

1 **Q. Reference: Dr. Cleary's Evidence, Page 15, Lines 23-24**

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3 **If Dr. Cleary's analysis leads him to conclude that there have been no material**
4 **changes in the business risk of Newfoundland Power since 2016, please explain**
5 **the basis for Dr. Cleary's recommended reduction in the common equity ratio**
6 **from 45.0 percent to 40.0 percent.**

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8 **A.** Dr. Cleary made the same recommendation in 2016, so it is not made as a result of
9 changes in NP's business risk. His evidence provides strong support for his
10 recommendation.

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12 Please also refer to the response to PUB-CA-015.