Q. (page 54, Table 5-3) Is the forecast reduction in sales within NP's historical load forecast margin of error. What is NP's load forecast margin of error?

A. As indicated in Appendix D to the *Customer, Energy and Demand Forecast* found in *Volume 2, Supporting Materials, Reports, Tab 3*, Newfoundland Power's forecast margin of error for 2008 to 2017 has ranged from -1.2% to +1.3% with 6 of the past 10 years experiencing variances of 1% or less.

Energy sales under proposed rates are forecast to decrease by 0.1% in 2018, and 0.5% in 2019, and increase by 0.1% in 2020. The forecast of energy sales in 2020 is positively impacted by approximately 0.3% due to 2020 being a leap year. Without the benefit of a leap year energy sales would have been forecast to decline by 0.2% in 2020.

From this perspective, the forecast decline in energy sales is within Newfoundland Power's forecast margin of error.[1] Energy sales have declined since 2015 and this decline is forecast to continue. This is the first period in Newfoundland Power's history where energy sales have consistently declined.[2] From this perspective the current decline in Newfoundland Power's energy sales is inconsistent with historical energy sales growth.

[1] In 2015, 2016 and 2017, energy sales were lower than forecast by 0.7%, 0.7% and 1.2%, respectively.
[2] While energy sales growth weakened significantly in 1992 after the cod moratorium, growth remained positive.