

1 Q. Consumer Question: Has the National Association of Regulatory Utility
2 Commissioners (NARUC), or other public utility associations, established principles
3 to be followed when utilities depart from traditional cost of service regulation?
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6 A. The information requested does not assist consideration of the Reference Question
7 as neither the Terms of Reference nor the Reference Question addresses the matter
8 of cost of service regulation for public utilities. Nalcor notes, however, that many
9 utilities in North American have departed from traditional cost of service regulation
10 with respect to the acquisition of power and energy from competitive wholesale
11 markets.

1 Q. Consumer Question: Will there be a separate corporate entity (or entities) to
2 facilitate the agreement between Emera and Nalcor?

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5 A. The information requested does not assist consideration of the Reference Question,
6 as the neither the Terms of Reference nor Reference Question addresses matters
7 related to corporate structure or entities.

1 Q. Consumer Question: Will this separate entity own the transmission lines and subsea
2 crossing between Muskrat Falls and Granite Canal? If yes, will the corporate entity
3 be regulated by the PUB?
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6 A. Nalcor interprets this question to refer to the Maritime Link. The information
7 requested does not assist consideration of the Reference Question, as the neither
8 the Terms of Reference nor Reference Question addresses matters related to the
9 Maritime Link.

1 Q. Consumer Question: Is there any precedent for a non-regulated transmission
2 company to operate on the basis of a power transmission agreement (analogous to
3 power purchase agreements, or PPAs)? If not, will Emera become an equity
4 participant in Newfoundland and Labrador Hydro?

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7 A. The information requested does not assist consideration of the Reference Question,
8 as the neither the Terms of Reference nor Reference Question addresses matters
9 related to transmission service agreements or the ownership of NL Hydro.

1 Q. Consumer Question: Will the Maritime Transmission Link, to be owned 100% by
2 Emera, begin at Granite Canal or Bottom Brook?

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5 A. The information requested does not assist consideration of the Reference Question,
6 as the neither the Terms of Reference nor Reference Question addresses matters
7 related to the Maritime Link.

1 Q. Consumer Question: Will Emera fully own transmission lines located on the Island of
2 Newfoundland? If so, will they be subject to the regulatory authority of the PUB?

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5 A. The information requested does not assist consideration of the Reference Question,
6 as the neither the Terms of Reference nor Reference Question addresses matters
7 related to Emera.

1 Q. Consumer Question: NALCOR has offered that although there has been reduction
2 in the total population of Newfoundland from 1990 - 2005 there has been an
3 increase in domestic customers. This has been attributed (Page 24 - main
4 submission) to the number of people above 25 years old, who are entering the
5 housing market. From the provincial government department of statistics there will
6 be a leveling of this age percentile in the 2016-2020 period. However, this does not
7 seem to be reflected in the predicted customer growth during the remainder of the
8 2010 - PLF. NALCOR is requested to provide commentary on this.

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11 A. Figure 4 of Nalcor's Submission presents the subset of the provincial population
12 that is more correlated to domestic customer growth. As indicated in the
13 submission chart, there was a leveling of the 25 years and older age group during
14 the period between 1993 and 2001. During this time period there would have been
15 a decline in the persons per domestic customer for this age group. The declining
16 trend in persons per customer trend is expected to continue in the forecast period.

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18 Nalcor forecasts customer additions to the domestic customer class based on a
19 forecast of housing starts and changes in real personal income levels per customer.
20 The domestic customer class includes electrical service connections to homes,
21 cabins, garages or sheds etc.

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23 Customer growth associated with an expanding housing stock is possible and
24 expected due to changes in demographics and real incomes. As headship¹ rates are

¹ An age-specific headship rate represents the propensity of people in a given age group to form households, and is calculated as the number of primary household maintainers in that age group divided by the total number of people in the same age segment.

1 generally higher within older age groups, the ageing of the population will
2 contribute to on-going housing construction and an increase in the housing stock.
3 The headship factor is incorporated into the housing start forecast provided by the
4 Provincial Department of Finance. In addition, rising real incomes per customer
5 across the forecast period will contribute to both household and non-household
6 customer growth.

1 Q. Consumer Question: Based on the current demand projections to 2067, and the
2 general assumption that there is limited industrial growth, what is the final
3 estimated numbers of domestic customers in 2067. What would be the average
4 persons per household based on domestic customers, and total population.

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7 A. The 2010 PLF was not extended past 2029 on the basis of a customer forecast but
8 on the basis of total Island load in the latter period of the forecast. During this latter
9 period only utility growth is contributing to Island load growth. Nalcor extended the
10 forecast by setting longer term annual load increments to reflect underlying
11 provincial economic growth, once the Island's growing electric heating market was
12 saturated and accounted for. The purpose of this long-term trend for load growth is
13 to provide, in Nalcor's opinion, a conservative provision for the long-term electricity
14 growth prospects for the Island under an assumption of a modestly growing
15 economy.

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17 Nalcor does not have a customer or population forecast that extends to the year
18 2067 and cannot calculate the average persons per household statistic based on
19 domestic customers.

1 Q. Consumer Question: Considering the unique challenges faced in rural
2 Newfoundland does NALCOR track home abandonment in the demand
3 projections, or is it just purely housing starts which are included within the
4 econometric modeling.

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7 A. Nalcor does track home abandonment through its net customer additions (which
8 includes disconnects). Nalcor forecasts domestic customer additions based on
9 housing starts and changes to real personal income levels per customer. Historical
10 domestic customer additions are net of customer disconnects which accounts for
11 homes or other types of domestic customer accounts which have had their
12 electricity services removed.

1 Q. Consumer Question: The Newfoundland Government Department of Statistics
2 provide an estimate of households on the NE Avalon, following a HIGH, MEDIUM
3 and LOW projection.

4 *Ref: [http://www.economics.gov.nl.ca/pdf2008/Population%20and%20Household%](http://www.economics.gov.nl.ca/pdf2008/Population%20and%20Household%20Projections_2008%20(web).pdf)
5 [20Projections_2008%20\(web\).pdf](http://www.economics.gov.nl.ca/pdf2008/Population%20and%20Household%20Projections_2008%20(web).pdf)]This has estimated a HIGH estimate of 1000 new
6 homes per year. Considering the economic shift from RURAL to the NE Avalon the
7 household projections used by NALCOR appear to be on the upper bound. NALCOR
8 are asked to describe any differences from that published 3 years ago by the
9 Department of Finance and that used by NALCOR in their projections.*

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12 A. Nalcor does not receive a forecast of households from the provincial Department of
13 Finance for preparing its long term load forecasts, but instead, a forecast of annual
14 provincial housing starts. The provincial housing start forecast provided by the
15 Department of Finance that was used in the 2010 PLF was provided in exhibit 27.
16 The forecasted average annual housing starts for the 2010 to 2029 period is 2135.

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18 A forecast of households for the Northeast Avalon region is not an accurate
19 representation of customer growth for the island interconnected system.