

Letter Re: Summer Meter Reading Pilot Project
May 25, 2000



Newfoundland Power Inc.

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May 25, 2000

Board of Commissioners of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, Newfoundland
A1A 5B2

Attention: Ms. Cheryl Blundon
Board Secretary

Ladies & Gentlemen:

Re: Summer Meter Reading Pilot Project

In our continuing efforts to balance cost with customer service, Newfoundland Power Inc. has identified an opportunity to reduce the operating costs associated with meter reading by reducing the use of temporary labour for meter reading. In order to gauge customer response, the Company intends to implement a pilot program for the summer months (July, August and September).

The following are the salient elements of the program:

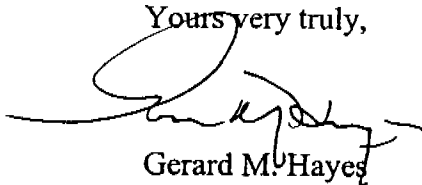
1. Except where necessary to meet the other conditions of the pilot program noted below, the Company will not follow its regular practice of hiring temporary meter readers to substitute for regular employees on vacation during the summer. The consumption of Rate 1.1 (Domestic) and Rate 2.1 (Small General Service) customers that would normally have been recorded by the temporary reader will be estimated for the month;
2. Estimated readings as a result of the pilot project will be limited to a maximum of one per service;
3. No general service customer whose energy usage is metered by a demand meter (Rates 2.2, 2.3 and 2.4) will have usage estimated as a result of the pilot program;
4. There will be a maximum annual limit of two estimates per route, i.e. if two or more estimates have already been necessary this year due to unforeseen circumstances such as weather or illness, consumption will not be estimated under the program;
5. Estimates on the same service will not be done in consecutive months. A reading may be estimated in the normal course because of weather, inaccessibility or the unexpected illness of the meter reader. If a meter reading estimate has been necessary for any reason, planned or unplanned, the reading will not be estimated again in the immediately following month, unless, of course, it is inaccessible at the scheduled time;

6. Customers will be notified of the estimate through a notice on their bill stating that their consumption has been estimated and that any deviation from actual consumption will be corrected on the following month's bill.

It is estimated that the pilot program will result in approximately 64,000 estimated readings in 2000. It may be possible to further minimize the number of estimates by temporarily redeploying meter readers or other available employees. Further, because there is less month-to-month variance in the size of electric bills during the relevant months, and bills are lower than at other times of the year, estimates should be very accurate and minimal customer dissatisfaction is expected. Customer reaction will be tracked. If reaction is predominantly negative, the initiative will be discontinued.

If you have any questions in relation to this matter, please contact the undersigned at the direct number noted below.

Yours very truly,



Gerard M. Hayes
Senior Counsel
Regulatory Affairs