

1 **Q. Reference: Dr. Cleary Evidence, Page 17, Lines 28-29: If Dr. Cleary's**
2 **analysis leads him to conclude that there have been no material changes in the**
3 **business risk of Newfoundland Power since 2013, or 2003, please explain the basis**
4 **for Dr. Cleary recommended reduction in the common equity ratio from 45.0**
5 **percent to 40.0 percent. Does Dr. Cleary believe that the Board erred in its 2013**
6 **Order when it determined that it was appropriate to maintain Newfoundland**
7 **Power's common equity ratio at 45.0 percent? If so, please elaborate on the reasons**
8 **why Dr. Cleary disagrees with the Board's decision in 2013?**

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10 **A. Dr. Cleary was not involved in the 2013 hearing and certainly has no reason to**
11 **believe the Commission erred in its 2013 decision after consideration of all the evidence**
12 **provided at that time.**

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14 **He has been asked to determine an appropriate common equity ratio for NP in the 2016**
15 **proceedings, based on the evidence that is currently available. This is the basis for his**
16 **analysis and recommendations.**