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## Newfoundland Power's cost of capital to decrease in 2007

For immediate release:

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(*St. John's, NL*): Newfoundland Power Inc. (TSX:FTS) reported today that its cost of capital will decrease effective January 1, 2007 due to the application of the automatic adjustment formula.

The automatic adjustment formula was originally adopted in 1998 by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB). The formula is based on observed long-term Canada bond yields and is used annually to determine Newfoundland Power's cost of capital for those years in between general rate applications.

"The purpose of the automatic adjustment formula is to reflect the impact of current bond market conditions on the Company's cost of capital without having to incur the expense of regulatory hearings," said Jocelyn Perry, Vice President, Finance, Newfoundland Power Inc.

Newfoundland Power submitted the preliminary results of the operation of the automatic adjustment formula for 2007 to the PUB today for its review. The application of the formula is expected to reduce Newfoundland Power's revenue in 2007 by approximately \$2.5 million and its regulated return on common equity from 9.24% to 8.60%.

*With a customer base of over 228,000 accounts, Newfoundland Power is dedicated to providing the highest level of customer service and reliability in the most cost-efficient manner possible. All the common shares of Newfoundland Power are owned by Fortis Inc., a diversified, international electric utility holding company with assets of approximately \$5 billion and annual revenues of more than \$1.4 billion. The Common Shares, First Preference Shares, Series C; First Preference Shares, Series E and First Preference Shares, Series F of Fortis are traded on the Toronto Stock Exchange under the symbols FTS, FTS.PR.C, FTS.PR.E and FTS.PR.F, respectively. Fortis information can be accessed at [www.fortisinc.com](http://www.fortisinc.com). For more information on Newfoundland Power's programs and services, visit [www.newfoundlandpower.com](http://www.newfoundlandpower.com).*

*Newfoundland Power may include forward-looking statements in this release. By their very nature, forward-looking statements are based on underlying assumptions and are subject to inherent risks and uncertainties surrounding future expectations generally. Such events include, but are not limited to, general economic, market and business conditions, regulatory developments, weather and competition. Newfoundland Power cautions readers that should certain events or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected.*

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