

Volume 2: Tab 3, Customer, Energy and Demand Forecast Report

Q. Volume 2, Tab 3, page 2 of 8.

- a) Refer to “Total energy sales are calculated by adding Domestic, General Service, and Street and Area Lighting sales.” Please provide forecast accuracy statistics for the total sales for the past five years.
- b) To the extent that there is persistent overforecasting or underforecasting, explain the reasons for why.

- A. a) Table 1 provides a Comparison of weather adjusted actual sales to forecast energy sales.

**Table 1:
Energy Sales
Forecast vs Actual**

	Actual (GWh)	Forecast (GWh)	Difference (%)
2019	5,846.6	5,882.9 ¹	(0.6)
2020	5,729.0	5,793.0 ²	(1.1)
2021	5,715.0	5,719.5 ³	(0.1)
2022	5,784.5	5,699.3 ⁴	1.5
2023	5,927.9	5,832.4 ⁵	1.6

- b) In Newfoundland Power’s view, differences in actual energy sales from its forecast have been reasonably consistent over the five-year period, ranging from (1.1%) to 1.6%.

The Company acknowledges that 2023 actual sales were 4.7% higher than 2023 test year forecast that was developed in the spring of 2021 for the purposes of Newfoundland Power’s *2022/2023 General Rate Application*.⁶ At that time, there was uncertainty associated with forecasting energy sales owing to the Muskrat Falls Project and related government rate mitigation plans and the COVID-19 pandemic, which were expected to continue into the 2023 test year. Further, positive impacts since 2021 related to population growth led by record immigration, higher housing starts than those forecast by independent parties, and government electrification initiatives such as the oil-to-electric conversion program were not reasonably foreseeable at that time.⁷

¹ Forecast sales provided in Newfoundland Power’s *2019/2020 General Rate Application*.

² Forecast sales prepared in Spring 2020.

³ Forecast sales provided in Newfoundland Power’s *2022/2023 General Rate Application*.

⁴ Forecast sales prepared in Spring 2022.

⁵ Forecast sales provided in Newfoundland Power’s *2025/2026 General Rate Application*.

⁶ See the response to Request for Information PUB-NP-058.

⁷ See paragraph 9 of the November 22, 2021 Settlement Agreement filed in relation to Newfoundland Power’s *2022/2023 General Rate Application*.

1 These factors are now either incorporated into Newfoundland Power’s sales forecast,
2 or not anticipated to continue to impact the Company’s forecast energy sales.⁸ This is
3 demonstrated by the fact that 2023 forecast sales as provided in the *2025/2026*
4 *General Rate Application* are relatively consistent with 2023 actual sales as shown in
5 Table 1.

⁸ See, for example, Table 2 in the response to Request for Information PUB-NP-091 for the electrification initiatives included in the sales forecast. Uncertainties associated with the COVID-19 pandemic do not exist in any material way compared to the spring of 2021. Customer rate increases are more certain. Customer rates increased by 6.9% on July 1, 2023 and are forecast to increase by approximately 9.0% on July 1, 2024 and 7.75% on July 1, 2025. In comparison, customer rates were effectively flat from January 1, 2020 to June 30, 2023. Finally, the Conference Board of Canada is forecasting residential construction to enter a period of extended decline.