

- 1 **Q. Is it Concentric’s opinion that Newfoundland Power is an average risk Canadian**
2 **utility given that its financial risk is comparable to the Canadian proxy group and**
3 **Concentric has concluded in Appendix A, page 24, lines 15-17 that Newfoundland**
4 **Power has above average business risk?**
5
- 6 A. It is Concentric’s opinion that Newfoundland Power has above average business risk, and
7 comparable financial risk in relation to its Canadian peers. As noted in Appendix A,
8 Newfoundland Power’s comparable financial risk is achieved with more common equity
9 in the Company’s capital structure than its Canadian peers, which partially offsets
10 Newfoundland Power’s weaker cash flow related credit metrics. Even with this offset,
11 Newfoundland Power’s credit rating is weaker than the Canadian peer group average.
12 Taken together, due to the higher business risk, Newfoundland Power would be
13 somewhat above average risk in comparison to its Canadian peers.