

1 **Q. On page 5 of Newfoundland Power's Customer, Energy and Demand Forecast the**  
2 **Company states " ...[o]verall, the number of general service customers is forecast to**  
3 **grow by 0.7% in 2018, 2019 and 2020. Under proposed rates, the volume of general**  
4 **service energy sales is forecast to increase by 0.1% in 2018, 1.0% in 2019 and 0.6%**  
5 **in 2020."**

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7 **On page 53 of the Cost of Capital Report authored by Mr. Coyne he states "[a]s a**  
8 **result of these economic and demographic trends, it is more likely that**  
9 **Newfoundland Power's electric sales growth will be weaker in coming years even as**  
10 **Newfoundland Power needs to continue investing capital to maintain and modernize**  
11 **its aging infrastructure so that service quality and reliability are not compromised."**

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13 **Please reconcile Newfoundland Power's forecast with Mr. Coyne's submission that**  
14 **Newfoundland Power's business risk will increase due, in part, to weaker electric**  
15 **sales.**

16  
17 **A. Newfoundland Power's customer base is comprised of Domestic, General Service, and**  
18 **Street and Area Lighting customers.<sup>1</sup> Domestic customers, which includes residential**  
19 **dwelling, accounted for approximately 62% of the energy sold by Newfoundland Power**  
20 **in 2017. General Service customers, such as businesses, accounted for 38% of energy**  
21 **sold in 2017.<sup>2</sup>**

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23 The Company's overall energy sales primarily depends on the combined energy sales of  
24 both the Domestic and General Service customers. The Company's overall energy sales  
25 is expected to decline by 0.1% in 2018 and 0.5% in 2019. In 2020, energy sales are  
26 expected to increase by 0.1%. However, excluding the additional day provided by a leap  
27 year, energy sales in 2020 would also be expected to decline.

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29 Between 2011 and 2015 Newfoundland Power's average energy sales growth was 1.9%.  
30 Average energy sales for the 2016 to 2020 period are expected to decline by 0.2%.<sup>3</sup> This  
31 is consistent with Mr. Coyne's observations on weaker electricity sales.

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<sup>1</sup> At year end 2017, Newfoundland Power had 231,639 Domestic customers, 23,849 General Service customers, and 10,962 Street and Area Lighting customers.

<sup>2</sup> Street and Area lighting customers account for less than 1% of the Company's energy sales.

<sup>3</sup> See *Volume 1, Application, Company Evidence and Exhibits, Section 3: Finance*, page 3-25, line 4 to page 3-26, line 7.