

1 **NP-CA-84**

2 **Q. From 2002 to 2008, the number of customers served by**  
3 **Newfoundland Power is increasing by an average of 1.1% per year. Does**  
4 **Mr. Todd agree that this level of growth in 2009 would result in an**  
5 **approximate \$1.7 million shortfall in recovery of energy supply costs (see**  
6 **Page 123, Table 57 of the Company's prefiled evidence)?**

7

8 A. Mr. Todd does not agree. For the 2008 test year, if the actual growth in the  
9 number of customers served by NP equals the forecast growth, the company will  
10 experience neither a shortfall nor a surplus as a result of customer growth.

11 As the evidence of NP states at page 123 lines 6-7, "Table 57 provides an  
12 illustrative example of a year-end transfer to the RSA assuming a 1 percent  
13 increase in purchases above the test year forecast."

14 In other words, what is illustrated is the impact of a 1% variance from forecast  
15 power purchases for any reason. If actual power purchases exceed the forecast  
16 by 1%, the energy supply cost variance will be approximately \$1.7 million positive  
17 (i.e., the increase in supply cost is greater than the increase in revenue). If actual  
18 power purchases are below the forecast by 1%, the energy supply cost variance  
19 will be approximately \$1.7 million negative (i.e., decrease in supply cost is  
20 greater than the decrease in revenue).

21 See the response to NP-CA-86 for comments on the recovery of incremental  
22 energy supply cost associated with customer growth for the years after the 2008  
23 test year if there is no GRA.