



For Immediate Release

Cornwall, Ontario – June 27, 2003

Contract Signed with Hydro Quebec Results in Lower Than Expected Rate Increase

As previously announced, Cornwall Electric customers will see an increase in rates effective July 1, 2003 due to the increase in wholesale cost of power from its supplier. However, the actual increase will be less than previously anticipated as a result of the contract signed today with Hydro Quebec.

Michael Pescod, Regional Manager of Cornwall Electric, announced today that the actual increase will amount to 1.29 cents per kilowatt hour, down from 1.9 cents per kilowatt hour previously announced May 1 2003. For a typical residential customer using 1000 kilowatt-hours per month, this represents an average increase of \$12.90 per month rather than the \$19.00 per month increase previously expected. The new rate structure will be in place until June 30, 2004.

Mr. Pescod attributed the lower than expected rate increase to a combination of factors including the recent strengthening of the Canadian dollar and determined negotiations.

“Cornwall Electric purchases electricity on behalf of our customers and sells it for exactly what we pay,” said Pescod. “Cornwall Electric and other utilities in Ontario do not make any profit on the power, only on the delivery of energy to our customers.” He also noted that the wholesale cost of electricity represents approximately 85% of the customer’s total bill and the increases are a direct result of the volatility of the power market and uncertainties around the power generation sector. The remaining 15% represents the “wires” or distribution charges. Cornwall Electric’s distribution charges are among the lowest in the province.

“Security of supply and the lowest possible cost are our guiding principles when negotiating supply contracts,” said Pescod. “Historically this has meant some of the lowest rates in the province for the customers of Cornwall Electric.” He also noted that some rates will not increase; including minimum charges for customers who use little or no energy, annual service charges for summer cottages and peak demand charges of business customers.

As an advocate of responsible energy usage, Cornwall Electric urges customers to take conservation measures such as changing to energy efficient lighting, installing programmable thermostats, weather stripping doors and windows, installing timers on pool pumps, installing high efficiency shower heads and other measures to reduce electrical consumption. Cornwall Electric supplies electricity to 22,600 customers in the City of Cornwall, South Glengarry, South Stormont, and the Ontario portion of the Mohawk Territory of Akwesasne.

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