



Media Release

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Newfoundland Power files 2013 General Rate Application

For Immediate Release:

September 14, 2012

(St. John's, NL): Newfoundland Power Inc. today filed a 2013 General Rate Application ("GRA") as directed by the Newfoundland and Labrador Board of Commissioners of Public Utilities. In the application, the Company is proposing an overall average increase to current electricity rates of 6.0% effective March 1, 2013. As a regulated utility, Newfoundland Power periodically files GRAs and the process includes a full review of the Company's costs and customer rates.

"We work hard to minimize the impact of rate increases on our customers while balancing the need to maintain and extend the electricity system to provide our customers with safe, reliable service," said Earl Ludlow, President and Chief Executive Office, Newfoundland Power Inc. "We remain committed to investing in rural areas of the province while at the same time investing in urban areas where demand for new services continue to grow."

A primary driver behind the proposed rate change relates to energy supply costs. Approximately 93% of the electricity the Company delivers to its customers is purchased from Newfoundland and Labrador Hydro ("Hydro"). Increases in energy supply costs substantially reflect increased purchases from Hydro to meet increased usage of electricity by Newfoundland Power's customers.

"Over the past five years alone, we have invested over \$350 million in our provincial electricity system," added Ludlow. "Establishing a fair and reasonable future return on this investment is another component of this rate increase."

Various costs associated with the delivery of electricity also impact this rate change, including: depreciation, a significant portion of which is the result of connecting a growing number of new homes to the electricity system in recent years; and, retirement costs.

When setting electricity rates, it is important that the cost of providing service is fairly allocated and reflects the actual cost of providing electricity to customers in each category. Based on a detailed review of costs and customer usage patterns, Newfoundland Power is proposing in this GRA that the rate increase vary across each of its customer categories. The proposed average increase ranges from 0.6% to 6.0% for commercial categories and 7.2% for residential customers.

"We recognize that any rate increase is significant for our customers," concluded Ludlow.

"However, even after the proposed rate changes, our electricity rates for residential customers will still remain among the lowest in Atlantic Canada. We are committed to helping all of our customers use energy wisely with enhanced programs and practical tips on how to save energy and save money with our energy efficiency partnership with Hydro, takeCHARGE – Saving Energy Starts Here!"

Newfoundland Power expects that its GRA will be subject to a thorough public review over the coming months.

Visit takechargeni.ca for more information on ways electricity consumers can reduce their energy usage and save money on their electricity bill. Visit newfoundlandpower.com to review Newfoundland Power's 2013 GRA.

With a customer base of approximately 250,000 accounts, Newfoundland Power is committed to safety and dedicated to providing the highest level of customer service and reliability of electricity in the most cost-efficient manner possible. For more information on Newfoundland Power's programs, services and community partnerships, please visit newfoundlandpower.com.

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