

Board of Commissioners of Public Utilities

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PRESS RELEASE

June 11, 2004

The Newfoundland and Labrador Board of Commissioners of Public Utilities today issued a further decision set out in Order No. P.U. 17 (2004) regarding Newfoundland and Labrador Hydro's (Hydro) General Rate Application, which was the subject of a public hearing completed in January of this year. This latest decision approves rates for some of Hydro's customers, including Newfoundland Power Inc. (NP) and Hydro's Island Industrial Customers - Corner Brook Pulp and Paper Limited, Abitibi Consolidated Company of Canada-Stephenville and Grand Falls Divisions and North Atlantic Refining Limited. The rate NP will pay for power purchased from Hydro will increase 9.3% instead of 12.0% as requested by Hydro in its application to the Board. Island Industrial Customer rates for firm power will increase on average 9.6% instead of the 12.2% proposed by Hydro.

This latest decision follows the Board's review of Hydro's revised rate calculations which were submitted to the Board on May 28th, 2004. These rates reflect the comprehensive decisions and Order released by the Board in early May resulting from the public hearing.

The Board anticipates an immediate application from NP seeking approval of new rates to allow for recovery of the additional costs for power purchased from Hydro. The Board expects to issue an Order before the end of June setting rates for all NP customers, as well as rates for Hydro's remaining customers including those whose rates are based upon NP's rates.

In its May decision the Board also approved Hydro's proposal to implement uniform rates for Labrador Interconnected customers. As a result of this Order the basic customer charge for domestic customers in Labrador City and Wabush will increase to \$4.50 per month from the current \$3.75 per month, and the energy charge will increase to 1.618¢ per kilowatt-hour from 1.35¢ per kilowatt-hour. Over the five-year implementation period 2004-2008 rates in Labrador West will increase to the level of rates paid by customers in Happy Valley-Goose Bay. Residential customers in Happy Valley-Goose Bay currently pay \$7.00 per month as a basic customer charge and an energy charge of 3.25¢ per kilowatt-hour.

The rates approved in this Order will take effect July 1st, 2004. All remaining rates arising from Hydro's general rate application are also anticipated to take effect July 1st, 2004.

The Board is also currently considering an application from NP for an additional rate increase of approximately 4.5% as a result of the annual Rate Stabilization Adjustment and Municipal Tax Adjustment. These adjustments provide for the recovery of added annual costs to the utilities which are not incorporated into existing rates. In particular, the Rate Stabilization Adjustment provides for the difference in forecast costs allowed in the rates for fuel consumed at Hydro's Holyrood generating plant and the actual cost of such fuel based on the current market price for Bunker "C". These increases, if granted, are expected to become effective July 1, 2004 and will affect all residential and commercial customers of NP and those customers of Hydro whose rates are based on NP's rates.

Board Order No. P.U. 17(2004) is attached to this Press Release which is also available for pick-up at the Board's Office and can be viewed on the Board's website at www.pub.nf.ca

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