

- 1 **Q. (Application Volume 1) How realistic are costs included in the revenue requirement**
2 **and the cost of service study when NP and Hydro forecasts of NP load vary**
3 **significantly?**
4
- 5 A. Newfoundland Power’s methodology for forecasting peak demand is appropriate for the
6 purpose of determining purchased power costs to be included in the Company’s 2022 and
7 2023 revenue requirements. Newfoundland Power’s methodology is consistent with
8 sound public utility practice and has provided for reasonable variances when compared to
9 actual results.¹
10
- 11 Differences between Newfoundland Power’s peak demand forecast and Newfoundland
12 and Labrador Hydro’s peak demand forecast of Newfoundland Power do not affect the
13 Company’s *Cost of Service Study*, which is based on 2019 actual results.²

¹ For example, the variance of forecast peak demand using the 5-year average system load factor from actual peak demand ranges from -3.1% to 2.6% over the 2011 to 2019 period. See the *2022/2023 General Rate Application, Volume 2, Supporting Materials, Tab 3, Customer, Energy and Demand Forecast, Section 2.5: Peak Demand* for further information.

² The *Cost of Service Study* makes certain *pro forma* adjustments to the 2019 results, such as to reflect the annual effect of the revised Utility rate approved by the Board in Order No. P.U. 30 (2019). See the *2022/2023 General Rate Application, Volume 2, Supporting Materials, Tab 4, Cost of Service Study*.