

1 **Q. At 4-24 NP discusses the province’s short term growth outlook. Would NP agree**
2 **that this largely reflects the completion of major projects like Muskrat Falls and**
3 **Hebron. Further can NP indicate whether at any time it was judged that there**
4 **would be a “new” Hebron or Muskrat falls every time there was a new rate**
5 **hearing?**

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7 A. Newfoundland Power would not agree that the province’s short term growth outlook
8 *largely* reflects the completion of major projects like Muskrat Falls and Hebron. The
9 provinces short term growth outlook also reflects a number of factors including reduced
10 commodity prices, particularly for oil and iron ore, and the escalating provincial
11 government fiscal deficit.

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13 The following outlook for the province was provided in The Conference Board of
14 Canada’s Provincial Outlook Economic Forecast – Summer 2015:

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16 *“Newfoundland and Labrador’s economy is not doing well. All*
17 *key economic indicators are down in the first half of the year and*
18 *weakness in the economy will persist for the next few years. The*
19 *downturn in the economy is due to both cyclical and structural*
20 *factors. The correction in oil, metal, and mineral prices is hurting*
21 *production and investment decisions. But, even when the*
22 *commodity market improves, the economy will fail to recover*
23 *quickly. The aging of the population is going to hurt the ability of*
24 *Newfoundland and Labrador – more than any other province in*
25 *Canada – to generate the type of growth seen in the last decade.*
26 *With a drop in employment, retail sales, and housing starts plus a*
27 *large correction in the existing resale market, overall real GDP is*
28 *not projected to grow at all in 2015 and to decline by 1.6 percent*
29 *in 2016.”¹*

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31 The Conference Board of Canada further states:

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33 *“... the provincial government will have to brace for fewer*
34 *resource royalties for the fiscal year as crude oil and metal prices*
35 *plummet. This has left the provincial government with a massive*
36 *\$1.1 billion deficit, thereby limiting the government’s contribution*
37 *to bottom line economic growth.”²*

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39 Newfoundland Power cannot confirm whether or not it has been judged that there would
40 be new multi-billion dollar projects in the province every time there was a new rate
41 hearing. These two events appear, in Newfoundland Power’s view, to be independent
42 events.

¹ See The Conference Board of Canada *Provincial Outlook Economic Forecast Summer 2015*, page iii.

² See The Conference Board of Canada *Provincial Outlook Economic Forecast Summer 2015*, page 2.