

1 **Q. Appendix A, page 13-14 and page 17: Explain any change in Newfoundland Power's**  
2 **business risk that has occurred or will occur in the period 2013-2018, related to**  
3 **macroeconomics and demographic trends and alternative fuel risks.**  
4

5 A. The risk associated with macroeconomic and demographic trends has not changed  
6 materially since the 2012 GRA filing. However, as discussed in Appendix A, pages 12-  
7 14, the declining population of Newfoundland and Labrador is expected to be a key  
8 driver of weak economic growth for the province over the next 20 years. In addition, as  
9 the population continues aging, there will be more pressure on employers to fill skilled  
10 positions and on the Province's health care system. Furthermore, offshore royalties have  
11 decreased over the past two years, causing the government to post deficits after a decade  
12 of substantially reducing the level of debt per capita in the Province. While the long-term  
13 outlook for Newfoundland and Labrador's economy remains similar to the outlook in  
14 2012, the Province is much weaker than Canada generally as measured by the key  
15 economic indicators shown in Figure 5 of Appendix A. The weak economic conditions  
16 and unfavorable demographic trends in the Province, combined with expected increases  
17 in customer rates for electricity due to higher supply costs, are likely to place additional  
18 pressure on electricity usage for Newfoundland Power.