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## Newfoundland Power receives approval of 2006 accounting policy change

For immediate release:

December 23, 2005

(St. John's, NL): Newfoundland Power Inc. (TSX:FTS) today received approval from the Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Public Utilities Board") to change its accounting policy for revenue recognition from the billed method to the accrual method effective January 1, 2006.

"The settlement of a longstanding tax dispute with the Canada Revenue Agency in June 2005 made it possible for the Company to seek to change its revenue recognition policy at this time," said Karl Smith, President and Chief Executive Officer, Newfoundland Power Inc. "The approval of this application brings Newfoundland Power's revenue recognition policy into the mainstream of both Canadian business practice and public utility practice."

In its Order, the Public Utilities Board also approved the recognition in 2006 of approximately \$3.1 million of a one-time accounting accrual arising as a result of the accounting policy change. Recognition of this amount will offset increased income taxes in 2006 arising from the settlement with the Canada Revenue Agency.

As well, the Public Utilities Board ordered the deferred recovery of approximately \$5.8 million related to increased depreciation expense in 2006. Recovery of this amount is expected to be dealt with at Newfoundland Power's next general rate proceeding.

*With a customer base of over 227,000 accounts, Newfoundland Power is dedicated to providing the highest level of customer service and reliability of electricity in the most cost-efficient manner possible. For more information on Newfoundland Power's programs, services and community partnerships, please visit [www.newfoundlandpower.com](http://www.newfoundlandpower.com).*

*All the common shares of Newfoundland Power are owned by Fortis Inc., a diversified, international electric utility holding company with assets of approximately \$4.1 billion and annual revenues over \$1.2 billion. The Common Shares, Series C First Preference Shares and Series E First Preference Shares of Fortis Inc. are traded on the Toronto Stock Exchange under the symbols FTS, FTS.PR.C and FTS.PR.E, respectively. Fortis Inc. information can be accessed at [www.fortisinc.com](http://www.fortisinc.com).*

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