

- 1 **Q. Assuming the Board decides to replace 5% common equity with 5% preferred**
2 **shares at the same allowed ROE of 8.8%, what would NP regard as a fair cost for**
3 **the preferred shares if they are either issued to Fortis or the Board simply deems**
4 **the % and rate?**
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6 A. The assumed scenario does not appear to be consistent with current Canadian electric
7 utility financial practice. Therefore, Newfoundland Power is not in a position to
8 determine a “fair cost” in either alternative suggested.
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10 Please see the response to Request for Information CA-NP-050.