

1 **Q. Section 1: Introduction**

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3 **(Table 1-1) Newfoundland Power notes that its electricity sales are growing faster**
4 **than the number of customers due to government planned electrification. Please**
5 **provide the data from 2010 and explain if Newfoundland Power regards**
6 **“electrification” as a material change in its business risk, and if so, from**
7 **approximately what time period.**

8
9 A. Table 1 provides Newfoundland Power’s sales and customers since 2010.

**Table 1:
Annual Sales and Customers
2010 – 2023**

Year	Annual Sales (GWh)	Annual Customers
2010	5,419.0	243,426
2011	5,552.8	247,163
2012	5,652.2	251,531
2013	5,763.3	255,618
2014	5,898.5	258,879
2015	5,956.6	261,774
2016	5,950.1	264,406
2017	5,922.1	266,450
2018	5,876.1	267,995
2019	5,846.6	269,045
2020	5,729.0	270,285
2021	5,715.0	272,054
2022	5,784.5	273,764
2023	5,927.9	275,464

10 Newfoundland Power’s business risks in 2023 remain largely consistent with those
11 described in 2021 during the Company’s *2022/2023 General Rate Application*. The
12 Company’s business risks continue to be defined by longstanding factors, and the
13 Muskrat Falls Project continues to pose a risk to the least-cost delivery of reliable service
14 to customers.¹

15
16 Electrification trends were a contributing factor to Newfoundland Power’s energy sales
17 growth in 2022 and 2023, including customer conversions from oil to electric space
18 heating and new customer end uses, such as electric vehicles. Energy sales in 2023 are
19 now somewhat comparable to 2015, before they started to decline. The Company
20 anticipates electrification trends to continue in the future, however, overall sales growth
21 is expected to be tempered by increasing electricity rates, a weak economic outlook,
22 conservation and demand management activities, and medium to long-term population
23 decline.²

¹ See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3, Finance, 3.3.2 Risk Assessment*.

² *Ibid.*, page 3-29.

1 Electrification is not a new concept in Newfoundland Power’s *2025/2026 General Rate*
2 *Application*. Electrification was one option evaluated by the Board in its 2018 review and
3 report on options to reduce the impact of the Muskrat Falls Project costs on electricity
4 rates.³

5
6 In addition, Newfoundland Power filed its *2021 Electrification, Conservation and*
7 *Demand Management Application* (the “ECDM Application”) with the Board in 2020.⁴
8 It was described as part of the Company’s *2022/2023 General Rate Application*.⁵ The
9 ECDM Application was not approved by the Board, in part due to uncertainty related to
10 the Muskrat Falls Project and its impact on the Island Interconnected system and its
11 customers.⁶

³ “On September 5, 2018 Government issued a Reference directing the Board to review and report on options to reduce the impact of the Muskrat Falls Project costs on electricity rates up to the year 2030.” See the Board’s Reference to the Board – Rate Mitigation Options and Impacts – Muskrat Falls Project – Final Report, February 7, 2020.

⁴ See Newfoundland Power’s *2021 Electrification, Conservation and Demand Management Application* filed with the Board on December 16, 2020.

⁵ See Newfoundland Power’s *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2, Customer Operations, 2.2.4 Customer Conservation and Electrification*, page 2-10 to 2-13.

⁶ See Order No. P.U. 33 (2022), page 15, lines 13-16.