PRESS RELEASE

The Newfoundland and Labrador Board of Commissioners of Public Utilities today issued Order No. P.U. 22 (2002-2003) approving a 3.68% increase in electricity rates effective September 1, 2002 for Newfoundland Power ("NP") residential and general service customers.

This order results from the decision of the Board released on Thursday, August 22, 2002, which established rates that Newfoundland and Labrador Hydro ("NLH") is permitted to charge customers effective September 1, 2002. In that order the Board approved a 6.5% increase in the wholesale rate that NLH charges NP for purchased power. The increase approved today by the Board allows NP to offset the increase in purchased power costs approved previously in the Board's order on NLH's rates.

The specific impact on NP's residential customers of these rate changes will depend on usage levels. Non-electrical heat consumers using 1000 kWh of electricity per month will see an increase of approximately \$ 2.90 in their monthly bills. Consumers with electric heat using 2000 kWh per month will see an increase of approximately \$ 5.20 in their monthly bills.

NLH's rural customers on the isolated diesel systems and on the interconnected system will also see an increase of 3.68% as of September 1, 2002. The rates for these customers are based on the rates for NP's customers.

Attachment 1 to this press release compares electricity rates in the province as a result of this decision and of the Board's order issued last week for NLH. A comparison of the changes in residential electricity costs in the province as a result of these new rates is shown below:

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 Wabush	Hydro Labrador City
Existing Rates As of January 1, 2002	1000 kWh	\$ 83.42	\$ 91.80	\$ 43.80	\$ 15.60	\$ 13.36
	2000 kWh	\$150.63	\$ 220.77	\$ 76.80	\$ 28.78	\$ 24.86
New Approved Rates Effective September 1, 2002	1000 kWh	\$ 86.32	\$ 95.06	\$ 39.50	\$ 17.25	\$ 17.25
	2000 kWh	\$ 155.83	\$ 228.78	\$ 72.00	\$ 30.75	\$ 30.75

^{* 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.

As a result of NLH's general rate application residential and general service consumers in the province were expected to see an increase in electricity rates of approximately 7% in 2002, including recovery of deferred fuel costs in the Rate Stabilization Plan. As a result of the Board's decision to set fuel costs to be recovered in base rates at \$26 per barrel and to minimize the rate increase to consumers in this year, the Board ordered NLH to defer recovery of the outstanding balances in the rate stabilization plan until 2003 and to recover the balance over a five year period instead of the existing three year recovery time frame.

In this order, the Board has directed NP to file a general rate application by October 11, 2002 and will be convening a general rate hearing in the fall of this year to examine NP's costs and to set rates for 2003. NP's last general rate hearing before the Board was in 1998 at which time the Board implemented an automatic adjustment formula to set rates for NP's customers.

This latest order affecting NP customers brings to a conclusion the impact on customers of rates arising from the Board's decision issued on June 7, 2002 as a result of public hearings on NLH's general rate application. The Board's Chair & CEO Robert Noseworthy notes: "While attention has focused on the new rates, the public hearing represented the first application of NLH as a fully regulated public utility. The implementation of the close to 100 decisions made by the Board resulting from the hearing will ensure going forward the Board's mandate is achieved in striking an equitable balance between fair and just electricity rates for consumers and reasonable financial return for the utility".

NLH has also been ordered by the Board to file their next general rate application no later than December 31, 2003.

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.

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PUBLIC UTILITIES BOARD

Press Release - Attachment 1 August 28, 2002

NEWFOUNDLAND & LABRADOR COMPARISON OF RESIDENTIAL ELECTRICITY RATES

RETAIL CUSTOMER CLASS	CURRENT RATES January 1, 2002	NEW RATES September 1,2002	
NEWFOUNDLAND POWER &	Basic Monthly Charge	\$ 16.210	\$ 16.810
NEWFOUNDLAND & LABRADOR HYDRO RURAL INTERCONNECTED (Customers whose rates are based on NP rates)	Energy Rate (per kWh)	6.721¢	6.951¢
NEWFOUNDLAND & LABRADOR HYDRO ISOLATED DIESEL	Basic Monthly Charge	\$ 16.210	\$ 16.810
(Coastal Labrador & Isolated Island Systems)	Energy Rate Usage per/month Less than 700 kWh Between 700-1000 kWh Over 1000 kWh	6.721 ¢ 9.514 ¢ 12.897 ¢	6.951 ¢ 9.864 ¢ 13.372 ¢
NEWFOUNDLAND & LABRADOR HYDRO HAPPY-VALLEY-GOOSE BAY	Basic Monthly Charge	\$ 6.000	\$ 7.000
	Energy Rate Usage per/month Less than600 kWh Over600 kWh	4.100 ¢ 3.300 ¢	3.250 ¢ 3.250 ¢
NEWFOUNDLAND & LABRADOR HYDRO WABUSH	0 & LABRADOR HYDRO Basic Monthly Charge		\$ 3.750
	Energy Rate (per kWh)	1.318¢	1.350¢
NEWFOUNDLAND & LABRADOR HYDRO LABRADOR CITY	Dusic Worlding Charge		\$ 3.750
	Energy Rate Less than 20 kWh (minimum charge) Between 21-60 kWh Between 61-300 kWh Over 300 kWh	1.150 ¢ 2.780 ¢ 1.270 ¢ 1.150 ¢	1.350 ¢ 1.350 ¢ 1.350 ¢ 1.350 ¢