

1 **Q. NP refers at page 4-21 to its capital structure as being stable for decades. Please**
2 **indicate whether NP's capital structure was altered when NP moved to a forward**
3 **test year basis and state when its capital structure was last reviewed in detail.**
4

5 A. The adoption of a forecast test period in the Province of Newfoundland and Labrador
6 predates the Board's first approval of a capital structure for Newfoundland Power with
7 45% common equity in the 1990s.
8

9 Newfoundland Power files detailed evidence supporting its capital structure in every rate
10 case. The degree of review of the issue has been dependent, in part, on the positions
11 taken by the parties in respect of the issue and the debate, if any, which ensued.
12

13 In *Newfoundland Power's 2003/2004 General Rate Application*, capital structure was
14 debated as Dr. Kalymon, on behalf of the Consumer Advocate, recommended a 40%
15 common equity ratio with an additional 5% preferred equity.¹ The other experts
16 recommended a 45% common equity ratio. In the Company's *2008 General Rate*
17 *Application* and *2010 General Rate Application*, the parties jointly recommended the
18 Board approve Newfoundland Power's capital structure with 45% common equity.² In
19 *Newfoundland Power's 2013/2014 General Rate Application*, the Company's capital
20 structure was debated as Dr. Booth, on behalf of the Consumer Advocate, recommended
21 a 40% common equity ratio with an additional 5% of preferred equity. The other experts
22 recommended a 45% common equity ratio.³
23

24 In Order No. P.U. 13 (2013) on *Newfoundland Power's 2013/2014 General Rate*
25 *Application*, the Board directed Newfoundland Power to file a report in relation to its
26 capital structure with its next general rate application. This report is Appendix A to the
27 expert cost of capital evidence of Mr. James Coyne, Concentric Energy Advisors, Inc.
28 filed in support of the *2016/2017 General Rate Application*.

¹ See Order No. P.U. 19 (2003).

² See Order Nos. P.U. 32 (2007) and P.U. 43 (2009).

³ See Order No. P.U. 13 (2013).