

1 **Q. 2013-2014 General Rate Application, Company Evidence**

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3 **Pg. 3-17, Footnote 48 - It is stated that Newfoundland Power does not forecast**
4 **energy sales and the number of customers beyond 5 years. Explain why these**
5 **forecasts are not prepared for longer periods.**

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7 A. The Customer, Energy and Demand (“CED”) Forecast is a key input into the Company’s
8 business planning processes. It is used to forecast revenue and purchased power expense,
9 and develop the Company’s capital budgets. For capital budgets, the CED forecast is
10 used to support budget estimates for customer-driven projects and is used as the basis for
11 peak load forecasts used to determine when equipment will exceed design parameters.

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13 In Newfoundland Power’s experience, the use of a five-year planning horizon provides a
14 sufficient basis for the development of budgets and plans to ensure the electrical system
15 can continue to meet the increasing demands associated with both customer and energy
16 sales growth.

17
18 The Company *does* develop load forecasts that extend beyond five years when required
19 to assess least cost options for load-related expansion of the electrical system. These
20 peak load forecasts are developed for the section of the electrical system under study.
21 Examples of such forecasts can be found in planning reports provided with the
22 Company’s annual Capital Budget Applications.¹

¹ See, for example, Attachment B to the report *2.2 2012 Additions Due to Load Growth*, filed with the Newfoundland Power 2012 Capital Budget Application.