

1 **Volume 1, Section 1 - Introduction**

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3 **Q. Please provide a copy of the "Power Connection" newsletter NP sent to each of its**  
4 **classes of customers advising of the details and effects of its Application.**

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6 A. Attached is the *Power Connection* from May/June 2007, which includes information on  
7 the Application.

**Power Connection from May/June 2007**

# POWERConnection

A newsletter for customers of Newfoundland Power

May/June 2007

## Proposed changes to electricity rates

On May 10, 2007 Newfoundland Power filed two applications with the Newfoundland and Labrador Board of Commissioners of Public Utilities (the "PUB") proposing changes to electricity rates on July 1, 2007 and January 1, 2008.

For July 1, 2007, the Company is proposing an overall average decrease to current electricity rates of 2.9%. This proposed decrease results from the annual review of the Rate Stabilization Account (the "RSA"). The RSA provides for adjustment to electricity rates each year on July 1 to reflect the price and amount of oil used by Newfoundland and Labrador Hydro in the generation of electricity.

The price and amount of oil required for generation over the past year were lower than forecast, which results in a rate decrease for our customers this coming July. Rising oil costs have been placing upward pressure on electricity rates, so a rate decrease this July is positive news for our customers.

For January 1, 2008, the Company is proposing an overall average increase to current electricity rates of 5.3%. This increase is proposed in our 2008 General Rate Application ("GRA"), which will involve a full review of Newfoundland Power's costs and customer rates. As a regulated utility, Newfoundland Power is required to periodically file a GRA with the PUB. It has been five years since we last filed a GRA.

We work hard to manage our controllable operating costs in an effort to minimize our impact on electricity rates. In fact, we have reduced our operating cost per customer by 13% over the past five years on an inflation adjusted basis. The main cost drivers behind this proposed rate increase include depreciation costs, changes in accounting practices for retirement costs and the Company's return on equity.

Based on a detailed review of costs and customer usage patterns, we are proposing in this GRA that the rate increase vary across each of our customer categories. The reason we are proposing this is to ensure fairness so that rates reflect the actual cost of providing electricity to customers in each category.

**The net impact of the proposed rate changes will be an overall average increase to current electricity rates of approximately 2.4%. However, even after the proposed rate changes, our electricity rates for residential customers will still remain the lowest in Atlantic Canada.**

We are committed to continuing to help you manage your energy usage and providing easy, practical tips on how to save energy throughout your homes and businesses through our Bright Ideas™ campaign. I encourage you to visit our website to review our GRA, and learn more about energy saving tips to help you better manage your electricity bill and save money. A copy of our GRA is also available for your review at each of our Area Offices.



**Earl Ludlow**  
President & Chief Executive Officer

### Proposed rate changes by customer category

Customer Category	July 1, 2007 average rate decrease	January 1, 2008 average rate increase
Domestic/Residential	-2.9%	6.4%
General Service 0 - 10 kW	-2.0%	1.3%
General Service 10 - 100 kW (110 kVA)	-2.7%	2.3%
General Service 110 - 1000 kVA	-3.2%	4.3%
General Service 1000 kVA & over	-3.9%	5.3%
Street & Area Lighting	-0.8%	5.3%

*The actual impact of the proposed rate changes on individual customers will vary depending on customer usage.*

# You're invited...



One free CFL bulb to the first 100 customers.

Free admission

Energy efficiency displays

Win a bike



Prizes and refreshments

Cleanups

KidZone

Fun activities for the whole family

Tree planting

## To Celebrate Our 10<sup>th</sup> Anniversary of *EnviroFest* & Take the Energy Savings Community Challenge!

Newfoundland Power is working to improve the environment and you can too!

*EnviroFest* is an annual celebration of the environment that promotes positive environmental action to community members during Environment Week, June 3-6, 2007. Don't miss out on the fun this year! Participate in one of our eight *EnviroFest* events across the Island.

Area	Date	Time	Location
Burin	May 31	6:30 - 9:00 p.m.	Donald C. Jamieson Academy
Carbonear	June 7	11:30 a.m. - 2:30 p.m.	Dunne Memorial Academy, St. Mary's Bay
Clarenville	June 7	7:00 - 9:00 p.m.	Clarenville Middle School Gym
Corner Brook	June 6	11:00 a.m. - 2:00 p.m.	Margaret Bowater Park
Gander	June 6	6:30 - 8:00 p.m.	Gander Academy
Grand Falls-Windsor	June 7	9:00 a.m. - 6:00 p.m.	Carmelite House
Stephenville	June 7	6:30 - 8:00 p.m.	Stephenville Middle School
St. John's	June 5	6:00 - 8:00 p.m.	St. Bernard's Elementary School, Witless Bay



Newfoundland Power is proud to partner with the following:

