

- 1 **Q. NP has declined to respond to CA-NP-183. In light of that response:**
2
3 (a) **Please confirm that Exhibit 5 does not reflect the elasticity effect on volume**
4 **throughput on either revenues or costs;**
5
6 (b) **Please provide a revised version of Exhibit 5 using the volume throughput**
7 **adjusted for the elasticity effect in determining both costs and revenues;**
8
9 (c) **Please confirm that this revised version of Exhibit 5 provides a better**
10 **forecast of NP financial performance in the test year, assuming the actual**
11 **throughput is best estimated taking into account the elasticity effect.**
12
- 13 A. Newfoundland Power did not decline to respond to CA-NP-183. The Company's
14 response correctly indicated that the information requested in CA-NP-183 was not
15 applicable to the referenced Exhibit.
16
- 17 (a) It is confirmed that Exhibit 5 does not reflect the elasticity effects on revenue or
18 purchased power costs. Elasticity impacts occur as a result of changes in sales
19 volumes *due to price changes*. Exhibit 5 shows the 2007 and 2008 forecasts
20 based on *existing* prices and before implementation of any of the proposals in the
21 Application. Consequently, there are no price elasticity effects in the scenario.
22
- 23 (b) For the reason explained in (a) above, there are no elasticity effects to be shown in
24 a revision of Exhibit 5 as requested.
25
- 26 (c) Please see the responses to (a) and (b) above. For a forecast of Newfoundland
27 Power's financial performance in the test year that includes the effects of
28 elasticity, see the response to CA-NP-89.