1   **Volume 2, Tab 8 – Customer, Energy and Demand Forecast**
2
3   **Q.**   **Please provide a forecast, covering the 2007-2012 annual periods, of the**
4   **Company's: (i) number of domestic/residential customers and general service**
5   **customers, and (ii) domestic and general service energy sales (GWh), both split**
6   **between rural and urban customers and sales.**
7
8   **a.**   **If the figures provided in answer to (a) show a discernible shift from rural**
9   **toward urban customers and sales, does this shift itself in any way reduce the**
10   **likely accuracy and/or reliability of the Company's energy sales revenue**
11   **forecasts over the 2007-2012 period? If so, please explain how.**
12   **b.**   **If the figures provided in answer to (a) show a discernible shift from rural**
13   **toward urban customers and sales, does this shift increase or decrease the**
14   **Company's business risk in any meaningful way? Please explain all forms of**
15   **business risk impact occasioned by this shift and provide an evaluation of**
16   **their seriousness, including any available evidence that investors consider**
17   **this customer-composition shift to be a serious business risk facing the**
18   **Company.**
19
20   A.   Tables 1 to 8 provide the forecast of Customer and Energy Sales (GWh) by area for the
21   2007 to 2011 period under existing rates.
22
23

Table 1
Customer and Energy Sales (GWh) Forecast
St. John's Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	83,303	84,628	85,824	86,981	88,063
General Service	7,541	7,638	7,730	7,823	7,913
Street Lighting	2,367	2,363	2,355	2,344	2,330
Total	93,211	94,629	95,909	97,148	98,306
Growth	1.6%	1.5%	1.4%	1.3%	1.2%
Energy Sales (GWh):					
Domestic	1,449.3	1,499.9	1,541.4	1,573.2	1,602.8
General Service	1,027.1	1,052.4	1,066.7	1,084.1	1,099.7
Street Lighting	15.9	16.0	16.1	16.2	16.3
Total	2,492.3	2,568.3	2,624.2	2,673.5	2,718.8
% Growth	2.9%	3.0%	2.2%	1.9%	1.7%

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Table 2
Customer and Energy Sales (GWh) Forecast
Avalon Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	29,345	29,607	29,830	30,056	30,282
General Service	3,304	3,312	3,318	3,325	3,330
Street Lighting	2,690	2,720	2,746	2,774	2,801
Total	35,339	35,639	35,894	36,155	36,413
% Growth	0.9%	0.8%	0.7%	0.7%	0.7%
Energy Sales (GWh):					
Domestic	401.9	411.3	418.4	422.9	427.1
General Service	186.9	185.8	184.9	186.9	188.5
Street Lighting	5.5	5.5	5.5	5.5	5.5
Total	594.3	602.6	608.8	615.3	621.1
% Growth	2.4%	1.4%	1.0%	1.1%	0.9%

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Table 3
Customer and Energy Sales (GWh) Forecast
Burin Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	9,732	9,759	9,774	9,789	9,806
General Service	1,084	1,075	1,063	1,051	1,040
Street Lighting	492	491	490	489	488
Total	11,308	11,325	11,327	11,329	11,334
% Growth	0.0%	0.2%	0.0%	0.0%	0.0%
Energy Sales (GWh):					
Domestic	147.0	149.5	150.9	151.8	152.3
General Service	82.8	83.7	84.5	87.1	92.7
Street Lighting	1.8	1.8	1.8	1.8	1.8
Total	231.6	235.0	237.2	240.7	246.8
% Growth	3.7%	1.5%	0.9%	1.5%	2.5%

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Table 4
Customer and Energy Sales (GWh) Forecast
Clarenville / Bonavista Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	13,130	13,263	13,341	13,422	13,505
General Service	1,881	1,890	1,896	1,902	1,908
Street Lighting	1,062	1,069	1,071	1,073	1,075
Total	16,073	16,222	16,308	16,397	16,488
% Growth	0.9%	0.9%	0.5%	0.5%	0.6%
Energy Sales (GWh):					
Domestic	165.7	169.5	172.3	173.9	175.2
General Service	114.9	116.4	117.4	122.4	134.8
Street Lighting	2.0	2.0	2.0	2.0	2.0
Total	282.6	287.9	291.7	298.3	312.0
% Growth	1.0%	1.9%	1.3%	2.3%	4.6%

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Table 5
Customer and Energy Sales (GWh) Forecast
Gander Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	16,511	16,614	16,710	16,805	16,900
General Service	2,016	2,018	2,019	2,019	2,018
Street Lighting	707	710	713	715	718
Total	19,234	19,342	19,442	19,539	19,636
% Growth	0.6%	0.6%	0.5%	0.5%	0.5%
Energy Sales (GWh):					
Domestic	222.9	227.7	231.8	234.3	236.7
General Service	158.2	166.2	169.7	171.2	172.1
Street Lighting	2.7	2.7	2.7	2.7	2.7
Total	383.8	396.6	404.2	408.2	411.5
% Growth	1.1%	3.3%	1.9%	1.0%	0.8%

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Table 6
Customer and Energy Sales (GWh) Forecast
Grand Falls - Windsor Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	17,397	17,488	17,570	17,649	17,726
General Service	2,218	2,228	2,237	2,246	2,255
Street Lighting	607	616	624	632	640
Total	20,222	20,332	20,431	20,527	20,621
% Growth	0.6%	0.5%	0.5%	0.5%	0.5%
Energy Sales (GWh):					
Domestic	233.4	238.3	242.2	244.4	246.7
General Service	152.2	152.2	152.6	153.7	154.9
Street Lighting	3.3	3.3	3.2	3.2	3.2
Total	388.9	393.8	398.0	401.3	404.8
% Growth	1.6%	1.3%	1.1%	0.8%	0.9%

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Table 7
Customer and Energy Sales (GWh) Forecast
Corner Brook Area

	2007	2008	2009	2010	2011
Customers:					
Domestic	18,136	18,430	18,682	18,939	19,199
General Service	1,853	1,873	1,891	1,909	1,927
Street Lighting	483	487	491	494	497
Total	20,472	20,790	21,064	21,342	21,623
% Growth	1.6%	1.6%	1.3%	1.3%	1.3%
Energy Sales (GWh):					
Domestic	260.8	268.2	274.8	279.4	283.9
General Service	191.5	192.7	195.3	198.2	200.4
Street Lighting	3.0	3.0	3.1	3.1	3.1
Total	455.3	463.9	473.2	480.7	487.4
% Growth	2.2%	1.9%	2.0%	1.6%	1.4%

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Table 8
Customer and Energy Sales (GWh) Forecast
Stephenville Area

	2007	**2008**	**2009**	**2010**	**2011**
Customers:					
Domestic	13,381	13,408	13,433	13,458	13,482
General Service	1,498	1,496	1,493	1,491	1,487
Street Lighting	1,319	1,327	1,335	1,343	1,351
Total	16,198	16,231	16,261	16,292	16,320
% Growth	0.3%	0.2%	0.2%	0.2%	0.2%
Energy Sales (GWh):					
Domestic	182.0	185.1	187.3	188.4	189.5
General Service	99.0	97.6	97.6	98.1	98.4
Street Lighting	1.9	1.9	1.9	1.9	1.9
Total	282.9	284.6	286.8	288.4	289.8
% Growth	0.5%	0.6%	0.8%	0.6%	0.5%

2

3 (a) Overall, the information presented in Tables 1 to 8 shows a discernible shift in customer
4   growth and energy sales from rural to urban. It is anticipated that, in the longer term, this
5   shift will become more pronounced as younger people move from rural to urban areas
6   and the remaining rural population base ages and declines.

7

8   It is in the nature of economic forecasting that forecasts tend to be less accurate as the
9   length of the forecast term increases. Short term forecasts will tend to be more accurate
10   than longer term forecasts. Newfoundland Power's energy sales and revenue forecast is
11   based on a wide range of economic, demographic and price assumptions. The risk to the
12   accuracy of the forecast of the shift from rural to urban is no different than the risk
13   associated with any other assumption used in the preparation of the forecast. Essentially,
14   the risk is that assumptions on which a forecast is based do not develop as anticipated. In
15   the short term, it is unlikely that the rural to urban shift, in and of itself, will reduce the
16   accuracy or reliability of the forecast.

17

18 (b) The shift from rural to urban will increase the Company's business risk in the longer term
19   as the Company is obliged to continue to maintain existing assets base in rural
20   communities where population and energy sales are declining, while at the same
21   investing in new assets to meet energy sales growth in urban centers. This tends to
22   increase the investment that must be recovered from effectively the same customer base.
23   This is addressed in the evidence of Ms. McShane, *Volume 3, Tab 1,* pages 12 and 13.