

- 1 **Q. Please confirm that Mr. Coyne’s risk assessment of NP is based on an assessment**
2 **for the test years 2022 and 2023.**
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- 4 A. Mr. Coyne’s risk assessment of Newfoundland Power is based on current information as
5 well as expected business and financial risks for the test years 2022 and 2023. In
6 addition, Mr. Coyne considers the long-term business and financial risk of Newfoundland
7 Power, including the small size of the Company (which is an ongoing risk factor),
8 economic and demographic trends in Newfoundland and Labrador that are among the
9 weakest of all Canadian provinces (which is a medium to long-term risk factor), weather
10 related service disruptions in the service territory (which is a long-term risk factor),
11 power supply risk (which is a long-term risk factor), and alternative fuel risk (which is an
12 ongoing risk factor). Utility investments tend to be long-term in nature because the assets
13 used to provide service to customers are long-lived assets, the recovery of which occurs
14 over an extended period of time. This highlights the importance of providing a fair return
15 that compensates equity investors for both the short and long-term risks.