

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

3 **Q. (pages 20-21, Section 3: Finance, page 45, lines 1-12, and Volume 2, Tab 8:**  
4 **Customer, Energy and Demand Forecast) Does the Company take full account of**  
5 **the forecasts for the general economic growth and for the growth in the urban and**  
6 **rural population, employment, income, and housing within its franchise area – such**  
7 **as those provided by the Conference Board of Canada in Attachment A of Volume**  
8 **2, Tab 8 and other available forecast sources – in developing its forecasts for (a) its**  
9 **electricity sales and revenue, (b) its capital expenditure requirements, and (c) its**  
10 **external financing requirements for the test year and, where required for planning**  
11 **purposes, for subsequent years? If not, please explain what available relevant**  
12 **forecast information is not taken into account and why?**  
13

14 **A.** From a forecasting perspective, Newfoundland Power's franchise area is divided into  
15 eight areas, and a Customer and Energy forecast is prepared for each. These areas are St.  
16 John's, Avalon, Burin, Clarenville / Bonavista, Gander, Grand Falls – Windsor, Corner  
17 Brook and Stephenville.  
18

19 In 2008, the total number of Newfoundland Power customers is forecast to increase by  
20 1.1 per cent, ranging on an area basis from a high of 1.5 per cent to a low of 0.2 per cent.  
21 Energy sales are forecast, under existing rates, to grow by 2.4 per cent in 2008, with area  
22 forecasts ranging from a high of 3.3 per cent to a low of 0.6 per cent.  
23

24 In developing the Customer, Energy and Demand Forecast, Newfoundland Power uses all  
25 available historical and forecast information, including economic, demographic and  
26 market share information. Information obtained directly from Newfoundland Power's  
27 largest customers and from the Company's regional operations is also incorporated in the  
28 forecast.  
29

30 The Customer, Energy and Demand Forecast is used to develop forecasts of revenue,  
31 power supply cost and customer and capacity-driven capital expenditures. Subsequently,  
32 the forecast for revenue, power supply and capital expenditures affect the Company's  
33 forecast external financing requirements.