

1 **Q.** Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of Laurence
2 D. Booth, September 28, 2021, page 41, line 14.

3
4 *“All businesses face short run and long run risks.”*

5
6 **Does Dr. Booth believe the short run and long run business risks of**
7 **Newfoundland Power are different from those of other Canadian utilities?**
8 **If so, please explain in detail how Newfoundland Power’s business risk is**
9 **different from other Canadian utilities.**

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12 **A.** The defining characteristic of all Canadian utilities is the degree of regulatory
13 protection. To a great extent this reflects the Canadian regulatory compact of a
14 high degree of protection and use of deferral accounts to ensure all costs are
15 passed on to ratepayers accompanied by relatively high debt levels and low
16 allowed ROEs that reflect that lowered risk profile.