

1 Q. Provide the effects of “judgment” on the planning load forecast referenced on  
2 page 7, line 3 of Mr. Budgell’s Prefiled testimony.

3

4

5 A. In the forecast process for the Long Term Planning Load Forecast, the term  
6 “judgment” is used in a broad sense in that it represents the experience and  
7 decision making of the analyst undertaking the load forecast in the context of  
8 the energy and economic environment prevailing at the time. A number of  
9 key analytical judgments are made respecting the forecasted economic  
10 environment. The tangible example of this is that for the purposes of  
11 analyzing historical demand and forecasting demand, Hydro requests the  
12 Department of Finance to provide it with an adjusted Gross Domestic  
13 Product (GDP) series for the Provincial economy. These adjustments  
14 exclude large blocks of income that will be earned by non-resident owners of  
15 Provincial mega-projects, notably oil developments and more recently  
16 applicable for Voisey’s Bay minerals production and processing. This  
17 adjusted GDP is more conservative than GDP growth as conventionally  
18 reported and forecasted, and in Hydro’s judgment, better reflects growth in  
19 economic activity that generates income for the residents of the Province and  
20 subsequently local electricity demand. Additional judgments would be to not  
21 include in the industrial load forecast any provision for unforeseen industrial  
22 loads that may materialize across the forecast horizon, and to treat as a  
23 sensitivity case analysis prospective industrial loads that are not yet  
24 committed, e.g. on-Island industrial load associated with the Voisey’s Bay  
25 resource development.