

Board of Commissioners of Public Utilities

120 Torbay Road, Suite E-210, P.O. Box 21040, St. John's, NL. A1A 5B2

Tel: (709) 726-8600 - Fax: (709) 726-9604

PRESS RELEASE

June 25, 2004

The Newfoundland and Labrador Board of Commissioners of Public Utilities today issued Order Nos. P.U. 18 (2004), P.U. 19(2004) and P.U. 20(2004) which will result in an average increase of 9.86% in electricity rates effective July 1, 2004 for Newfoundland Power ("NP") residential and general service customers and Newfoundland and Labrador Hydro's ("Hydro") rural customers on the isolated diesel systems and on the island interconnected system. The increase in rates results from three factors: i) the annual Rate Stabilization Adjustment, which recovers the difference in fuel costs allowed in rates over the past years and the fuel costs actually paid by Hydro to operate its Holyrood generating plant; ii) the annual Municipal Tax Adjustment to reflect taxes charged each year to NP by municipalities; and iii) an increase in purchased power costs for NP from Hydro.

In Order No. P.U. 18(2004) the Board has approved changes in the Rate Stabilization Adjustment and the Municipal Tax Adjustment factor to be applied to all electrical consumption on and after July 1, 2004. The average increase to NP's customers' bills resulting from these adjustments is approximately 4.52%.

Order No. P.U. 19(2004) results from the decision of the Board released on Friday, June 11, 2004 [Order No. P.U. 17(2004)], which established rates Hydro is permitted to charge customers effective July 1, 2004. In that Order the Board approved a 9.3% increase in the wholesale rate that Hydro charges NP for purchased power. The Board has today approved an average 5.34% increase in NP's rates to allow NP to recover this increase in its purchased power costs.

The Board has also approved changes to electrical rates for Hydro's rural customers on the isolated diesel systems and on the island interconnected system. These customers will also see an increase of approximately 9.86% as of July 1, 2004. The rates for these customers are based on the rates for NP's customers.

The specific impact on NP's residential customers of these combined rate changes will depend on usage levels. Non-electrical heat consumers using 1000 kWh of electricity per month will see an increase of approximately \$8.40 in their monthly bills. Consumers with electric heat using 2000 kWh per month will see an increase of approximately \$11.60 in their monthly bills.

Additional information concerning electricity costs for residential customers within the Province as well as comparative costs with other Canadian jurisdictions can be found in the attached Backgrounder.

This latest Order affecting NP's customers and Hydro's rural isolated and island interconnected customers brings to a conclusion the impact on customers of rates arising from the Board's decision issued on May 4, 2004 as a result of public hearings on Hydro's general rate application.

The Order and Press Release are available for pick-up at the Board's Office and can be viewed on the Board's website at www.pub.nf.ca.

Media Contact:	Dwanda Newman, Legal Counsel
Phone:	(709) 726-6781
Toll Free:	1-866-782-0006
E-mail:	dnewman@pub.nf.ca
Facsimile:	(709) 726-9604

Board of Commissioners of Public Utilities

120 Torbay Road, Suite E-210, P.O. Box 21040, St. John's, NL. A1A 5B2

Tel: (709) 726-8600 - Fax: (709) 726-9604

BACKGROUND

June 25, 2004

- Attachment I:** Newfoundland and Labrador - Impact on Average Monthly Residential Electricity Bills
- Attachment II:** Newfoundland and Labrador - Comparison of Residential Electricity Rates
- Attachment III:** Schedule A - Comparison of Canadian Electrical Service Costs
Schedule B - Canadian Domestic Electrical Service Rates

Board of Commissioners of Public Utilities

*Press Release – June 25, 2004
Attachment I*

Re: Board Order Nos. P.U. 18, P.U. 19 and P.U. 20(2004)

NEWFOUNDLAND & LABRADOR IMPACTS ON AVERAGE MONTHLY RESIDENTIAL ELECTRICITY BILLS

	Average Monthly Consumption*	Newfoundland Power & Hydro Island Interconnected	Hydro Isolated Diesel	Hydro Happy Valley - Goose Bay	Hydro Labrador City and Wabush
Existing Rates As of August 1, 2003	1000 kWh	\$ 87.62	\$ 95.61	\$ 39.50	\$ 17.25
	2000 kWh	\$ 159.47	\$ 229.13	\$ 72.00	\$ 30.75
New Approved Rates Effective -July 1, 2004	1000 kWh	\$ 96.01	\$ 103.07	\$ 39.50	\$ 20.68
	2000 kWh	\$ 176.24	\$ 243.72	\$ 72.00	\$ 36.86

* 1000 kWh - Average usage per month for customers without electric heat, includes basic customer charge, excludes prompt payment discount & HST.
2000 kWh - Average usage per month for customers with electric heat, includes basic customer charge, excludes prompt payment discount & HST.

Board of Commissioners of Public Utilities

Press Release – June 25, 2004
Attachment II

Re: Board Order Nos. P.U. 18, P.U. 19 and P.U. 20(2004)

NEWFOUNDLAND & LABRADOR COMPARISON OF RESIDENTIAL ELECTRICITY RATES

RETAIL CUSTOMER CLASS		CURRENT RATES August 1, 2003	NEW RATES July 1, 2004
NEWFOUNDLAND POWER & NEWFOUNDLAND & LABRADOR HYDRO RURAL INTERCONNECTED (Customers whose rates are based on NP rates)	Basic Monthly Charge	\$ 15.77	\$ 15.78
	Energy Rate (per kWh)	7.185¢	8.023¢
NEWFOUNDLAND & LABRADOR HYDRO ISOLATED DIESEL (Coastal Labrador & Isolated Island Systems)	Basic Monthly Charge	\$ 15.77	\$ 15.78
	Energy Rate (per kWh)	7.185¢	8.023¢
	<i>Usage per/month</i> <i>First Block</i>	9.849¢	10.375¢
	<i>Second Block</i> <i>Over 1000 kWh</i>	13.352¢	14.065¢
NEWFOUNDLAND & LABRADOR HYDRO HAPPY-VALLEY-GOOSE BAY	Basic Monthly Charge	\$ 7.00	\$ 7.00
	Energy Rate (per kWh)	3.250¢	3.250¢
NEWFOUNDLAND & LABRADOR HYDRO LABRADOR CITY and WABUSH	Basic Monthly Charge	\$ 3.75	\$ 4.50
	Energy Rate (per kWh)	1.350¢	1.618¢

Board of Commissioners of Public Utilities

Press Release - June 25, 2004

Attachment III

Schedule A

Comparison of Canadian Electrical Service Costs*						
(\$ per Month)						
	Monthly kWh consumption					
	250	500	750	1000	2000	3000
Newfoundland	35.84	55.90	75.95	96.01	176.24	256.47
Nova Scotia	32.36	53.88	75.41	96.93	183.03	269.13
New Brunswick (Urban)	36.47	56.22	75.97	95.72	163.17	225.67
New Brunswick (Rural)	38.07	57.82	77.57	97.32	164.77	227.27
P.E.I. (Urban)	46.46	71.78	97.11	122.43	205.49	283.99
P.E.I. (Rural)	48.47	73.79	99.12	124.44	207.50	286.00
Quebec	24.74	37.11	49.49	63.15	125.55	187.95
Ontario						
Toronto	35.46	56.63	77.81	100.98	193.68	286.38
Hydro One Urban Density	33.75	54.97	76.20	99.42	192.32	285.22
Hydro One High Density	39.27	61.69	84.12	108.54	206.24	303.94
Hydro One Normal Density	44.85	66.00	87.15	110.30	202.90	295.50
Saskatchewan (Urban)	33.04	52.91	72.79	92.66	172.16	251.66
Saskatchewan (Rural)	37.29	57.16	77.04	96.91	176.41	255.91
Manitoba	20.24	33.14	46.04	58.94	110.54	162.14
Alberta						
ATCO Electric	53.14	83.39	113.63	143.88	264.86	385.83
B.C. (BC Hydro)	19.19	34.66	50.14	65.61	127.51	189.41

* Excludes the application of HST or GST, which are not regulatory costs.

Source PUB Staff
 June 2, 2004 Survey
 Updated June 23, 2004

Rates higher than Newfoundland Power rates

Board of Commissioners of Public Utilities

Press Release - June 25, 2004
Attachment III
Schedule B

Canadian Domestic Electrical Service Rates						
PROVINCE	BASIC CUSTOMER CHARGE			ENERGY CHARGE		
	Monthly Charge			kWh Charge		
	Urban	Rural	Rural L.D.	Block 1*	Block 2*	
Newfoundland	\$15.78	-	-	8.023	8.023	x Add HST
Nova Scotia ¹	\$10.83	-	-	8.61	8.61	x Add HST
New Brunswick	\$16.72	\$18.32		7.9	6.25	x Add HST
P.E.I.	\$21.13	\$23.14		10.13	7.85	x Add GST
Quebec ²	\$12.36	-	-	4.95	6.24	x Add GST
Ontario ³						
Toronto Hydro	\$14.28	-	-	8.47	9.27	x Add GST
Hydro One Urban Density	\$12.52	-	-	8.49	9.29	x Add GST
Hydro One High Density	\$16.84			8.97	9.77	x Add GST
Hydro One Normal Density	\$23.70			8.46	9.26	x Add GST
Saskatchewan ⁴	\$13.16	\$13.16		7.95	7.95	x Add GST
			\$17.41	7.95	7.95	x Add GST
Manitoba	\$6.25			5.78	5.16	x Add GST
Alberta					-	
ATCO Electric ⁵	\$22.90	-	-	12.0978	12.0978	x Add GST
		-	-			
B.C. (BC Hydro)	\$3.71	-	-	6.19	6.19	x Add GST

Block Delineation per Billing Period	
Block 1*	Block 2*
NB <= 1300 kwh	>1300 kwh
PEI <= 1200 kwh	>1200 kwh
ON <= 750kwh	>750 kwh
MAN <=175 kwh	>175 kwh
Hydro Quebec <=30 kwh/day	>30 kwh/day

Notes:

- Does not include time of use optional rates
- = \$0.39 per day x 365 / 12
- Open Market - access, distribution, monthly charges etc.
- Saskatchewan Designations are 'City', 'Town, Village & Urban Resort' and 'Rural & Rural Resort'
- Basic Customer Charge = Monthly Fixed + Admin Charge; Energy Charge = Variable Rate + Day Rate