

- 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, 2016 and**
 3 **2017? Please provide this information by customer class. If a difference in these two**
 4 **growth rates exists, please explain the basis for NP’s forecasted growth rate and**
 5 **why it differs from the five year average, by customer class.**
 6
 7 A. Table 1 provides the revenue information requested.

Table 1
Revenue by Class
(\$000)

Class	Actual		Average Growth		Forecast			Average Growth	
	2009	2014	No.	%	2015	2016F	2017F	No.	%
Domestic	309,360	390,614	16,251	4.8	404,082	425,496	435,908	15,098	3.7
0-100 kW (110 kVA)	75,158	82,080	1,385	1.8	84,783	89,278	91,273	3,064	3.6
110-1000 kVA	74,182	88,789	2,921	3.7	93,707	96,766	98,058	3,090	3.4
1000 kVA and Over	31,675	39,743	1,614	4.6	38,609	39,278	38,101	(547)	(1.4)
Total General Service	181,015	210,612	5,919	3.1	217,099	225,322	227,432	5,607	2.6
Street and Area Lighting	12,862	15,262	480	3.5	15,522	15,931	16,237	325	2.1
Forfeited Discounts ¹	2,644	3,016	74	2.7	2,970	2,936	3,001	(5)	(0.2)
Total	505,881	619,504	22,725	4.1	639,673	669,685	682,578	21,025	3.3

- 8 Table 1 indicates that over the past 5 years, revenue has increased an average of 4.1% per
 9 year. This increase reflects an average annual sales growth of 2.2% per year and an
 10 annual average increase in Newfoundland Power’s base rates of 1.8%.^{2,3,4} Changes in
 11 revenue by class are directly impacted by the both the energy growth and changes in base
 12 rates associated with each class.⁵

¹ The forecast revenue for Forfeited Discounts is expected to decline from 2015 to 2017. Forfeited discounts are impacted by the change in customer rates including the RSA adjustment. Implementation of the lower fuel prices reduced the RSA adjustment and consequently customer rates which negatively impacted forecast forfeited discount revenue in 2015, 2016 and 2017.

² Energy sales increased from 5,299.0 GWh in 2009 to 5,898.5 GWh in 2014.

³ Base rates exclude the rate stabilization adjustment and the municipal tax adjustment.

⁴ Electricity base rates increased on January 1, 2010, January 1, 2011 and July 1, 2013 by 3.45%, 0.76% and 4.83%, respectively.

⁵ Rate changes can vary significantly between rate categories.

1 During the 2015 to 2017 period, revenue is forecast to increase on average by 3.3% per
2 year. This increase reflects forecast average annual sales growth of 0.5% per year and an
3 annual average increase in Newfoundland Power's base rates of 2.6%.^{6,7}
4

5 For further information on the forecast number of customer and energy sales growth in
6 total and by class, refer to the response to Request for Information CA-NP-137 and CA-
7 NP-233, respectively.
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9 From 2009 – 2014, the base rate increases by class varied primarily with General Service
10 class 0 – 100 kW customers receiving less than average increases while Domestic
11 customers receiving above average increases.⁸ The base rate increases by class on July 1,
12 2015 primarily reflect a below average increase for Street and Area Lighting rates.⁹ The
13 rate increase by class for 2016 proposes a lower than average increase for General
14 Service class 110 – 1000 kVA customers and higher than average increase for Domestic
15 customers.¹⁰

⁶ Energy sales increased from 5,898.5 GWh in 2014 to increase to 5,990.1 GWh in 2017.

⁷ Electricity *base* rates increased on January 1, 2015 by 4.74% to reflect an interim increase in Hydro's rate to Newfoundland Power and *base* rates are proposed to increase by 3.0% on July 1, 2016.

⁸ More detail on how rates increases varied by customer class can be found in Newfoundland Power's General Rate Application compliance filings and Board Orders available on the web site www.pub.nf.ca. The January 2011 rate change was applied equally to all customer classes. For additional detail on the January 2011 rate change, see Order No. P.U. 36(2010) available on the web site www.pub.nf.ca.

⁹ For details on how the July 1, 2015 rate change varied by customer class see Newfoundland Power Application for rates effective July 1, 2015 filed with the Board on June 12, 2015.

¹⁰ See *Section 6.3, Rate Change Plan*, of the Evidence to the 2016/17 General Rate Application.