

IN THE MATTER OF the
Public Utilities Act, RSNL 1990,
Chapter P-47 (the *Act*) as amended; and

IN THE MATTER OF a general rate
Application (the "Application")
by Newfoundland Power Inc.
("Newfoundland Power") to establish
Customer electricity rates for 2013 and 2014.

**Requests for Information by
The Consumer Advocate**

CA-NP-511 to CA-NP-529

October 17, 2012

CA-NP-511

Load Forecasting

In Grant Thornton's 2009 Annual Financial Review, it observes as follows
at p. 22, lines 8-13:

"As can be seen from the above tables, actual revenue from rates increased by \$5,198,000 (1.04%) from the 2009 Plan, primarily due to an increase in the average use of electricity by customers as there was a 1.04% increase in GWh sold in 2009 compared to Plan for 2009. The largest variance can be seen in the residential rate class where actual revenues and energy sales increased by \$5,955,000 (1.96%) and 68.1 GWh (2.17%) respectively. This overall increase is attributable to an increase in the customer connections for the year with 3,962 connections being budgeted and 5,051 connections actually being completed."

Please explain the reason why the forecast for new residential customer connections (3,962) for 2009 was at variance with actual (5,051).

CA-NP-512

Load Forecasting

In Grant Thornton's 2010 Annual Financial Review, it observes as follows
at p. 22, lines 8-12 as follows:

1 "As can be seen from the above tables, actual revenue from rates
2 increased by \$6,551,000 (1.24%) compared to the 2010 Test Year,
3 primarily due to an increase in the average use of electricity by customers
4 as there was a 1.29% increase in GWh sold in 2010 compared to the
5 2010 Test Year. The largest variance can be seen in the residential rate
6 class where actual revenues and energy sales increased by \$6,783,000
7 (2.08%) and 76.3 GWh (2.36%) respectively."
8

9 Please explain the reasons for the variance in the residential rate class
10 referred to above.
11

12 CA-NP-513 Load Forecast – Volume II, Tab 4 – Appendix "D"
13 In 2011, it shows that forecast sales were 5480.0 GWh and weather
14 adjusted actual sales were 5552.9 GWh, a 72.8 GWh or 1.3% variance.
15 Please explain the reasons for this variance.
16

17 CA-NP-514 Load Forecast – Volume II, Tab 4 – p. 5
18 Reference is made to the fact that the Conference Board of Canada and
19 Canadian Mortgage and Housing forecasts housing starts as follows in
20 2012, 2013 and 2014:
21

	<u>Conference Board of Canada</u>	<u>CMHC</u>
22		
23	2012	3162
24	2013	2801
25	2014	2710
26		2800

27 Please provide a Table back to 2003 comparing actual housing starts as
28 compared to the forecasts of the Conference Board of Canada and
29 CMHC used by Newfoundland Power to forecast sales for each year.
30

31 CA-NP-515 Load Forecast – Volume II, Tab 4 – p. 5
32 Further to the previous question, please indicate which of the forecasters
33 has been more accurate in forecasting housing starts.
34

35 CA-NP-516 Load Forecast – Attachment "A"

1 In the Conference Board of Canada Provincial Outlook Winter 2012
2 Economic Forecast dated February 2, 2012 at p. 5 – see Housing Starts
3 (Units) – at the bottom it lists “Sources: The Conference Board of
4 Canada; CMHC Housing Time Series Database.” Can Newfoundland
5 Power explain how the Conference Board of Canada utilizes the CMHC
6 Housing Time Series Database to provide its Housing Starts forecast?
7

8 CA-NP-517 When does Newfoundland Power expect to review its Load Forecast in
9 the GRA and when it does so, how current will the information be for both
10 the Conference Board of Canada and CMHC?
11

12 CA-NP-518 Where in the materials filed with the Load Forecast is the CMHC’s
13 housing start estimate for 2013 and 2014?
14

15 CA-NP-519 At p. 5 of its Load Forecast, Newfoundland Power states, “Using
16 proposed rates the average use of energy is forecast to increase by 0.4%
17 in 2012, remain unchanged in 2013 and decrease by 0.6% in 2014.”
18 Why is the average use of energy expected to decrease in 2014 and how
19 accurate have Newfoundland Power’s previous studies in relation to
20 forecasting average use of energy been when forecasting the same
21 beyond the next year?
22

23 CA-NP-520 Please provide a copy of all quarterly and annual reports filed with the
24 Board as part of Newfoundland Power’s normal reporting requirements
25 from 2009 to present.
26

27 CA-NP-521 For the record, please file a copy of Grant Thornton’s Annual Financial
28 Review of Newfoundland Power for the years 2009 to present
29

30 CA-NP-522 Please provide a copy of the annual reports of Fortis Inc. from 2009 to
31 present.
32

33 CA-NP-523 In Fortis Inc.’s 2011 Annual report at p. 12, it states,
34

1 "Fortis has adopted a strategy of profitable growth with earnings per
2 common share as the primary measure of performance. Over the past
3 10 years, earnings per common share of Fortis have grown at a
4 compounded annual growth rate of 6.9%. Fortis delivered an average
5 return to shareholders of approximately 15% over the past 10 years,
6 exceeding the Standard and Poor's ("S&P") Toronto Stock Exchange
7 ("TSX") Capped Utilities and S&P/TSX Composite Indices, which
8 delivered annualized performances of approximately 11% and 7%
9 respectively over the same period."
10

11 Over the same time period what has been the compound annual growth
12 rate per common share in Newfoundland Power?
13

14 CA-NP-524

In Fortis Inc.'s 2011 Annual Report it states at p. 12,

15
16 "The Corporation's first priority remains the continued profitable
17 expansion of existing operations. Consolidated midyear regulated utility
18 rate base of Fortis grew at a compound annual growth rate of 6.1% for
19 2007 to 2011."
20

21 Over the same time period, what has been the compound annual growth
22 rate of Newfoundland Power's rate base?
23

24 CA-NP-525

Please reproduce the table at p. 15 of Fortis Inc.'s 2011 Annual Report
25 showing the Regulator-Approved Allowed ROEs for FEI (formerly
26 Terasen Gas), Fortis Alberta, Fortis BC Electric and Newfoundland Power
27 for 2008 to 2012.
28

29 CA-NP-526

Please confirm that Fortis Inc. reports at p. 17 of its 2011 Annual Report
30 that its Return on Average Book Common Shareholders' Equity was 8.9%
31 in 2011 and 8.8% in 2010 and that Fortis' earnings in 2011 included an
32 \$11,000,000 after-tax fee paid to Fortis following the termination of a
33 merger agreement with Central Vermont Public Service Corporation.
34

35 CA-NP-527

Please confirm that Newfoundland Power's shareholder, Fortis Inc., in its
36 2011 Annual Report, cited as favourable factors contributing to electricity
37 sales, the following:
38

- Growth in the number of customers
- Higher average consumption, reflecting the higher concentration of electric-versus-oil heating in new home construction combined with strong economic growth

CA-NP-528 Fortis Inc.'s 2011 Annual report at p. 30 provides the Allowed Common Equity % for the various Fortis utilities in Canada. It demonstrates that Newfoundland Power has the highest allowed common equity at 45% while all other Canadian utilities owned by Fortis Inc. have ratios of 40% with the exception of Fortis Alberta at 41%. Please provide the current allowed percentages of common equity for each of Fortis Inc.'s Canadian utilities.

CA-NP-529 In Fortis Inc.'s 2011 Annual Report, it states at p. 39:

"In June of 2011 Fortis publicly issued 9.1 million common shares for gross proceeds of approximately \$300 million. In July 2011 an additional 1.2 million common shares were publicly issued upon the exercise of an over-allotment option, resulting in gross proceeds of approximately \$41 million. The total net proceeds of \$327 million from the common share offering were used to repay borrowings under credit facilities and finance equity injections into the regulated utilities in western Canada and the non-regulated Waneta Expansion, in support of infrastructure investment, and for general corporate purposes.

Fortis also received proceeds of \$18 million in 2011 and \$22 million in 2011, net of dividends reinvested into common shares, related to common shares issued under its stock option and share purchase plans.

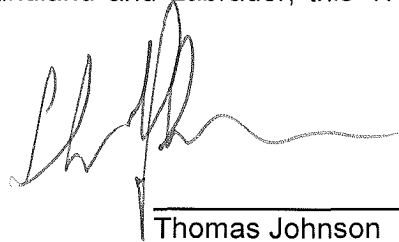
In January 2010 Fortis completed a \$250 million public offering of 10 million First Preference Shares, Series H. The net proceeds of approximately \$242 million were used to repay borrowings under the Corporation's committed credit facility and to fund an equity injection into FEI.

Common share dividends paid in 2011 totalled \$151 million, net of \$59 million in dividends reinvested, compared to \$135 million, net of \$58 million in dividends reinvested, paid in 2010. The increase in dividends paid was due to a higher annual dividend paid per common share and an increase in the number of common shares outstanding. The dividend paid per common share was \$1.16 in 2011 compared to \$1.22 in 2010. The weighted average number of common shares outstanding was 181.6 million for 2011 compared to 172.9 million for 2010."

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2
3
4
5

What further public issuances and offerings has been made by Fortis
since these events occurred?

Dated at St. John's in the Province of Newfoundland and Labrador, this 17th day of October,
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Thomas Johnson
Consumer Advocate
323 Duckworth Street
St. John's, NL A1C 5X4
Telephone: (709)726-3524
Facsimile: (709)726-9600
Email: tjohnson@odeaearle.ca