

1 Q. Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of
2 Laurence D. Booth, September 28, 2021, page 51, lines 10-13.

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4 *“Finally, the litmus test for the competitiveness of electricity versus*
5 *alternative fuels is new build, where the installation cost is not a factor the*
6 *way that it is to get people to switch from one fuel to another. In answer to*
7 *CA-NP-024 NP estimates that 88% of the housing starts in Newfoundland*
8 *are within its territory and 84% will use electricity as the primary heat*
9 *source.”*

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11 a) In his assessment of Newfoundland Power’s business risk, what weight has
12 Dr. Booth given to the 79% reduction in housing starts in Newfoundland
13 and Labrador over the period 2010 to 2020?
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15 b) In his assessment of Newfoundland Power’s business risk, what weight has
16 Dr. Booth given to the increased adoption of heat pumps to offset electric
17 baseboard heating?
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20 A. Dr. Booth has given limited weight to a reduction new housing starts, since
21 NP’s franchise is mature. Normally we look for a growth impact when a
22 company is building out its network and needs to spread the fixed costs over
23 greater numbers of customers. A stable franchise area, if anything, also means
24 more limited capital expenditures and fewer financial problems in raising
25 capital.

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27 See Dr. Booth’s answer to NP-CA-32. In a previous apartment Dr. Booth took
28 over Enbridge Gas Distribution service in Toronto that was used simply for a
29 BBQ by the previous owner. This involved an almost \$30 monthly charge for
30 minimal gas where the energy charge was usually almost insignificant. In
31 other words, as long as people use heat pumps they need service from NP and
32 it is a rate design issue how NP then recovers its costs.