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For Immediate Release// May 16, 2024

Newfoundland Power Provides Additional Information on Customer Electricity Rates Effective July 1, 2024

(St. John's, NL): Today, the Provincial Government announced its rate mitigation plan, advising that customer electricity rates would increase by 2.25% each year on July 1, beginning in 2024 until 2030, to recover the costs associated with the Muskrat Falls Project. This plan provides a level of certainty around customer rate increases due to Newfoundland and Labrador Hydro's (Hydro) costs related to Muskrat Falls in the near term. Newfoundland Power would like to provide additional information on expected impacts to customer electricity rates effective July 1, 2024.

An additional estimated 6.7% rate increase is expected on July 1, 2024, subject to approval by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB). This reflects the additional power supply costs from Hydro which must be recovered in electricity rates through the annual operation of the Rate Stabilization Account. These are supply costs that Newfoundland Power has already incurred and paid to Hydro in 2023. Power supply costs from Hydro are Newfoundland Power's single largest expense and represent two thirds of electricity costs. This rate increase provides no financial benefit to Newfoundland Power. When combined with the 2.25% increase announced today, the overall average rate increase for customers related to supply costs is expected to be approximately 9% effective July 1, 2024.

Newfoundland Power currently has a Return on Rate Base Application under review by the PUB which, if approved, could result in an additional increase to customer rates of approximately 1.5% on July 1, 2024.

"We have a responsibility to inform our customers, and want to provide a fulsome view of the estimated impact of costs on their electricity rates effective on July 1, 2024," said Gary Murray, President and Chief Executive Officer, Newfoundland Power. "We know these are challenging times for our customers and we understand that reliable service at affordable rates is more important now than ever. That's why we are focused on effectively managing all costs that are within our direct control."

The Company also has a 2025/2026 General Rate Application (GRA) before the PUB to set rates for 2025 and 2026. Newfoundland Power is required to file a GRA every three years as part of the normal regulatory process. This process includes a full and comprehensive review of the changes in the Company's costs to deliver electricity to customers since the last GRA. A public hearing on the GRA is scheduled to begin on June 13, 2024.

"We are not immune to the impacts of external factors such as the increasing cost of materials and supplies, and higher interest rates," said Murray. "We remain committed to doing everything we can to minimize the impact of these increasing costs on our customers' electricity rates."

For more information on the Company's applications, please visit newfoundlandpower.com.

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Newfoundland Power is the primary distributor of electricity on the island portion of Newfoundland and Labrador, and purchases 93% of its energy needs from Newfoundland and Labrador Hydro. With a customer base of approximately 276,000 accounts, Newfoundland Power is committed to safety, dedicated to the highest level of customer service, and delivers reliable electricity at the lowest possible cost in an environmentally responsible manner. For more information on Newfoundland Power's programs, services, energy efficiency rebates and community partnerships, please visit newfoundlandpower.com.

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