

- 1 **Q. Further to the responses to PUB-NP-014 and PUB-NP-081:**  
 2 **a) Please explain in more detail why customer connections are forecast to decline**  
 3 **over the period 2024-2026.**  
 4 **b) What other economic forecasts for the Province are available besides those from**  
 5 **the Conference Board of Canada and has Newfoundland Power considered**  
 6 **using these forecasts in preparing their electricity sales forecasts?**  
 7 **c) Please provide a table that shows the Conference Board of Canada’s forecast of**  
 8 **housing starts and completions from its medium-term outlook for the period**  
 9 **2013-2023, Newfoundland Power’s forecast of new connections for the same**  
 10 **period and actual connections.**
- 11
- 12 **A. a) Table 1 provides the Conference Board of Canada’s forecast of housing starts and**  
 13 **completions, as well as actual and forecast residential customer connections over the**  
 14 **2013 to 2026 forecast period.<sup>1</sup>**

**Table 1:  
Housing Starts, Completions & Residential Connections  
2013 to 2026 Forecast**

<b>Year</b>	<b>Housing Starts Outlook</b>	<b>Housing Completions Outlook</b>	<b>Actual Connections</b>	<b>Forecast Connections<sup>2</sup></b>
2013	3,323	3,506	4,662	3,953
2014	2,784	2,835	3,783	4,096
2015	2,070	2,049	3,286	2,978
2016	1,678	1,737	2,995	3,011
2017	1,222	1,290	2,713	2,362
2018	916	1,271	2,227	2,329
2019	1,090	1,139	1,914	2,223
2020	920	1,006	1,726	1,928
2021	527	733	2,025	1,703
2022	940	858	2,268	1,925
2023	821	889	2,050	1,951
2024F	707	702		1,693
2025F	616	616		1,573
2026F	525	527		1,452

<sup>1</sup> Forecast years 2024 to 2026 are based on the Conference Board of Canada’s Outlook dated September 6, 2023.

<sup>2</sup> Forecast residential connections are calculated by adding the net residential customer increase to the forecast number of disconnect/reconnects. The net residential customer increase uses the Conference Board of Canada’s outlook for housing with an adjustment based on the three-year average ratio between the actual net residential customer increase and housing reported by the Canada Mortgage and Housing Corporation and adds increases for miscellaneous connections (cottages and other non-dwellings, such as a garage) based on a five-year average. To illustrate, 2026 forecast connections were determined as follows: 527 housing completions x 107.5% three-year average ratio + 178 miscellaneous connections = 745 net residential customer increase + 707 disconnections = 1,452.

1 Table 1 provides that Newfoundland Power’s forecast connections have been  
2 generally in line with actual connections on an annual basis, as well as over time.<sup>3</sup>  
3

4 The table also shows that there is a direct correlation between the declining housing  
5 outlook and the Company’s 2024 to 2026 connection forecast, consistent with  
6 Newfoundland Power’s longstanding methodology for determining its customer  
7 connection forecasts.  
8

9 General service connections are not directly related to housing starts. The forecast of  
10 general service connections is calculated using the historical average proportion of  
11 general service connections to residential connections.<sup>4</sup> The forecast of total  
12 connections is determined by adding the residential and general service connections.<sup>5</sup>  
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14 b) In addition to the Conference Board of Canada, Newfoundland Power also considers  
15 the Atlantic Economic Council’s (“AEC”) view of the provincial economy.<sup>6</sup> For  
16 many years, both organizations have provided a detailed analysis of the current  
17 provincial economic picture and a reasonable economic outlook based on key  
18 economic indicators and economic activity in the province. In particular,  
19 Newfoundland Power uses the AEC’s Major Projects Inventory to aid in forecasting  
20 the large customer energy sales associated with prospective major projects in the  
21 province.  
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23 c) See part a).

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<sup>3</sup> Over the last 10 years (2014 to 2023), forecast customer connections were within an approximate range of  $\pm 350$  on an annual basis. Overall, customer forecast connections over the 2014 to 2023 timeframe were 24,506, or 481 connections lower than the actual customer connections over that timeframe of 24,987.

<sup>4</sup> For the 2024 to 2026 forecast period, a 15-year historical average proportion of 17% was applied. That is, the forecast number of general service connections were approximately 17% of the residential connections over the 2008 to 2022 time period.

<sup>5</sup> See Attachment A to the response to Request for Information PUB-NP-014.

<sup>6</sup> For example, in October 2023, the AEC noted that “*high interest rates are cooling the housing market and consumer spending. Housing starts are down 5% year-to-date in September.*”