

1 **Q.** Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of
2 Laurence D. Booth, September 28, 2021, page 67, lines 14-23.

3
4 **Has Dr. Booth relied on market data or estimates from third party sources**
5 **as direct inputs in his CAPM analysis to generate this estimate? If yes,**
6 **please list those sources, and indicate where that data was directly utilized**
7 **as inputs to his CAPM analysis.**
8

9
10 **A.** The sources of data used by Dr. Booth are in Appendix B where he derives the
11 market risk premium and the forecasts of professionals included on pages 76-
12 79 of his main report where he uses forecasts by TD Bank, JP Morgan, AQR,
13 BNY Mellon and NP's own actuary.
14

15 Note the very latest equity cost estimate by Duff and Phelps (September 20,
16 2021), whose data is usually used by Concentric, is 8.0% as below.

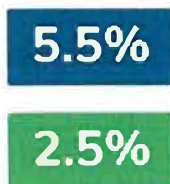


SERVICES CLIENTS INSIGHTS ABOUT OUR TEAM

Cost of Capital in the Current Environment
Covid-19 Update – September 20, 2021

U.S. Cost of Capital Inputs

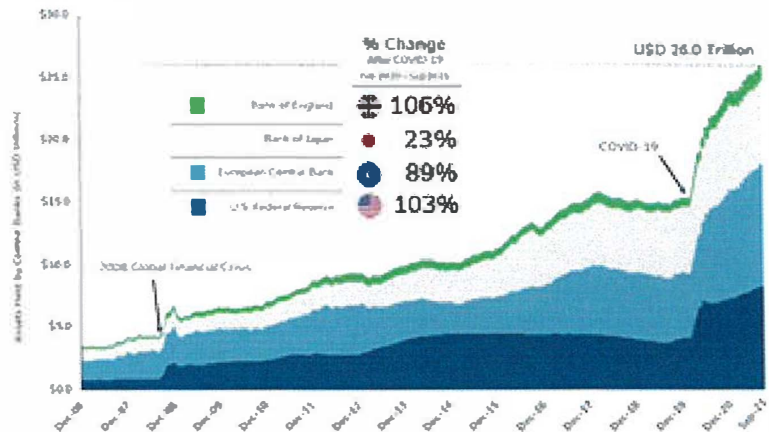
Data as of September 20, 2021



Duff & Phelps, A Kroll Business, continues to monitor risk-free rates and other cost of capital inputs closely. If and when (a) long-term spot yields increase to a level that approaches the Duff & Phelps recommended U.S. normalized risk-free rate (a) differences are lower than 50 bps, and (b) there is evidence that the increase in spot yields is not transitory, we will then consider recommending a return to using spot 30-year U.S. Treasury yields as the basis for the risk-free rate to be used in conjunction with our recommended U.S. Equity Risk Premium.

Total Assets Held by Major Central Banks Over Time

Data as of September 20, 2021



For more information, visit <https://www.duffandphelps.com/resources>

Source: Central Bank websites. Data from Global Bank of Japan, European Central Bank

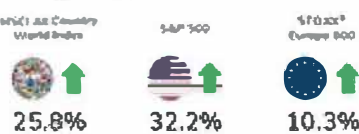
Global Market Volatility

Data as of September 22, 2021



Stock Market Performance Since the Wuhan Lockdown*

Data as of September 22, 2021



Global 10-Year Government Bond Yields

Data as of September 22, 2021

