

1 **Section 5: Customer Rates**

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3 **Q. Volume 1, Section 3, page 3-4, line 8. Why does Newfoundland Power expect low**  
4 **customer growth over the 2024 to 2026 period?**

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6 A. Newfoundland Power's forecast of customer growth/connections is based on the  
7 Conference Board of Canada's ("CBOC") forecast of housing starts and completions  
8 from its medium-term outlook, together with a three-year average of the historical pattern  
9 between customer connections and housing starts and completions. This approach  
10 combines the CBOC's outlook with the Company's historical data to calculate a forecast  
11 number of new customer connections.

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13 The CBOC is forecasting a reduced level of housing construction in the near-term, which  
14 results in lower forecast customer connections for Newfoundland Power over the 2024 to  
15 2026 period.

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17 For context, the CBOC indicates the following in their economic outlook dated  
18 September 6, 2023:

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20 *"...residential construction is forecast to enter a period of extended decline. Higher*  
21 *mortgage rates are stifling short-term demand for housing and demographic trends*  
22 *and population decline will weaken the longer-term outlook for housing demand and*  
23 *residential construction. Our forecast calls for an annual average decline in housing*  
24 *starts of 19.9 per cent."*<sup>1</sup>

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<sup>1</sup> See page 11 of the CBOC's publication, *Economic Recovery Delayed as Growth Stalls: Newfoundland and Labrador's Three-Year Outlook*.