

1 Q. Reference: Dr. Booth Evidence, Page 80, Lines 17-19

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3 *“Significantly higher electricity costs could happen, but to affect NP they have to cause*
4 *significant numbers of customers to drop off its system so that NP can no longer*
5 *allocate the higher costs to its remaining customers.”*

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7 Please explain in detail the degree to which Dr. Booth agrees or disagrees with the
8 concern raised by Moody’s Investors Services in Exhibit 4 relating to Newfoundland
9 Power’s *“...future ability to fully recover costs and earn returns may be compromised*
10 *as the Province of Newfoundland and Labrador undertakes development of the*
11 *Muskrat Falls hydroelectric project on the lower Churchill river and the related*
12 *transmission infrastructure.”*

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14 A. Dr. Booth makes no comment on Moody’s assessment of the impact of Muskrat
15 Falls except to note that the Board has a number of regulatory tools to manage that
16 exposure and if the risks materialize he expects a hearing to consider how to deal with
17 any problems.

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19 Regulatory precedent in Canada, rather than the United States, is that there is no reason to
20 believe that NP shareholders bear this risk, rather than ratepayers.