

1 **Q. Schedule 1, Page 4 of the application states:**
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3 *“For 2016, Newfoundland Power’s forecast return on equity is 8.08%. This is below*
4 *the 8.80% allowed in Order No. P.U. 13 (2013).”*

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6 **P.U. 13 (2013) states:**
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8 *“Newfoundland Power has had a deemed common equity ratio of approximately 45%*
9 *for the last twenty-five years and the evidence is clear that the rating agencies place*
10 *importance on its strong common equity position. There is no evidence of a change in*
11 *circumstances which would justify a change in the ratio and there is little substantive*
12 *evidence demonstrating that the appropriate common equity ratio for Newfoundland*
13 *Power is 40%. The Board therefore finds that a change in the common equity ratio has*
14 *not been justified in the circumstances. The Board notes that it has been some time*
15 *since Newfoundland Power’s capital structure has been comprehensively reviewed and*
16 *that it may be appropriate for this issue to be addressed in Newfoundland Power’s next*
17 *general rate application, Newfoundland Power will be directed to file a comprehensive*
18 *report in relation to its capital structure with its next general rate application.*
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20 *The Board finds that Newfoundland Power continues to be an average risk Canadian*
21 *utility. The Board will accept a common equity component of no greater than 45% for*
22 *ratemaking purposes for Newfoundland Power. The Board will require Newfoundland*
23 *Power to file a report in relation to its capital structure with its next general rate*
24 *application.”*
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26 **Has NP completed a report in relation to its capital structure in advance of**
27 **potentially filing its GRA on June 1, 2015? If so, please provide a copy of the report.**
28 **If this report is not currently available, when does NP anticipate that it will be able**
29 **to provide a copy?**
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31 **A.** Newfoundland Power has not yet had an expert complete a review of the Company’s
32 forecast cost of capital for 2016, as requested in this Request for Information.
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34 Refer to the response to Request for Information PUB-NP-004 for copies of current
35 Canadian regulatory decisions related to utility cost of capital.