

1 **Q. Reference: Vol 2, Tab 6, Appendix D, Forecast vs. Weather Adjusted Energy Sales**

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3 (a) **Please provide any studies or other analysis of the sources of the variances**
4 **observed in past years that have been used, or could be used, to improve**
5 **forecasting accuracy.**

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7 (b) **Please provide a revised version of Appendix D that includes Actual Energy**
8 **Sales (not adjusted for weather) and the percentage impact of the weather**
9 **adjustment. Please examine the historical data for any correlation between**
10 **the weather adjustment and the difference between the sales forecast and the**
11 **weather adjusted actual sales.**

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13 A. (a) Newfoundland Power does not have any formal studies or other analysis of the
14 sources of variances between forecast and weather adjusted energy sales observed
15 in past years. However, the Company does monitor actual results on an ongoing
16 basis, and compares those results to its forecasts.

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18 Variations from forecast are generally attributable to differences between the
19 assumptions used to produce the forecast and actual experience. For example,
20 variations between actual and forecast customer growth are primarily related to
21 variation between actual and forecast housing starts. Variations between actual
22 and forecast average use are primarily related to energy price and income
23 assumptions. Variance from forecast can also relate to the unexpected closure or
24 re-opening of a larger general service customer.

- (b) Table 1 provides actual, weather adjusted and forecast energy sales for 1999 to 2008. The table also compares weather adjusted energy sales to both actual and forecast energy sales for the period.

Table 1
Comparison of Actual, Weather Adjusted
and Forecast Energy Sales
1999 – 2008

	Energy Sales (GWh)			Weather Adjusted versus Actual		Weather Adjusted versus Forecast	
	Actual	Weather Adjusted	Forecast	Difference (GWh)	(%)	Difference (GWh)	(%)
1999	4,273.9	4,499.7	4,516.4	225.8	5.3	-16.7	-0.4
2000	4,387.6	4,554.8	4,558.5	167.2	3.8	-3.7	-0.1
2001	4,574.7	4,666.7	4,592.3	92.0	2.0	74.4	1.6
2002	4,738.7	4,764.9	4,652.0	26.2	0.6	112.9	2.4
2003	4,802.8	4,882.0	4,852.2	79.2	1.6	29.8	0.6
2004	4,823.2	4,978.6	4,927.0	155.4	3.2	51.6	1.0
2005	4,840.2	5,004.0	5,010.1	163.8	3.4	-6.1	-0.1
2006	4,757.1	4,995.1	5,136.9	238.0	5.0	-141.8	-2.8
2007	5,070.3	5,092.8	5,023.1	22.5	0.4	69.7	1.4
2008	5,115.2	5,208.2	5,215.1	93.0	1.8	-6.9	-0.1

Examination of the historical data indicates that there is no correlation between the weather adjustment and the difference between the sales forecast and the weather adjusted actual sales.