

1 Q. Consumer Question: NALCOR has offered that although there has been reduction
2 in the total population of Newfoundland from 1990 - 2005 there has been an
3 increase in domestic customers. This has been attributed (Page 24 - main
4 submission) to the number of people above 25 years old, who are entering the
5 housing market. From the provincial government department of statistics there will
6 be a leveling of this age percentile in the 2016-2020 period. However, this does not
7 seem to be reflected in the predicted customer growth during the remainder of the
8 2010 - PLF. NALCOR is requested to provide commentary on this.

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11 A. Figure 4 of Nalcor's Submission presents the subset of the provincial population
12 that is more correlated to domestic customer growth. As indicated in the
13 submission chart, there was a leveling of the 25 years and older age group during
14 the period between 1993 and 2001. During this time period there would have been
15 a decline in the persons per domestic customer for this age group. The declining
16 trend in persons per customer trend is expected to continue in the forecast period.

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18 Nalcor forecasts customer additions to the domestic customer class based on a
19 forecast of housing starts and changes in real personal income levels per customer.
20 The domestic customer class includes electrical service connections to homes,
21 cabins, garages or sheds etc.

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23 Customer growth associated with an expanding housing stock is possible and
24 expected due to changes in demographics and real incomes. As headship¹ rates are

¹ An age-specific headship rate represents the propensity of people in a given age group to form households, and is calculated as the number of primary household maintainers in that age group divided by the total number of people in the same age segment.

1 generally higher within older age groups, the ageing of the population will
2 contribute to on-going housing construction and an increase in the housing stock.
3 The headship factor is incorporated into the housing start forecast provided by the
4 Provincial Department of Finance. In addition, rising real incomes per customer
5 across the forecast period will contribute to both household and non-household
6 customer growth.