Q. Reference: ***Fair Return and Capital Structure for Newfoundland Power (NP)*****, Evidence of Laurence D. Booth, April 2024, page 75, lines 23-26.**

"Third, although the principles of regulation are largely the same between the U.S. and Canada, as is widely recognized the implementation is different, as was demonstrated in the 2000s with the U.S. regulation of their banks and their telecom companies."

a) Please explain by whom it is "widely recognized" that the implementation of the principles of regulation is different between the U.S. and Canada, and provide the basis for this assertion.

b) Please provide evidence that this statement applies to regulated electric utilities.

A. a) Please see the discussion starting at page 79 of Dr. Booth's main testimony.

a. To repeat the comment of the Prime Minister of Canada in 2010 at the G20 Summit meetings about the different application of the Bank for International settlement regulations for banks:

'Unregulated financial markets do not work. Canada has known that for a long time. I hought frankly, we all knew that from events of many decades ago – but obviously the Jnited States went on a different path"

b. For telecom, refer to S&Ps Corporate Ratings criteria for 2003 where it specifically stated that it would not rate a telecom higher than its parent's rating except in extreme circumstances. This was after the disasters of the Internet bubble and crash in the early 2000s.

b) For regulated utilities, see the quote from Moody's on page 80 of Dr. Booth's main testimony. Dr. Booth is not aware that this comment does not apply to regulated electric service, as it seems very general.

"Moody's views the regulatory risk of US utilities as being higher in most cases than that of utilities located in some other developed countries, including Japan, Australia and Canada. The difference in risk reflects our view that individual state regulation is less predictable than national regulation; a highly fragmented market in the US results in stronger competition in wholesale power markets; US fuel and power markets are more volatile; there is a low likelihood of extraordinary political action to support a failing company in the US; holding company structures limit regulatory oversight; and overlapping and unclear regulatory jurisdictions characterize the US market. As a result no US utilities, except for

transmission companies subject to federal regulation, score higher than a single A in this factor."