

Q. Load Forecast – Volume II, Tab 4 – Appendix “D”

In 2011, it shows that forecast sales were 5480.0 GWh and weather adjusted actual sales were 5552.9 GWh, a 72.8 GWh or 1.3% variance. Please explain the reasons for this variance.

A. The 2011 forecast was completed in March 2010 and as such reflect the economic and energy price assumptions available at the time the forecast was being prepared. Table 1 provides a comparison between actual 2011 energy sales and forecast.

Table 1
Comparison Actual and Forecast Energy Sales – 2011
(GWh)

	Actual	Forecast	Variance	%
Residential	3,407.0	3,343.7	63.3	1.9
General Service	2,109.3	2,100.6	8.7	0.4
Street Lighting	36.5	35.7	0.8	2.2
Total Energy Sales	5,552.8	5,480.0	72.8	1.3

The variance of 72.8 GWh in 2011 was primarily related to the Residential category where actual energy sales were 63.3 GWh or 1.9% higher than forecast. The variance in 2011 residential energy sales was due to higher average annual use per customer (1.3%) and higher customer growth (0.6%).

The variance in average annual use per customer reflects the impact of higher than forecast personal disposable income and lower than forecast electricity prices. When the forecast was being prepared it was Newfoundland Power’s belief that Newfoundland Hydro would file a general rate application in 2010 for a rate increase effective January 1, 2011. This increase did not occur and is the primary reason why actual electricity rates were lower than forecast.

The variance in customer growth reflects higher than forecast housing starts.

Actual general service energy sales were also higher than forecast by 8.7 GWh or 0.4%. This variance reflects the impact of lower electricity prices and higher service sector gross domestic product growth.