

- 1 **Q. Re: Business risk associated with long-term cost recovery, page 1-8, lines 4-8.**  
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3 **Please explain all sources of risk of long term cost recovery, detailing regulatory,**  
4 **operational and market risks and explain in detail why NP is vulnerable to each risk**  
5 **identified.**  
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7 A. The *Company Evidence, Section 1: Introduction*, page 1-8, lines 4-8 refers to forecast  
8 provincial demographic trends. Further evidence on this matter, including Newfoundland  
9 Power’s vulnerability, can be found at the *Company Evidence, Section 4: Finance,*  
10 *Service Territory Demographics*, page 4-26, line 1, *et. seq.*  
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12 The *Company Evidence, Section 4: Finance, 4.3.2 Risk Assessment* explains additional  
13 sources of risk of cost recovery, including service territory economics, power supply,  
14 operating conditions and cost flexibility. Each of these has a long-term perspective.