

1 **Q. The response to CA-NP-76 indicates that NP expects Energy Efficiency Program**
2 **Costs to decline in 2007 and 2008 after increasing steadily from 2003 to 2006.**

3
4 (a) **Please explain why NP is not expecting to increase its efforts with respect to**
5 **energy efficiency programs despite the escalating marginal cost of power**
6 **generation;**

7
8 (b) **Given the explanation provided in the response to CA-NP-77, how will the**
9 **company pay for increased energy efficiency spending that results from the**
10 **outcomes and recommendations of the Conservation and Demand**
11 **Management Potential Study;**

12
13 (c) **Will NP feel constrained to limit energy efficiency related spending that is not**
14 **reflected in rates in the Test Year? Please explain why or why not.**

15
16 A. (a) Newfoundland Power is increasing its efforts with respect to energy efficiency,
17 however, these efforts are not fully reflected in Table 1 of the response to CA-NP-
18 76.

19
20 Newfoundland Power has been steadily increasing its *direct* customer
21 communications related to energy efficiency. One means that the Company
22 achieves this is through its insertion of materials in customers' bills. In response
23 to the increasing number of customer inquiries regarding energy efficiency,
24 Newfoundland Power increased its use of direct bill inserts to inform customers of
25 ways to improve their energy efficiency. Each insert *directly* reaches over
26 200,000 of the Company's customers.¹

27
28 Table 1 shows the number of bill inserts providing energy efficiency information
29 to customers from 2002 to 2007.

30
31
32 **Table 1**
33 **Number of Bill Inserts Energy Efficiency**
2002 – 2007

2002	2003	2004	2005	2006	2007 ²
2	4	5	7	10	8

¹ In addition to mailing bill inserts the Company also posts them on its website.

² January to August 2007.

1 The Company's internet site has a section entitled *Saving Energy* devoted
2 exclusively to energy efficiency and a section aimed at children entitled *KidZone*
3 which is devoted primarily to safety and energy efficiency.
4

5 The costs of bill inserts including *Power Connection* (the Company's customer
6 newsletter) and website costs are considered by the Company to be a general
7 communication costs and are not reflected in Table 1 in the response to CA-NP-76.
8

9 In 2006, Newfoundland Power and Newfoundland and Labrador Hydro ("Hydro")
10 commenced joint newspaper advertising which resulted in a broader exposure for
11 overall energy efficiency messaging to provincial customers of electricity. In
12 addition, Newfoundland Power has increased the availability of its energy
13 efficiency expertise for provincial radio and television interviews to further
14 advance overall energy efficiency messaging. The impact of these efforts is not
15 reflected in Table 1 in the response to CA-NP-76.
16

17 Finally, Newfoundland Power has focused our participation in trade and home
18 shows across its service territory to advance the energy efficiency message.³ The
19 costs of these efforts (which are typically supplemented by volunteer employee
20 efforts) are considered customer service costs and are not reflected in the
21 response to CA-NP-76.
22

23 Table 1 in the response to CA-NP-76 indicates that energy efficiency *program*
24 costs in 2007 and 2008 will be approximately 2 to 2.5 times the levels of
25 expenditure in 2002 and 2003. The additional efforts indicated above which are
26 not categorized as *program* costs are also indicative of Newfoundland Power's
27 increased efforts to increase the level of energy efficiency messaging and
28 available customer information.
29

30 The increase in both Newfoundland Power's program and non-program energy
31 efficiency efforts is responsive to (i) increased customer interest in energy
32 efficiency and (ii) the escalating marginal cost of energy.
33

- 34 (b) As stated in the response to CA-NP-78, the Conservation and Demand
35 Management ("CDM") Study (the "Study") will identify and evaluate achievable
36 demand and energy savings, and will include recommendations regarding the
37 accounting treatment for CDM program costs. While it is expected that the Study
38 may form the basis for development of future CDM programs, it is premature to
39 be definitive regarding the financing of any CDM program initiatives prior to
40 conclusion of the Study.
41

³ A single event, The 2007 CHBA-EN Home Show held at Mile One Centre, St. John's on May 3rd to 6th 2007, reportedly attracted approximately 29,000 attendees.

1 (c) Newfoundland Power's Test Year forecast cost for energy efficiency *programs* is
2 based on current levels of program participation and costs.

3
4 Newfoundland Power's overall test year operating cost forecast represents an
5 estimate of what Newfoundland Power currently expects to spend in 2008. The
6 circumstances the Company will, in fact, encounter in 2008 may require actual
7 expenditures to vary from this forecast in aggregate terms or in cost composition
8 (or both) as Newfoundland Power's management responds to the actual
9 circumstances that present themselves.