

Volume 2, Tab 8 – Customer, Energy and Demand Forecast

Q. At footnote 139 of Volume 1, Section 3, p. 92 “Finance” it states “. Due to energy losses within the distribution system, in order to sell 1 kWh of energy to customers, Newfoundland Power must purchase approximately 1.057 kWh of energy from Hydro.” Please provide in tabular format NP’s forecast and actual energy losses from 1994 to 2006 as well as forecasts for 2007 and 2008 and explain why, where applicable, actuals differed from forecast.

A. Table 1 provides Newfoundland Power’s actual energy losses for the period 1994 to 2006.

**Table 1
Actual Energy Losses
(GWh)**

Year	Energy Sales	Company Use	System Losses	Produced & Purchased	% of P&P	% of Sales
1994	4,371.3	15.0	211.8	4,598.1	4.6	4.8
1995	4,382.1	14.4	213.0	4,609.5	4.6	4.9
1996	4,425.1	13.1	220.7	4,658.9	4.7	5.0
1997	4,438.0	12.2	217.5	4,667.7	4.7	4.9
1998	4,439.6	11.5	237.2	4,688.3	5.1	5.3
1999	4,499.7	11.1	231.1	4,741.9	4.9	5.1
2000	4,554.8	11.5	289.1	4,855.4	6.0	6.3
2001	4,666.7	11.8	232.5	4,911.0	4.7	5.0
2002	4,764.9	11.8	251.3	5,028.0	5.0	5.3
2003	4,882.0	12.2	256.1	5,150.3	5.0	5.2
2004	4,978.6	12.5	274.4	5,265.5	5.2	5.5
2005	5,004.0	12.1	282.7	5,298.8	5.3	5.6
2006	4,995.1	11.7	285.9	5,292.7	5.4	5.7

Note: Data for 1994 to 2005 is presented on a billed basis, while 2006 information is presented on a calendar basis. Effective January 1, 2006, Newfoundland Power’s revenue recognition policy changed from a billed basis to a calendar, or accrual, basis.

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Table 2 provides forecast energy losses for the period 1994 to 2008.

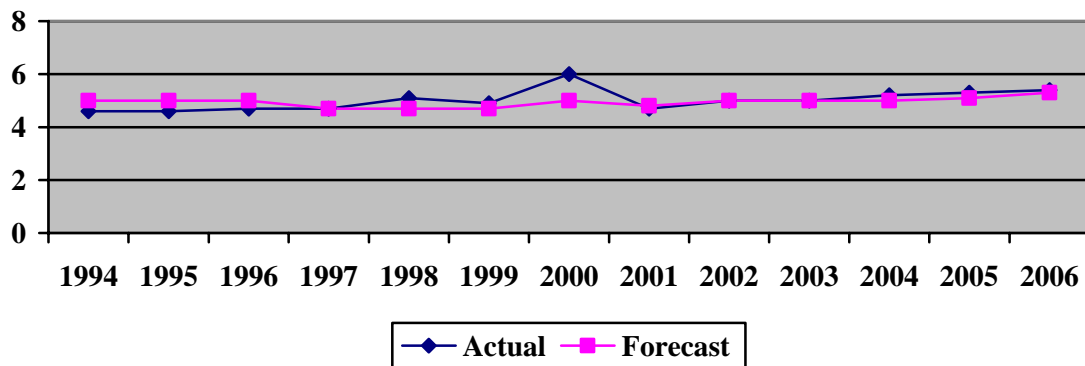
Table 2
Forecast Energy Losses
(GWh)

Year	Energy Sales	Company Use	System Losses	Produced & Purchased	% of P&P	% of Sales
1994	4,377.4	15.4	230.0	4,622.8	5.0	5.3
1995	4,468.4	14.6	234.6	4,717.6	5.0	5.3
1996	4,407.0	14.9	235.1	4,657.0	5.0	5.3
1997	4,400.5	14.8	216.8	4,632.1	4.7	4.9
1998	4,443.7	12.8	221.5	4,678.0	4.7	5.0
1999	4,516.9	11.7	224.3	4,752.9	4.7	5.0
2000	4,558.5	11.1	239.4	4,809.0	5.0	5.3
2001	4,592.3	11.3	229.6	4,833.2	4.8	5.0
2002	4,652.0	11.6	244.6	4,908.2	5.0	5.3
2003	4,852.2	11.8	256.1	5,120.1	5.0	5.3
2004	4,927.0	11.8	259.8	5,198.6	5.0	5.3
2005	5,010.1	12.0	268.4	5,290.5	5.1	5.4
2006	5,130.6	12.5	286.6	5,429.7	5.3	5.6
2007	5,111.7	11.8	292.2	5,415.7	5.4	5.7
2008	5,232.7	11.8	299.9	5,544.4	5.4	5.7

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Figure 1 compares actual and forecast losses for the 1994 to 2006 period.

Figure 1
Comparison of Actual and Forecast Percent Losses



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Requests for Information

1 Overall, the variance between actual and forecast system losses is small. The largest
2 variance occurred in 2000, principally due to a difference between the forecast and actual
3 meter reading schedule.
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5 Prior to 2006, the Company recognized sales on the basis of billings but recognized
6 purchases on a calendar basis. This mismatch affected the variability between forecast
7 and actual losses for years prior to 2006.
8
9 Commencing in 2006, the Company began recognizing sales on a calendar basis which
10 effectively eliminated this mismatch.