

- 1 **Q. Would NP regard its common equity as riskier if the embedded interest cost were**
2 **15% or 3%, please discuss and explain why.**
3
4 A. Newfoundland Power's embedded cost of debt for 2016 and 2017 is forecast to be 6.15%
5 and 6.12% respectively under proposed customer rates.¹
6
7 Newfoundland Power is not forecasting an embedded cost of debt of either 15% or 3%;
8 nor does Newfoundland Power consider either 15% or 3% to be a reasonable forecast
9 embedded cost of debt for the Company for 2016 and 2017.

¹ See Exhibit 8.