

1 **Q. Reference: Dr. Booth Evidence, Page 36, Lines 8-9**

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3 *“While almost all the capital market data is relevant for Canada as a whole there are*
4 *important differences in regional economic performance.”*

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6 **Please explain if Dr. Booth believes that Newfoundland Power’s business risk is**
7 **more closely associated with the economy in the province of Newfoundland and**
8 **Labrador versus the economy of Canada.**

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10 **A. Of course its business risk is based on Newfoundland and Labrador but its**
11 **investment risk is based on the overall capital market.**

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13 **As a resource based economy like Alberta the economy of Newfoundland and Labrador**
14 **has been volatile and is just coming “down” from the completion of a number of major**
15 **projects. As far as Dr. Booth is aware the recent strong provincial economy did not result**
16 **in a significant reduction in NP’s business risk or ability to recover its costs.**