



The Board limits the July 1, 2025 Electricity Rate Increase to an average of 7 percent

FOR IMMEDIATE RELEASE

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Electricity rates will increase for customers of Newfoundland Power and most customers of Newfoundland and Labrador Hydro ("Hydro") by an average of 7 percent on July 1, 2025 to reflect the conclusion of Newfoundland Power's recent general rate application, a Hydro rate increase, and the annual July 1 adjustments.

The customer rate increase of 7 percent reflects the Board's direction that rate smoothing should be implemented so that rates increase more gradually contributing to rate stability for customers while enabling the utilities to recover prudently incurred costs over a reasonable period of time. **In the absence of rate smoothing, the required customer rate increase on July 1, 2025 would have been over 15 percent** to reflect the following:

- i) **Newfoundland Power's general rate application** increase of approximately 8.5 percent. In the general rate application, the Board reduced the costs which could be recovered from customers by over \$14 million through a lower return for Newfoundland Power than proposed, a reduction in the proposed operating costs and the exclusion of short-term incentive payments to the executive and directors. These reductions were the primary driver in lowering the estimated rate increase from 10.6 percent to 8.5 percent.
- ii) **A Hydro rate increase** in accordance with the direction of the Government of Newfoundland and Labrador for a domestic customer rate increase of 2.25 percent to provide for the recovery of Hydro's costs, including Muskrat Falls costs.
- iii) **The annual July 1 adjustment** of approximately 4.5 percent, primarily to allow Newfoundland Power to recover power supply costs from Hydro.

The proposed rate increase was reviewed by the Board and its financial consultants in a process that involved the Consumer Advocate and Hydro. The parties did not object to the increase in rates and the Board found that the proposed rates were consistent with Board orders, the established rules and regulations and the direction of Government.

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