

1 **Volume 2, Tab 8 – Customer, Energy and Demand Forecast**
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3 **Q. (page 3) “Given [NP’s] customer base, energy sales growth is primarily influenced**
4 **by the domestic economy. More specifically, growth in the service sector, changes in**
5 **employment levels, personal income, energy prices and population demographics in**
6 **the Company’s service territory are more determinative of sales growth than**
7 **resource industry production levels” Please indicate whether the income tax**
8 **decreases (and their effects on disposal income) (see also Appendix A - p. 1 of 1, line**
9 **14 to the Customer, Energy and Demand Forecast 2007-2008) announced in the**
10 **latest Provincial Budget are reflected in NP’s forecast. What, if any, effect has been**
11 **ascribed to these tax decreases?**

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13 A. The Customer, Energy and Demand Forecast 2007 – 2008 was completed on January 8,
14 2007 and is based on the Conference Board of Canada’s Provincial Outlook 2007, Long-
15 Term Economic Forecast, Dated: December 19, 2006. The impact of the 2007 Provincial
16 Budget, dated April 26, 2007, is therefore not included in Newfoundland Power’s
17 Customer, Energy and Demand Forecast or the Conference Board of Canada’s Provincial
18 Outlook.

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20 It is anticipated that the Conference Board of Canada will incorporate the impact of the
21 2007 Provincial Budget in its next quarterly forecast, which is scheduled to be released in
22 mid-July 2007.

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24 The Company will update its Customer, Energy and Demand forecast to include the
25 impact of the 2007 Provincial Budget as part of its update of its filing in this matter.