

1 **Q. Reference Evidence of Newfoundland power, pages 4-15: On pages 6-9 the**
2 **company discusses ageing and demographic changes, would it accept that these are**
3 **only important to the extent that they affect the long run ability of the company to**
4 **recover its investment in rate base or forecast costs for the text year?**
5

6 A. Please refer to the Evidence of Newfoundland Power, Page 10, line 6, *et. seq.* where it is
7 stated that:
8

9 “These trends have implications for investment and long-term cost
10 recovery. The Company will be required to make increased investment to
11 fulfill its obligation to serve growing populations in urban centers. In
12 addition, ongoing investment will be required to fulfill the obligation to
13 serve rural areas which have fewer customers and declining sales. The
14 need to recover this increased investment from a declining customer base
15 can be expected to exert increasing pressure on the Company’s required
16 investment return over the longer term.”
17

18 Newfoundland Power’s service territory demographics are important insofar as they
19 affect the Company’s relative capability to (i) earn an annual return on investment in
20 service assets and (ii) recover that investment over the long-term.