- 1Q.In reference to out-migration and energy sales, please provide a quantitative2analysis as to how out-migration has affected Newfoundland Power's energy sales,3stating the communities which Newfoundland Power serves and the loss of4customers in each community which the company attributes to out-migration for5the period 1998 to current.6
- A. The impact of out-migration on municipalities in Newfoundland Power's service area is illustrated in the pre-filed evidence of Barry Perry (Exhibit BVP-3 pages 7 and 8). For the 1996 to 2001 period, 92.7 per cent of municipalities served by Newfoundland Power experienced a decrease in population. In 2001, 31.8 per cent of municipalities experienced a decrease in the number of domestic customers.

13Table 1 below shows inter-provincial migration for the 1996-97 to 2000-01 period. Table141 clearly shows that the decline in population in Newfoundland is directly related to high15levels of out-migration. During the 1996 to 2001 period, inter-provincial migration16resulted in a reduction in population of 32,075. Based on the pattern of population17decline, as illustrated in the pre-filed evidence of Barry Perry (Exhibit BVP-3 page 4) it is18estimated that approximately 75 per cent of the net inter-provincial migration was from19Newfoundland Power's service area.20

(Soı	Tab Inter-Provinc arce: Statistics Canada	le 1 ial Migration a, Demography Divisio	n)
	In	Out	Net
July 1996-June 1997	6,962	15,096	(8,134)
July 1997-June 1998	7,392	16,882	(9,490)
July 1998-June 1999	7,995	13,690	(5,695)
July 1999-June 2000	8,400	12,663	(4,263)
July 2000-June 2001	7,499	11,992	(4,493)
July 1996-June 2001	38,248	70,323	(32,075)

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This loss in population due to out-migration has a direct impact on energy sales. During the 1998 – 2001 period a total of 14,451 persons left the province. Using the estimated 75 per cent, 10,800 of these were from Newfoundland Power's service territory. This loss in population has a direct impact on the number of domestic customers and energy sales. Using an average of 2.4 persons per household, the loss of 10,800 translates into the loss of approximately 4,500 customers. Based on average domestic usage of 15,000 kWh per year, the loss of 4,500 customers would result in lower annual domestic energy sales of 67.5 GWh. The loss of population, due to out-migration, would also negatively impact general service energy sales, particularly in the service sector.

Newfoundland Power - 2003 General Rate Application

1	Attachments A and B contain a listing of the 192 municipalities served by Newfoundland
2	Power.
3	
4	Attachment A shows changes in domestic customer growth by municipality from 1998 to
5	2001. During this period 78 (or approximately 41 per cent) of the 192 municipalities
6	served by Newfoundland Power recorded either no change or a reduction in the number
7	of domestic customers.
8	
9	Attachment B shows changes in domestic customer growth by municipality in 2001
10	alone. Attachment B indicates that an even larger number of municipalities served by
11	Newfoundland Power experienced either no change or a reduction in the number of
12	domestic customers in 2001 alone. Attachment B shows that in 2001 alone 102 (or
13	approximately 53 per cent) of the 192 municipalities served by Newfoundland Power
14	experienced either no increase or a decline in the number of domestic customers. The
15	declines experienced in the domestic customer population have been more pronounced in
16	smaller rural communities with a total population less than five thousand than in larger
17	urban centers.
18	
19	The effect of these demographic changes is that the Company must invest capital to
20	maintain aging systems where customers and future revenues are declining. At the same
21	time, the Company is required to increase capital investment in growing communities.
22	This will translate into increased costs per customer. The risk associated with recovering
23	these increased costs is escalated in an environment where overall population is in
24	decline.