

1 Q. Reference: Dr. Booth Evidence, Page 6, Lines 1-6  
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3 *“...I continue to judge NP as warranting the same 40% common equity ratio as*  
4 *other Canadian electric distribution utilities with similar low business risk.*  
5 *However, I generally recommend that common equity ratios only be changed in*  
6 *the face of significant changes in business risk or when they are clearly out of*  
7 *line. Since the Board heard full evidence on NP’s common equity ratio in 2016*  
8 *and decided to maintain it at 45% I have not revisited this topic in detail.”*  
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10 **Is Dr. Booth recommending that Newfoundland Power’s capital structure not**  
11 **be changed at this time? If so, please explain.**  
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13 A. See Dr. Booth’s answer to NP-CA-001. Dr. Booth continues to judge NP’s 45%  
14 common equity ratio as excessive and recommends 40%. However, the Board  
15 welcomed capital structure evidence in 2016 when it kept NP’s common equity ratio  
16 at 45%. However, this did not seem to be the case in this hearing given the recent  
17 Board decision.