

1 Q. Dr. Cleary Evidence, Page 19, Lines 15-17: Does Dr. Cleary consider the
2 Conference Board's long-term outlook for Newfoundland and Labrador's economy
3 to be generally weaker or stronger than the rest of Canada? How does the
4 Conference Board's long-term outlook impact Dr. Cleary assessment of the long-
5 term business risk for Newfoundland Power?

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7 A. The Conference Board forecasts for Canada and NL provided the following
8 estimates for real GDP growth for NL and Canada for 2018-2020.

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Growth (%)	2018	2019	2020
NL	1.4	7.0	-1.6
Can	2.2	2.0	2.1

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11 Based on these estimates, the average GDP growth rates for Canada over the 2016-20
12 period is 2.10%, versus 2.27% for NL. The compound growth returns, which measure the
13 cumulative growth effect of varying growth rates, based on these figures are 2.10% for
14 Canada versus 2.20% for NL. Therefore, based on these forecasts, the forecast seems to
15 be similar for both NL and Canada in terms of total period growth.

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17 Regardless of whether these forecasts turn out to be correct or not, Dr. Cleary believes
18 NP's business risk remains very low. Dr. Cleary points to his evidence which suggests
19 that NP's revenues grew in every year since 1995, except 1998, including the six years
20 where NL's GDP growth was negative. As a result of this steady growth, NP's revenues
21 grew at an average rate of 3.4% versus NL's average GDP growth rate of 2.5% over the
22 period. In addition, NP earned its allowable ROE or higher in the last 19 consecutive
23 years of this period, providing even stronger evidence of its resiliency.