

- 1 **Q. Reference Evidence of Newfoundland power, pages 1-2: In the Company’s overview**  
2 **pages 1-2 it states that the central issue in the hearing is to determine a just and**  
3 **reasonable return on rate base. It goes on to state that the return on equity**  
4 **generated by the Board’s formula is not fair as it is “too low” and questions the use**  
5 **of an automatic ROE formula. The company goes on to present business risk**  
6 **testimony in both its own evidence and that of Ms.McShane, is it the company’s**  
7 **view that its business risk has changed either since 2010 or earlier when it was**  
8 **placed on an automatic ROE adjustment mechanism?**  
9
- 10 A. Please refer to the Evidence of Newfoundland Power, Page 5, line 6 *et. seq.* where it is  
11 stated that:  
12  
13 “Financial market conditions have changed dramatically in recent years.  
14 Newfoundland Power’s principal business, regulatory and financial risks,  
15 however, have not changed materially over this time.”