

1 **Q. What is NP's five year average weather normalized revenue growth? How does this**
 2 **compare to the forecasted growth rates used in this application for 2015 and 2016?**
 3 **Please provide this information by customer class.**

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 5 **If a difference in these two growth rates exists, please explain the basis for NP's**
 6 **forecasted growth rate and why it differs from the five year average, by customer**
 7 **class.**

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 9 A. Table 1 provides the revenue information requested.

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Table 1
Revenue by Class

Class	Actual				Forecast			
	2009	2014	Avg.	Growth	2015	2016	Avg.	Growth
Domestic	309,360	390,614	16,251	4.8%	397,591	405,498	7,442	1.9%
0-10 kW	11,840	12,704	173	1.4%	12,900	12,893	95	0.7%
10-100 kW	63,318	69,376	1,212	1.8%	70,229	71,350	987	1.4%
110-1000 kVA	74,182	88,789	2,921	3.7%	92,056	92,618	1,915	2.1%
1000 kVA and Over ¹	31,675	39,743	1,614	4.6%	37,749	37,104	(1,320)	(3.4%)
Total General Service	181,015	210,612	5,919	3.1%	212,934	213,965	1,677	0.8%
Street and Area Lighting	12,862	15,262	480	3.5%	15,425	15,494	116	0.8%
Forfeited Discounts ²	2,644	3,016	74	2.7%	2,964	2,776	(120)	(4.1%)
Total	505,881	619,504	22,725	4.1%	628,914	637,733	9,115	1.5%

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 14 Table 1 indicates that over the past 5 years, revenue has increased an average of 4.1% per
 15 year. This increase reflects an average annual sales growth of 2.2% per year and an
 16 annual average increase in Newfoundland Power's base rates of 2.1%.^{3,4,5} Changes in

¹ The forecast revenue for the 1000 kVA and Over Class is expected to decline from 2015 to 2016. This decline is related to customers switching from the 1000 kVA and Over Class to the 110-1000 kVA Class. For more detail see response to Request for Information NLH-NP-044, footnote 1.

² The forecast revenue for Forfeited Discounts is expected to decline from 2015 to 2016. Forfeited discounts are impacted by the change in customer rates including the RSA adjustment. On January 28, 2015 Newfoundland and Labrador Hydro requested Interim Rates which indicated significantly lower fuel prices. Implementation of the lower fuel prices would reduce the RSA adjustment and consequently customer rates which would negatively impact forecast forfeited discount revenue in 2015 and 2016.

³ Energy sales increased from 5,299.0 GWh in 2009 to 5,898.5 GWh in 2014.

⁴ Base rates exclude the rate stabilization adjustment and the municipal tax adjustment.

1 revenue by class are directly impacted by the both the energy growth and changes in base
2 rates associated with each class.⁶

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4 During the 2015 and 2016 period, revenue is forecast to increase on average by 1.5%.
5 This is less than the average annual growth of 4.1% from 2009 to 2014. The amount is
6 less because there are no base rate increases forecast for this period and the sales growth
7 rate is expected to decline from an average of 2.2% to 1.6%.⁷ This decline is primarily
8 related to a decline in the rate of customer growth.

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10 For further information on the forecast growth in the number of customers refer to the
11 response to Request for Information NLH-NP-044.

⁵ Electricity rates increased on January 1, 2010, January 1, 2011 and July 1, 2013 by 3.48%, 0.78% and 5.64%, respectively.

⁶ Rate changes can vary significantly between rate categories.

⁷ Electricity sales are forecast to increase from 5,898.5 GWh in 2014 to 6,084.1 GWh in 2016.