

1 **Q. Re: Volume 1, Section 1 - Introduction: With reference to the Applicant's statement**
2 **(page 1, lines 4-5) that its "mature" electricity system "serves a relatively low-**
3 **growth market", please address the following questions with regard to NP's**
4 **business riskiness:**

5
6 **(a) In what ways, if at all, does NP's operating in a slow-growth environment**
7 **make its forecasting of its future capital spending requirements and**
8 **corresponding major external financing requirements more uncertain or**
9 **more risky than it would be if the projected pace of population and economic**
10 **growth were faster? Please explain any linkages between the pace of**
11 **population and/or economic growth and forecasting uncertainty in the cited**
12 **financial-projection areas;**

13
14 **(b) In what ways, if at all, does NP's operating in a slow-growth environment**
15 **make its forecasting of its future electricity sales and revenues more**
16 **uncertain or more risky than it would be if the projected pace of population**
17 **and economic growth were faster? Please explain any linkages between the**
18 **pace of population and/or economic growth and forecasting uncertainty in**
19 **the cited financial-projection areas;**

20
21 **(c) In what ways, if at all, does NP's operating in a slow-growth environment**
22 **make its forecasting of its future operating and maintenance costs more**
23 **uncertain or more risky than it would be if the projected pace of population**
24 **and economic growth were faster? Please explain any linkages between the**
25 **pace of population and/or economic growth and forecasting uncertainty in**
26 **the cited financial-projection areas;**

27
28 **(d) In what ways, if at all, does NP's operating in a slow-growth environment**
29 **make its forecasting of its future financing costs more uncertain or more**
30 **risky than it would be if the projected pace of population and economic**
31 **growth were faster? Please explain any linkages between the pace of**
32 **population and/or economic growth and forecasting uncertainty in the cited**
33 **financial-projection area**

34
35 **A. Newfoundland Power's forecasts of:**

36
37 **(a) future capital spending requirements and corresponding external financing**
38 **requirements;**

39
40 **(b) future electricity sales and revenues;**

41
42 **(c) future operating and maintenance costs; and**

43
44 **(d) future financing costs;**
45

1 reflect that Newfoundland Power's electricity system is mature and serves a relatively
2 low growth market.

3
4 Newfoundland Power has not assessed in any detailed manner the linkages suggested in
5 this question to ascertain whether a *faster* pace of population and/or economic growth
6 would increase forecasting uncertainty. This is principally because Newfoundland Power
7 does not expect a materially *faster* pace of population and/or economic growth.

8
9 Please refer to the *Conference Board of Canada Provincial Outlook 2007* (Attachment A
10 to the Customer, Energy and Demand Forecast under Tab 8, Supporting Materials).

11
12 Newfoundland Power observes that generally short-term forecasting should not be
13 inherently more uncertain due to changes in the pace of population and/or economic
14 growth.