove and areas throughout St. John's were also hit by the weekend ice storm. The support and understanding demonstrated by local MHAs, mayors, community groups and customers also contributed to the successful restoration effort.

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Broad Cove-Bell Island Electrical Up Grade to Take Place Tomorrow

For immediate release:

April 15, 1998

(St. John's, NF): Approximately 120 Newfoundland Power line workers will meet in St. John's tomorrow to take part in a service upgrade in the Broad Cove-Bell Island area.

Crews from as far as Gander will be brought in to carry out preventive maintenance on insulators along the transmission line that serves the communities of St. Thomas, St. Phillip's, Portugal Cove and Bell Island.

Power to the area will be interrupted from 8:30 a.m. to 1:00 p.m. to ensure the safety of employees working on the lines.

"Residents of the Broad Cove-Bell Island area experienced an uncharacteristic and frustrating number of outages in 1997 – half of which were insulator related," says Bob Pike, Manager, Corporate Communications

"Tomorrow's work will help improve service and reliability for our customers in this area."

Thursday's up grade is part of a preventive maintenance program for the Broad Cove-Bell Island area which totals \$300,000.

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Natural Resources Canada Cites Newfoundland Residential Electric Rates As Lowest in Atlantic Provinces

For immediate release:

April 17, 1998

(St. John's, NF): A recent report issued by Dr. William Waters, an expert witness retained by the Public Utilities Board, disagrees with the approach applied by other regulators in Canada in determining utilities' rates of return.

"Waters' report therefore implies that other Canadian regulators are wrong and leads to an unreasonably low conclusion," says Karl Smith, Chief Financial Officer and Vice President Finance, Newfoundland Power.

Allowable rates of return for 1998 for other Canadian utilities with a formula driven approach are currently 10 to 10.75 per cent. Twelve of the fifteen utilities in this range had their rates of return set as recently as December 1997. Waters' report suggests Newfoundland Power's rate of return should be reduced to nine per cent – a rate which the Company considers outside the range of reasonableness.

Such a reduction could jeopardize Newfoundland Power's ability to compete for capital in money markets. A fair and reasonable rate of return is needed to attract financing, says Smith. In turn, this capital is required to expand and maintain the Company's electrical system which serves 172,000 customers throughout Newfoundland.

Poles, conductors and transformers which make up Newfoundland Power's 9,300 km of lines take about 30 years to pay for themselves. In addition, like a home owner with a mortgage, the Company requires financial security to borrow and repay loans over a 20 to 25 year period.

Newfoundland Power faces many challenges in providing reliable electrical service within Newfoundland. These challenges range from geographic location and the local economy, to extreme weather conditions and the lack of a connection to the mainland grid.

For example, a sleet storm on April 4, 1998 on the Burin Peninsula cost the Company \$1million in damages in just one day.

An additional \$41 million will be spent by the Company in 1998 to further improve service to customers through system upgrades.

Newfoundland Power has increased customer satisfaction and productivity while offering residential customers the lowest rates in Atlantic Canada (Natural Resources Canada).

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Newfoundland Power Issues First Quarter Results

For immediate release:

April 30, 1998

(*St. John's, Newfoundland*): Newfoundland Power released its first quarter results for 1998 today.

"Earnings applicable to common shares declined from \$10.7 million in 1997 to \$9.6 million," says Philip Hughes, President and Chief Executive Officer. "Productivity gains achieved in 1997 were offset by decreased revenues from electricity sales and the impact of the intense capital program the Company has undertaken. The capital program is designed to enhance reliability of the electrical supply to the Company's customers."

Earnings per common share for the quarter were \$0.93 compared to \$1.04 in 1997. Energy sales for the quarter were consistent with the same period in 1997.

Revenue for the first quarter of 1998 totaled \$109.3 million. This \$500,000 decrease from 1997 levels resulted from a 1% decrease in electricity rates effective April 1, 1997.

The 1998 capital budget is \$40.6 million and will focus on improving system reliability and customer service. Construction has begun on a 6.1 megawatt hydroelectric generating plant at Rose Blanche Brook on the southwest coast of Newfoundland at a total cost of \$13 million. "This development, which is Newfoundland Power's first generating facility construction project in 14 years, will create an estimated 70 jobs throughout the construction process," explains Hughes.

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Financial Summary Year-to-Date

	Three months ended March 31	
	1998	1997
Energy Sales	1479 GWh	1473 GWh
Revenue	\$109,296,000	\$109,831,000
Earnings Applicable to Common Shares	\$ 9,644,000	\$ 10,704,000
Earnings Per Common Share	\$ 0.93	\$ 1.04

Newfoundland Power is a wholly-owned subsidiary of Fortis Inc., St. John's, Newfoundland. Its preferred shares are traded on the Montreal Exchange.

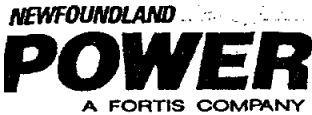
With a customer base of 172,000, Newfoundland Power is dedicated to providing the highest level of customer service and reliability of electrical supply while relentlessly pursuing employee and community safety.

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Media Release



Newfoundland Power Media Release

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Newfoundland Power Proposes To Reduce Electricity Costs

For immediate release:

May 11, 1998

(*St. John's, NF*): Newfoundland Power is proposing a \$2.5 million reduction in the electricity rates charged to customers.

In documents filed with the Public Utilities Board today, the company is proposing a 1998 rate of return of 10.38 per cent. This represents the midrange of rates of return of most other regulated Canadian utilities.

"A 10.38 per cent allowed rate of return is fair to customers, acceptable to investors, and beneficial to the local economy," says Philip Hughes, President and Chief Executive Officer of Newfoundland Power.

Hughes says a reduction in the allowed rate of return is fair to customers given current general economic conditions. Long-term interest rates have declined since the 1996 rate hearing and have remained around 6 per cent.

"A 10.38 per cent rate of return is also acceptable to investors and will enable the company to continue to compete for investment funds in the financial markets," says Hughes. Investment funds are used to maintain and expand Newfoundland Power's electrical system, and improve the reliability and quality of power provided to the company's 172,000 customers.

Hughes says the company's capital projects will also benefit the local economy. For example, the Company's current construction of a \$13 million hydroelectric plant, on the province's southwest coast, will create an estimated 70 jobs throughout the construction period.

In 1998, Newfoundland Power will invest \$41 million to expand and maintain its electrical system throughout the island.

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Media Release



Customers Main Priority for Newfoundland Power

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For immediate release:

May 25, 1998

(*St. John's, NF*): Customer service will remain the number one priority of Newfoundland Power throughout the course of the public hearing which begins today to determine the company's appropriate rate of return, says Bob Pike, Manager, Corporate Communications.

"We will continue to strive to meet our customers' expectations," says Pike. "Our goal at this hearing is to achieve a balance that ensures we provide our customers with safe, reliable electrical service while keeping the cost of that service as low as reasonably possible for our customers."

Newfoundland Power is proposing a \$2.5 million reduction in the electricity rates charged to customers. The company is requesting an allowed rate of return of 10.38 per cent which is at the mid-range of most other regulated Canadian utilities.

The company has maintained for some time that a reduction in customers' electricity rates is appropriate given that interest rates have decreased since the 1996 rate hearing and have remained around six per cent.

"A rate of return at the mid-range of other regulated Canadian utilities is fair to customers," says Pike. "It is also acceptable to investors and will enable the company to compete for investment funds in the financial markets."

Investment funds are used to maintain and expand Newfoundland Power's electrical system, comprised of more than 9,300 kilometers of power lines, and improve the reliability of power provided to the company's 172,000 customers.

In 1998, the company will invest approximately \$41 million in capital projects, an increase of \$10 million from 1997, to maintain and expand its electrical system.

Newfoundland Power's customers account for about 85 per cent of electrical customers in the province. The company employs more than 700 people.

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Newfoundland Power's Case Customer-Focussed and Credible

For immediate release:

June 12, 1998

(*St. John's, NF*): Newfoundland Power's case before the public hearing is strong and credible, and has customers' needs uppermost in mind, says Philip Hughes, President and Chief Executive Officer.

"The testimony of our capital structure experts is solid and credible," says Hughes. "It is based on sound economic principles with a view to providing all our customers with safe, reliable electrical service."

Newfoundland Power's proposed rate of return of 10.375% is at the midpoint of most other regulated Canadian utilities. The proposed rate of return will enable the company to continue to attract the capital necessary to ensure the reliability of the electrical system, and meet customers' needs at the lowest costs possible.

"The advice of other experts does not demonstrate an understanding of the challenges involved in providing a safe, reliable electrical supply throughout our province," says Hughes. "Our geography, demographics and weather conditions present challenges unique to Newfoundland."

The witness retained by St. John's lawyer Dennis Browne is recommending a rate of return considerably below those allowed other regulated Canadian utilities.

"We feel Newfoundland should be treated the same as the rest of the country," says Hughes. "Our main goal is to provide our customers with safe, reliable electrical power in the most cost-efficient manner possible."

Newfoundland Power maintains more than 9,300 kilometers of power lines and provides electrical service to 172,000 customers throughout the province.

The company will present its final argument before the Public Utilities Board next week.

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June 15, 1998

Fire at Newfoundland Power's Generating Facility

Earlier today a fire occurred at Newfoundland Power's gas turbine in Grand Bank, confirms Bob Pike, Manager Corporate Communications.

The cause of the fire is currently under investigation," says Pike. "Our preliminary findings indicate the fire was isolated to a compartment that contains a jet engine which is an integral component of the facility."

The fire presented no threat to the public or employees. The fire broke out at the 25-megawatt plant at approximately 1:00 p.m. and was responded to by the Grand Bank Volunteer Fire Department within a matter of minutes.

Pike says insurance adjusters will be on site early tomorrow to begin their investigation and assess the extent of the damage.

"The replacement value of the jet engine is approximately \$5 million," says Pike. "We feel fortunate the damage is contained to one compartment of the generating facility as the replacement value of the total facility would be in excess of \$25 million."

Pike says the company is especially grateful for the efforts of the Grand Bank Volunteer Fire Department whose quick response undoubtedly minimized the extent of damage incurred.

Media Release



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Court of Appeal Re-affirms Authority of Public Utilities Board

June 16, 1998

For immediate release:

(*St. John's, NF*): The Newfoundland Court of Appeal has ruled management of Newfoundland Power can establish the actual capital structure of the company, while the Public Utilities Board has the right to determine the appropriate capital structure to be used to set rates, says Bob Pike, Manager Corporate Communications.

"The Court of Appeal has re-affirmed the authority of the Public Utilities Board to deal with any excess revenue experienced by Newfoundland Power," says Pike.

The company views this second matter as a housekeeping issue raised at the 1996 rate hearing pertaining to revenue earned between 1991 and 1993. The Public Utilities Board's intent was clear as supported by the judicial ruling.

"The ruling is very complex and our preliminary assessment is that this issue will not affect the hearing now before the Public Utilities Board," says Pike. "That hearing pertains to current and future revenues for the company while the Court of Appeal ruling pertains to historical issues."

Pike says management will fully assess the implications of the lengthy 78-page ruling over the next few days.

-30-

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Media Release



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Newfoundland Should Be Treated The Same As The Rest Of Canada

For immediate release:

June 18, 1998

(St. John's, NF): Newfoundland Power presented a strong final argument that balanced customers' needs and investors' expectations, says Bob Pike, Manager Corporate Communications.

The Public Utilities Board heard final arguments today to determine the appropriate 1998 rate of return and capital structure for Newfoundland Power.

"Our ultimate goal is to provide our customers with safe, reliable electrical service in the most cost-efficient manner possible over the long-term," says Pike.

The company is proposing a rate of return of 10.375 per cent which is at the mid-range of most other regulated Canadian utilities, and translates into a \$2.5 million reduction in electricity rates for customers.

"Our position all along has been that Newfoundland Power should be treated the same as other utilities across the country," says Pike. "A rate of return at the mid-range of allowed returns of other Canadian utilities is fair and reasonable."

Pike says it is important that the company's rate of return remain at a level that continues to maintain its credit worthiness, and attracts the investment which is necessary to maintain and expand a safe, reliable electrical system.

If accepted, the rate of return proposed by St. John's lawyer Dennis Browne would be the lowest rate of return of any utility in the country, and would severely jeopardize Newfoundland Power's credit rating.

-30-

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Newfoundland Power's Board of Directors to Conduct Customer Visits in Corner Brook

For immediate release:

July 13, 1998

(Corner Brook, NF): Newfoundland Power's board of directors will hold meetings in Corner Brook from July 13 to 15.

While in Corner Brook, the company's directors will participate in visits to several commercial customers. These visits allow Newfoundland Power and its directors to gain an appreciation for customer service needs, reliability of supply issues and general economic conditions of the area.

"Newfoundland Power is dedicated to providing our customers with superior service," says Philip Hughes, President and Chief Executive Officer, Newfoundland Power. "Ongoing customer visits by our management team are beneficial in providing us with feedback to improve our service, as well as to ensure that our programs are customer-focused."

Barry's Ltd., Atlantic Group Ltd. (Atlantic Gypsum), North Star Cement and Western Memorial Hospital are all scheduled to be visited by the company's directors on Tuesday, July 14.

Newfoundland Power holds board of directors meetings on a quarterly basis to address the company's strategic planning and development.

Newfoundland Power is the major distributor of electricity in Newfoundland, providing service to approximately 172,000 customers.

-30-

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July 20, 1998

Copper Wire Thieves Put Public At Risk

On Sunday, July 19th, at approximately 4:00 p.m., vandals used bolt cutters to gain access to Newfoundland Power's Gambo substation to steal copper wire from the Company's property.

"The action was extremely dangerous and could have resulted in serious injury, or even death, to the individuals involved or to a member of the general public," says Felix Murrin, Manager, Eastern Region.

In their attempt to steal copper, the thieves caused damage estimated at \$100,000 to Newfoundland Power's electrical equipment.

"Our number one concern is public safety," says Murrin. The reckless and criminal action by these individuals left the substation accessible to children and the general public."

"In addition to the tremendous safety hazard these individuals created, electrical service was disrupted to a large number of our customers," says Murrin. Almost 7,000 customers were without power from approximately 4:30 p.m. to 7:30 p.m. Customers west of Clarendville and east of Gander had their service temporarily removed while crews made repairs to the electrical system.

Newfoundland Power is offering a \$1,000 award for any information leading to the arrest and conviction of the individuals involved. Anyone with information helpful to this case is asked to contact the RCMP detachment at Glovertown as soon as possible.

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Safety is Newfoundland Power's Primary Concern in Pole Posters Debate

For immediate release:

July 29, 1998

(*St. John's, NF*): The safety of line crew personnel and the public is Newfoundland Power's first and foremost concern in the debate over posters on poles in downtown St. John's.

"Although we understand the want to promote concerts or meetings, it is our company's primary responsibility to guard the safety of our line workers and the general public," says Bob Pike, Manager, Corporate Communications, Newfoundland Power.

Although posters do not outwardly appear to be a safety risk, they do present serious hazards for workers. Risks to Newfoundland Power personnel include falls from loss of climbing grip due to obstructive materials, tears in insulated gloves from poster staples (insulated gloves play a primary role in protecting line workers from electrical shock), and cuts.

Posters also interfere with line crews pre-climb safety inspections required to identify where knots, cracks and hardware are located.

"If we receive a formal request regarding a pole attachment we will conduct a hazard assessment and provide our response based on the outcome of that evaluation," says Pike.

"We have assisted communities with hanging Christmas decorations and banners; however, in these instances, hazard assessments were completed and the items were placed and removed by trained professionals without creating a climbing interference."

Section 86(3) of the province's *Occupational Health and Safety Act* prohibits signage and other obstructions or hazards on or in close proximity to poles upon which workers are required to work.

-30-

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Swimming Near Hydro Plants Extremely Dangerous

For immediate release: July 29, 1998
(*St. John's, NF*): Swimming near hydroelectric stations is a dangerous way to cool down from the hot sun, says Newfoundland Power.

"Those who participate in water activities near generating facilities are putting themselves at risk because of the quick changes in water flows and levels," says Bob Pike, Manager, Corporate Communications. "These changes create a strong underwater suction that can overpower even the strongest swimmer."

Hydroelectric stations use water intakes and gate structures to control water levels and flows. These stations are automatically controlled and may cause water conditions to change quickly, without notice to those nearby.

"Newfoundland Power is very concerned about the safety of community members. At this time of year, we are particularly concerned with the safety of people swimming and boating close to our hydro stations," says Pike.

The company tries to discourage water activities in these areas by posting danger signs and fences, and having employees patrol the area.

Newfoundland Power operates 22 hydroelectric facilities across the province. Twelve are located either within community limits or close by. The company is asking community members to respect posted danger signs and fenced areas. Town councils and local police in communities with hydro plants have also been asked to watch for dangerous activities near the facilities.

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Media Release



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Utility Extremely Disappointed with Ruling of Public Utilities Board

For immediate release:

July 31, 1998

(St. John's, NF): Newfoundland Power is extremely disappointed with the Public Utilities Board's ruling, says Philip Hughes, President and Chief Executive Officer.

"The Board's decision will make it very challenging for Newfoundland Power to continue to attract the investment capital necessary to provide our customers with safe, reliable electrical service," says Hughes.

Newfoundland Power is disadvantaged and no longer on a level playing field with other regulated Canadian utilities, adds Hughes.

Earlier today, the Public Utilities Board handed down its decision to reduce the company's allowed annual rate of return from 11 per cent to 9.25 per cent. Newfoundland Power had proposed its rate of return be reduced to 10.375 per cent which is at the mid-range of most other regulated Canadian utilities.

The Public Utilities Board's decision comes at a time when Newfoundland Power is investing \$41 million dollars, an increase of one-third over 1997, in capital projects to enhance the reliability of electrical service to its customers.

Meeting customers' needs in the most cost-efficient manner possible will continue to be Newfoundland Power's main priority, says Hughes.

Geography, demographics and weather conditions present challenges unique to Newfoundland in providing safe, reliable electrical service. Newfoundland Power maintains more than 9,300 kilometers of power lines and provides electrical service to 172,000 customers throughout the province.

-30-

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Media Release



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Newfoundland Power Issues Second Quarter Results

For immediate release:

August 13, 1998

(St. John's, Newfoundland): Newfoundland Power released its second quarter results for 1998 today.

"In the second quarter, earnings applicable to common shares declined to \$5.8 million from \$8.6 million for the same period in 1997," says Philip Hughes, President and Chief Executive Officer. "The decrease is attributable to a recent decision by the Board of Commissioners of Public Utilities of Newfoundland (PUB)."

On July 31, 1998 the PUB determined that an appropriate return on equity for Newfoundland Power in 1998 was 9.25 per cent and ordered the Company to reduce rates to customers by approximately two per cent, retroactive to January 1, 1998. These adjusted rates are interim rates that will be finalized following a further hearing this fall.

Earnings per common share for the quarter were \$0.57 compared to \$0.83 in 1997. Energy sales for the quarter were 1,089.2 GWh compared to 1,117.0 GWh in 1997. Energy sales year-to-date were 2,572 GWh compared to 2,590 GWh in 1997. The completion of construction at Hibernia Management and Development Co. Limited's Bull Arm Site and a decrease in average usage by residential customers contributed to the decline in energy sales. These decreases have been partially offset by increased energy sales to other medium to large customers.

Revenue for the second quarter of 1998 totaled \$80.1 million. In addition to a \$4 million decline related to the recent rate reduction, revenue is lower due to a decline in energy sales and higher rates in effect during the first quarter of 1997. On April 1, 1997, a one per cent decrease in rates occurred related to the introduction of the Harmonized Sales Tax.

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Newfoundland Power Employee Saves Girl's Life During Work Secondment in Prince Edward Island

For immediate release:

August 26, 1998

(St. John's, NF): A Newfoundland Power lineman is being hailed as a hero in Prince Edward Island after saving an 11 year old girl from drowning over the weekend.

Ralph Martin, who resides in Comer Brook, has worked with Newfoundland Power for 25 years. For the past two weeks, Martin has been taking part in a work secondment with a Maritime Electric line crew in Summerside, P.E.I.

On Saturday, August 22, Martin responded to the screams of a woman by a motel swimming pool. When he approached the woman he saw that a child was at the bottom of the pool. Martin dove into the pool, brought the young girl to the surface, performed CPR and was successful in reviving her.

Quote from Ralph Martin

"We are extremely proud of Ralph and his heroic actions," says Philip Hughes, President and Chief Executive Officer. "Maritime Electric informed us of his efforts early this week. According to Maritime Electric president, Jim Lea, Ralph is being recognized as a hero by the Island community and the girl's family for saving her life."

The girl, who was vacationing with her grandmother, spent the night in hospital and is reported to be in good health.

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Energy Council of Canada's Board of Directors to Meet in St. John's

For immediate release:

August 28, 1998

(*St. John's, NF*): Senior industry leaders from across Canada will meet in St. John's on Monday, August 31 and Tuesday, September 1, 1998 to discuss the Energy Council of Canada's role in climate change.

"The Energy Council of Canada's board of directors meets on a quarterly basis to address issues which directly impact the development of the Canadian energy industry and the people it serves," says Philip Hughes, President and Chief Executive Officer, Newfoundland Power and member of the Board of Directors, Energy Council of Canada. "Newfoundland Power is pleased to host these meetings."

Climate change is a global issue, explains Hughes. Next week's meetings will provide the Energy Council with the opportunity to explore the issue as well as determine the organization's course of action and ability to play a constructive role.

International opportunities, energy regulation and energy education are also scheduled for discussion.

"Canada has the resources and technical expertise to become a world leader in the energy arena," says A. J. Birchenough, Chair of the Energy Council of Canada. "However, to achieve this we must continuously address the state of the energy industry in our country, identify where changes are needed and position ourselves for the future."

The mission of the Energy Council of Canada is to forge a better understanding of energy issues among the public and private sectors, and the country at large, through discussion and exchange on all forms and aspects of energy.

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Newfoundland Power Supports Energy Policy Review

For immediate release:

August 31, 1998

(*St. John's, NF*): Newfoundland Power welcomes the provincial government's energy policy review announced earlier today by Premier Tobin.

Philip Hughes, President and CEO, Newfoundland Power, agrees with the Premier that the timing is right to conduct an energy policy review. "Considering the massive changes facing the electric utility industry, combined with the future development of the Churchill River Power Project, it is prudent to step back and review the province's energy policy at this time," says Hughes.

Newfoundland Power is willing to provide assistance and cooperation to the Government in its energy policy review.

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September 9, 1998

Newfoundland Power Announces 1999 Budgets

Today the Board of Directors of Newfoundland Light & Power Co. Limited ("Newfoundland Power") approved 1999 capital and operating budgets which respond to the unexpectedly low return on equity awarded by the Newfoundland Public Utilities Board ("PUB") in its July 31, 1998 Cost of Capital Order.

Philip Hughes, the President and Chief Executive Officer of Newfoundland Power, explained that the 9.25% return on equity ordered by the PUB required the Company to suspend dividends on its common shares until the third quarter of 1999. "This will ensure that the level of common equity in the company is maintained as close as possible to the 45% cap allowed by the PUB. This level of common equity is necessary to maintain interest coverages and ensure the company's continued financial strength," explained Hughes.

"The suspension of common dividends is driven solely by capital structure management, not liquidity concerns," Hughes elaborated.

The Board of Directors approved a 1999 capital budget in excess of \$36 million. "This level of investment in the electrical system is necessary to provide our customers with the service they expect," observed Hughes.

"Maintenance of Newfoundland Power's long-term financial position is central to its role as an essential service provider in Newfoundland and the company remains committed to that role and the temporary suspension of common dividends at this time is simply a reflection of that commitment", remarked Hughes.

Newfoundland Power is an investor-owned electric utility serving 85% of consumers in the Province of Newfoundland. All of Newfoundland Power's common shares are owned by Fortis Inc. Newfoundland Power's First Preference Shares, Series A, B and D are traded on the Montreal Exchange.

Note to Employees: If you have any questions on this announcement, please talk to your manager or contact Corporate Communications.

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Newfoundland Power Files Evidence With Public Utilities Board for Fall Hearing

For immediate release:

September 11, 1998

(*St. John's, NF*): Newfoundland Power filed evidence today with respect to the 11 issues to be reviewed in the upcoming fall hearing called by the Public Utilities Board.

"The fall hearing will address a number of items carried over from the 1996 rate hearing, as well as finalize current interim rates and set 1999 rates," says Philip Hughes, President and Chief Executive Officer, Newfoundland Power.

The fall hearing will address matters outstanding from the 1996 rate hearing including: the identification of an appropriate inflation index; executive and management compensation; cost of service methodology; basic customer charge; curtailable rates; demand/energy rate from Newfoundland and Labrador Hydro; 1992 and 1993 earnings; and rate design alternatives.

Matters arising from the June 1998 hearing include setting the rate of return on rate base and finalizing current interim rates. The fall hearing will also review 1999 budgeted expenses for the purpose of setting 1999 rates.

"Interim rates for 1998 were set in July 1998 based on 1997 budget figures approved during the 1996 rate hearing," explains Hughes. "The fall hearing will adjust these rates to the company's 1998 and 1999 expenses."

On the expenses filed by Newfoundland Power, no adjustment will be made to rates in 1998. However, the company requires a 1.48 per cent adjustment to the interim rates in 1999.

"Our application for a 1.48 per cent adjustment in rates is based on the expense of electrical system improvements and the need to recover significant regulatory costs incurred in 1998," says Hughes.

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Newfoundland Power's profit, currently set at 9.25 per cent return on equity, will remain unchanged by this rate adjustment to the interim rates. The company's rate of return is the lowest in Canada.

Newfoundland Power is investing \$41 million in its capital program in 1998, including the completion of the \$13 million Rose Blanche hydroelectric project. The company's 1999 capital budget is forecast at \$36 million.

Newfoundland Power's primary goal continues to be to provide safe, reliable electrical service in the most cost efficient manner possible.

The Public Utilities Board's pre-hearing conference will take place September 17, 1998 at which time the fall hearing schedule will be determined.

-30-

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News Release



October 2, 1998

Newfoundland Power's Bond Rating Lowered

The Canadian Bond Rating Service (CBRS) announced today it is lowering the ratings on Newfoundland Power's First Mortgage Bonds and Preferred Shares.

In a letter to the Company's Chief Financial Officer, the CBRS Rating Committee revised the company's ratings on First Mortgage Bonds from Single A to A (Low) and lowered the Company's Preferred Shares from P-2 (High) to P-2.

Two of the primary factors listed by the CBRS for the lower ratings include:

- A projected decline in revenues, earnings and coverage ratios in 1998 has reduced the margin of protection traditionally provided to the bondholders.
- The mechanism for setting annual rates of return on common equity in future years (1998-2001) will consistently grant Newfoundland Power a regulated ROE measuring below the industry norms.

Newfoundland Power's President and CEO Philip Hughes says the company has concerns about the implications of the CBRS decision. "This decision increases our concerns about the ability to raise financing for our capital programs," says Hughes. "It also means it will make financing electrical system improvements more expensive and that is not good news for our customers."

The Company says it will need some time to assess the implications of the CBRS decision.

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October 5, 1998

Public Utilities Board Agrees to Postpone Bond Hearing

Today, at Newfoundland Power's request, the Public Utilities Board (PUB) postponed a bond hearing in which the company will seek approval to issue up to \$60 million in long term bonds.

The postponement is necessary to allow Newfoundland Power the opportunity to fully assess the implications of the Canadian Bond Rating Service's (CBRS) recent decision to lower the company's credit ratings.

"In light of our lowered ratings, we believe it is prudent to pause and assess the potential impacts on our customers," says Philip Hughes, President and Chief Executive Officer, Newfoundland Power.

On Friday, October 2, the company was advised by CBRS following an annual credit review of Newfoundland Power, that the company's First Mortgage Bonds and Preferred Shares would be lowered to A (Low) and P-2 respectively, from single A and P-2 (High).

A projected decline in revenues, earnings and coverage ratios was cited as one of the factors contributing to the lowered ratings. In addition, the mechanism used to establish the company's annual rates of return, which will grant Newfoundland Power a return on equity below industry norms, has also impacted the company's credit ratings.

The company's bond hearing is re-scheduled for October 26, 1998.

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Learn Not To Burn School Program Receives \$25,000 Boost

For immediate release:

October 5, 1998

(*St. John's, NF*): *Fire Prevention Week* in Newfoundland and Labrador got off to an electrifying start today with the announcement of a \$25,000 boost to the *Learn Not To Burn* national fire prevention school program by Newfoundland Power.

In 1998/99, Newfoundland Power and the Newfoundland and Labrador Association of Fire Chiefs and Firefighters will join forces to extend the *Learn Not To Burn* program to all school children in the province.

Wilson Wiseman, president of the Newfoundland Association of Fire Chiefs and Firefighters was delighted with the news of Newfoundland Power's support. "Newfoundland Power's sponsorship means that we can deliver the *Learn Not to Burn* school program to all Kindergarten to Grade Three students in this province," says Wiseman. "At present, only 56 per cent of the province's children have access to the curriculum so this sponsorship is instrumental in allowing us to successfully deliver the program."

Newfoundland Power's sponsorship follows in the footsteps of the successful three year *Now You're Cookin'* promotion. The public awareness campaign offered cash rebates on deep fryers as an incentive to adopt safe cooking practices. Since 1994, the number of fat related fires has declined by 50 per cent. Last year was the first time that there were no fat fire related deaths in Newfoundland.

"Our corporate support for the *Learn Not To Burn* program is grounded in our commitment to education and safety," says Philip Hughes, president and chief executive officer, Newfoundland Power. "We feel the time has come for us to shift our attention to educating our future generation - our children - on fire prevention."

The Hon. Art Reid, minister responsible for fire prevention commended Newfoundland Power's corporate leadership and community

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responsibility. "This level of corporate support will ensure the success of the *Learn Not to Burn* program in our province and ultimately save lives," says Reid. "I am pleased to see Newfoundland Power and the Firefighters Association working together on this extremely important program."

According to information released by the Department of Municipal and Provincial Affairs, since July 1997 there have been 47 lives saved in Canada due to lessons learned from the program, including three from Newfoundland.

The Minister of Education, Hon. Roger Grimes, echoed Reid's praise for the new partnership. "The *Learn Not To Burn* curriculum can now be fully integrated into the elementary school curriculum, ensuring that our young children receive practical lifesaving knowledge they can use throughout their lives."

The *Learn Not to Burn* program was established in 1993 through a partnership between Fire Prevention Canada, the Canadian Tire Child Protection Foundation and the National Fire Protection Association.

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News Release



Newfoundland Light &
Power Co. Limited

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Executive Compensation In Line With Other Canadian Companies

For immediate release:

October 6, 1998

(*St. John's, NF*): A 1998 review of executive compensation conducted by Hay Management using "the most widely used job measurement system in the world", states that Newfoundland Power executives are paid slightly below the mid-point for comparable Canadian and larger Newfoundland based private companies.

Since 1996, the company has reduced senior management positions by 28 per cent, improved productivity and raised customer satisfaction to 85 per cent.

Nineteen ninety-seven represented the first time company executive salaries changed since 1992.

"Our company's executive compensation policies are in line with our industry and slightly below that of other large Newfoundland based businesses," says Bob Pike, Manager, Corporate Communications, Newfoundland Power. Pike adds that all Newfoundland Power employees are paid market wages in line with those of other Canadian companies.

Executive compensation is designed to attract and retain qualified and experienced executive officers, says Pike. "By attracting experienced and qualified executives, we are able to ensure that Newfoundland Power is able to maximize its performance and contribute to the local economy."

A significant portion of executive compensation is tied directly to corporate performance, thereby raising the incentive for the company to achieve rigorous performance targets.

Contrary to St. John's lawyer Mark Kennedy's comments that the company has failed to lower operating expenses, Newfoundland Power has reduced operating costs by \$3.7 million since 1996.

-30-

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Media Release



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Newfoundland Power Inc. to Place \$50 Million in First Mortgage Sinking Fund Bonds

For immediate release:

November 4, 1998

(St. John's, NF): Newfoundland Power Inc. has entered into an agreement to issue \$50 million in 6.8 per cent First Mortgage Sinking Fund Bonds over a 30 year term.

The bonds were issued at a spread of 1.3 per cent over the benchmark Government of Canada bond. Newfoundland Power Inc. last issued bonds in 1996. At that time they were issued at approximately .70 per cent over the Government of Canada benchmark.

Newfoundland Power Inc. delayed the bond issue originally scheduled for October 5, 1998 due to the downgrading of the company's credit rating by the Canadian Bond Rating Service on October 2, 1998.

The proceeds of the bond issue will be used by Newfoundland Power Inc. to fund capital expenditures necessary to provide high quality service to its customers.

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Media Release



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Newfoundland Power Issues Third Quarter Results

For immediate release:

November 5, 1998

(*St. John's, NF*): Newfoundland Power released its third quarter results for 1998 today.

"Earnings applicable to common shares for the third quarter declined from \$3.0 million in 1997 to \$2.3 million," says Philip Hughes, President and Chief Executive Officer. "Earnings year to date are \$17.8 million, a decline of \$4.5 million from 1997."

Earnings per common share for the quarter were \$0.22 compared to \$0.29 in 1997. Energy sales for the quarter were 760 GWh compared to 753 GWh in 1997, and energy sales year to date were 3,332 GWh compared to 3,343 GWh in 1997.

Contributing to the decline in energy sales was the completion of construction at Hibernia Management and Development Co. Limited's Bull Arm site, and a decrease in average usage by residential customers. These decreases have been partially offset by increased energy sales to other medium to large customers.

Revenue year to date totaled \$251.4 million, \$7.6 million lower than in 1997. The decline is primarily due to a 2.1 per cent rate reduction arising from a July 31, 1998 regulatory decision reducing the Company's rate of return on equity from 11 per cent to 9.25 per cent. At 9.25 per cent, Newfoundland Power has the lowest allowed annual rate of return on equity of all regulated Canadian utilities.

Also contributing to the decline in revenue were a decrease in energy sales and higher rates in effect during the first quarter of 1997. On April 1, 1997, the introduction of the Harmonized Sales Tax decreased rates by 1 per cent.

Operating expenses for the nine months ending September 30, 1998 were \$178.4 million, \$2.2 million lower than in 1997.

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Newfoundland Power has requested a 1.48 per cent rate increase effective January 1, 1999. If approved the new rates, combined with the 2.1 per cent rate reduction ordered by the Public Utilities Board on July 31, 1998, would be lower than rates in effect in 1997.

Financial Summary Year-to-Date

	Nine months ended September 30	
	1998	1997
Energy Sales	3,332 GWh	3,343 GWh
Revenue	\$251,442,000	\$258,997,000
Earnings Applicable to Common Shares	\$ 17,801,000	\$ 22,303,000
Earnings Per Common Share	\$ 1.72	\$ 2.16

Newfoundland Power is a wholly-owned subsidiary of Fortis Inc., St. John's, NF. Its preferred shares are traded on the Montreal Exchange.

Newfoundland Power is dedicated to providing its 172,000 customers with safe, reliable electrical supply in the most cost-efficient manner possible. A recent Customer Satisfaction Survey rated customer satisfaction with company service at 85 per cent.

-30-

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November 10, 1998

Newfoundland Power Not Prepared to Break the Law for Consumer Advocate

Newfoundland Power is not prepared to provide St. John's lawyer Dennis Browne with information which breaks the law and invades individuals' right to privacy.

"The information Dennis Browne is asking for is a violation of the Privacy Act, the Charter of Rights and the Canadian Constitution," says Bob Pike, Manager Corporate Communications. "In the opinion of our legal counsel, it would be illegal and totally irresponsible for Newfoundland Power to make this information public."

The information in question pertains to compensation of executives at Maritime Electric, Canadian Niagara Power, Fortis Trust, and Fortis Properties. These companies are not regulated by the Public Utilities Board and the respective individuals do not work for Newfoundland Power.

"Mr. Browne's co-counsel, Mark Kennedy, has incorrectly stated on the public record that Newfoundland Power provided this information to compensation consultants, Hay Management," says Pike. "His statements are totally untrue. Hay Management got its information directly from those companies."

Pike says that, in addition to being unlawful, the information requested pertains to utilities much smaller than Newfoundland Power.

"We fail to understand what the compensation of individual employees of these small utilities in Charlottetown, Prince Edward Island and Fort Erie, Ontario have to do with electrical rates in Newfoundland."

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November 12, 1998

Browne Costing Consumers by Asking Irrelevant Questions at Hearing

The consumer advocate's co-counsel has admitted to requesting information irrelevant to the public hearing currently underway, says Newfoundland Power.

"Mark Kennedy has readily admitted on the public record that he and Dennis Browne are asking questions on matters not relevant to this hearing," says Bob Pike, Manager, Corporate Communications.

"Their approach causes Newfoundland Power tremendous concern as time and money are potentially wasted filing evidence and discussing matters not relevant to the hearing."

To date, Newfoundland Power has filed responses to 227 requests for information, the vast majority from St. John's lawyer Dennis Browne. Many of Mr. Browne's requests are repetitious; others are already public record as a result of audits initiated by the Public Utilities Board.

Pike says Newfoundland Power's goal is to ensure the hearing proceeds as efficiently as possible as customers ultimately pay for all hearing costs. Hearings held in 1998 will cost consumers approximately \$4 million.

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November 13, 1998

Change in Rate Increase due to Changes in Economic Forecasts

Newfoundland Power has filed new evidence with the Public Utilities Board (PUB) that reduces the company's required 1999 rate increase to 1.3 per cent.

"Newfoundland Power's filing in September was based on the second quarter forecast results of the Conference Board of Canada," explains Bob Pike, Manager, Corporate Communications.

"Based on the Conference Board of Canada's third quarter results, the company has reduced its sales forecast for 1999. As a result, Newfoundland Power's capital budget has been reduced which, in turn, reduces the company's revenue requirement for 1999."

Newfoundland Power's original rate increase request of 1.48 per cent was based on the most accurate information pertaining to economic indicators available at that time. The company recognized the rate increase required would likely change in subsequent weeks as a result of changes in market conditions.

Pike says the PUB-imposed formula to set Newfoundland Power's 1999 and subsequent annual allowed rates of return may also impact the company's actual revenue requirements.

"The 1.3 per cent rate increase is not cast in stone," says Pike. "PUB's formula may also affect the actual increase for 1999."

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November 17, 1998

Proposal to Satisfy Customers' Concerns Rejected by Consumer Advocate

A proposal by Newfoundland Power to save customers \$96,000 by combining multiple basic customer charges is being rejected by St. John's lawyer Dennis Browne.

As a result of customers' concerns associated with the payment of multiple basic customer charges, Newfoundland Power has filed a proposal with the Public Utilities Board (PUB) to eliminate multiple basic customer charges when two or three domestic units are metered together.

However, Dennis Browne stated in documents filed with the PUB on November 13, 1998 that there should be no revisions to the rules and regulations governing the Company's provision of service until after the hearing in May 1999.

"Newfoundland Power is listening to customers and providing a solution to a long standing issue," says Bob Pike, Manager, Corporate Communications.

"Yet Dennis Browne seems to be suggesting that the company shouldn't attempt to satisfy customers' legitimate concerns on this issue."

Newfoundland Power's proposal to eliminate multiple basic customer charges when two or three domestic units are metered together is within the norm of other Canadian utilities.

News Release



November 17, 1998

PUB Dismisses Browne's Application for Information on Fortis Salaries

The Public Utilities Board (PUB) has dismissed Dennis Browne's application for salary information pertaining to all other companies in which Fortis Inc. is a shareholder.

PUB ruled today that information on executive salaries of other Fortis companies is not required for the hearing process. The PUB deemed that information provided by Newfoundland Power and an affidavit and cross-examination of company president, Philip Hughes, provide sufficient information on executive compensation to deal with the issue.

"Newfoundland Power is pleased with the PUB's ruling," says Bob Pike, Manager, Corporate Communications, Newfoundland Power. "Now we hope to get back to the real issues relevant to the hearing process."

"Newfoundland Power has a responsibility to our customers to ensure the hearing proceeds as efficiently as possible," says Pike.

Hearings held this year will cost customers about \$4 million.

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November 30, 1998

Newfoundland Power Very Concerned by Dennis Browne's Blatant Contradictions

St. John's lawyer Dennis Browne has done a complete turnaround on his position regarding the need for the president and chief executive officer of Newfoundland Power, Philip Hughes, to give testimony before the Public Utilities Board (PUB).

"Three weeks ago, Dennis Browne told the PUB he would subpoena the president and chief executive officer of Newfoundland Power if he did not willingly appear before the Board," explains Bob Pike, Manager Corporate Communications.

"Mr. Browne was advised almost immediately that Mr. Hughes was quite willing to testify," adds Pike. "Yet today, when the company advised the PUB of its intention to call Mr. Hughes as a witness, Mr. Browne argued quite strongly he should not be allowed to testify."

Pike says the company is disappointed that Dennis Browne would argue Philip Hughes not be allowed to testify before the PUB.

"Mr. Hughes is the president and chief executive officer of Newfoundland Power," says Pike. "We believe it would be ridiculous to prohibit him from testifying before the PUB."

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December 1, 1998

RBC Dominion Securities Latest Financial Expert to Say Newfoundland Power is at a Disadvantage

RBC Dominion Securities is the latest financial expert to say Newfoundland Power is disadvantaged by the 9.25 per cent rate of return issued by the Public Utilities Board (PUB) in July 1998.

In the November 1998 report, *Pipelines and Gas & Electric Utilities*, RBC Dominion Securities says the formula used by the PUB to set the company's annual allowed rate of return is the least attractive of formulas adopted by Canadian utilities and "unduly penalizes Newfoundland Power relative to its peer group".

"Newfoundland Power has maintained all along that a reduction in our rate of return to 9.25 per cent would impact our company's credit worthiness," says Bob Pike, Manager, Corporate Communications.

RBC Dominion Securities' conclusions echo those of the Canadian Bond Rating Service who subsequently downgraded the company's bond rating from 'A' to 'A low', and Nesbitt Burns who has since cited Newfoundland Power as "one of the riskier utilities in the country".

Media Release



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Newfoundland Power's Information Technology Essential to Efficient, Effective Operations

For immediate release:

December 2, 1998

(*St. John's, NF*): Newfoundland Power makes no apologies for its decision to purchase computers which enable the company to work efficiently and effectively in its day to day operations.

"It appears that Dennis Browne does not understand the technical issues involved in operating a large scale, multi-location computing environment," says Bob Pike, Manager, Corporate Communications.

"Browne is confusing top of the line equipment with business computers that have special features which enable them to link with sophisticated networks and servers over an extended life."

Newfoundland Power uses highly effective business tools and electronic equipment to meet the changing needs of its customers and the electrical industry.

"Our IT strategy includes software and hardware upgrades to adequately address the Year 2000 issue, rapidly changing technology and customer service requirements," says Pike.

In addition to purchase price, Newfoundland Power closely examines elements such as system compatibility, installation, labour, parts and maintenance costs, and estimated service life before acquiring computers and computer-related equipment.

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For further information, please contact:

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December 8, 1998

Newfoundland Power's Case Strong, Credible

The hearing called by the Public Utilities Board (PUB) to address issues pertaining to Newfoundland Power concludes today.

"Our presentation to the PUB was well-prepared, credible and conclusive," says Philip Hughes, President and Chief Executive Officer. "Our evidence clearly demonstrated the company's ongoing commitment to improve customer service and reliability of the electrical system."

Newfoundland has the lowest residential electric rates in Atlantic Canada, Newfoundland Power's operating costs per customer have remained unchanged for the past 10 years, the total cost of the management group has decreased by 15 per cent since 1996, and customer satisfaction has increased from 70 per cent to 85 per cent.

"These are successes that we, the company's employees, are proud of and ones which we want our customers to be aware of," says Hughes.

Hughes says the 1.3 per cent electric rate increase being sought by Newfoundland Power, which is approximately \$1.41 per month for the average residential customer, is required to finance improvements to the electrical system, and recover the cost of hearings called by the PUB in 1998. It will not increase Newfoundland Power's profit of 9.25 per cent return on common equity.

Newfoundland Power also presented a sound argument that the decision made by the PUB regarding its 1992 and 1993 earnings should be upheld. The issue arose due to the need to reduce the 1992 and 1993 capital expenditures by \$30 million as a result of the economic downturn at that time. This decision by the company saved customers substantial money over 30 years.

St. John's lawyer Dennis Browne has failed to provide any evidence, or call witnesses, to refute the company's position. Any decision by the PUB must be decided on evidence, not on unsubstantiated claims.

"It is important the ruling made by the PUB ensures the financial integrity of Newfoundland Power remains intact, and allows us to continue to provide our customers with safe, reliable electrical service in the most cost-efficient manner possible," says Hughes.

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Media Release



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Where's Mr. Browne's Evidence?

For immediate release:

December 10, 1998

(St. John's, NF): St. John's lawyer Dennis Browne has taken things too far with his unsubstantiated claims and misleading allegations, says Newfoundland Power.

"Our operating costs have been reduced by \$3 million dollars in 3 years, our customer satisfaction level has increased from 70 per cent to 85 per cent, total compensation for the management group has decreased by about 15 per cent since 1996, and the size of our workforce has decreased by approximately 300 since 1991," says Bob Pike, Manager, Corporate Communications. "For Mr. Browne to ignore these achievements is wrong."

Pike says that, throughout the course of the hearing that concluded last Tuesday, Newfoundland Power provided strong, credible evidence pertaining to the utility's operations. The company's evidence was supported by an independent engineering consultant's report, ordered by the Public Utilities Board (PUB).

Newfoundland Power called seven witnesses, including one independent financial expert. All executives of the company, including Mr. Philip Hughes, President and Chief Executive Officer, testified before the PUB. Browne failed to call any witnesses to testify or file any evidence.

"Mr. Browne did not call one witness to substantiate his allegations throughout the course of the hearing," says Pike. "Our witnesses, on the other hand, demonstrated the company's successes in controlling costs, improving the reliability of the electrical system, and improving customer service."

The PUB must base its ruling on the evidence presented before it throughout the course of the hearing; not on the basis of rhetoric or unsubstantiated claims.

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