

1 **Q. Reference: Dr. Booth Evidence, Page 70, Lines 2-5**
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3 **Does Dr. Booth believe the business risk of Newfoundland Power is different**
4 **from the business risk of other Canadian utilities? If so, please explain in detail**
5 **how Newfoundland Power's business risk is different from other Canadian**
6 **utilities.**
7

8 A. Dr. Booth would judge the underlying business risk to be different across different
9 utilities but the operation of deferral accounts minimises these differences. For
10 example, from his participation in various rate hearings he has yet to see a major
11 mature Canadian utility that consistently fails to earn its allowed ROE. As a result,
12 short run risk is minimal for most Canadian utilities.
13

14 In contrast, the long run recovery risk is different. Dr. Booth has, for example, seen
15 the TransCanada Mainline lose significant load where the National Energy Board
16 has responded in allowing it both more pricing power and common equity.
17 Generally, Dr. Booth looks at the factors he addressed in the business risk evidence
18 provided in his 2016 analysis to support his 40% common equity recommendation
19 for NP.