

- 1 **Q.**                   **Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of**  
 2 **Laurence D. Booth, September 28, 2021, page 87, lines 9-11.**  
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 4                   **Please indicate where in Dr. Booth’s Appendix B the market risk premium**  
 5 **is higher in the U.S. than in Canada.**  
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 7  
 8 **A.**                   Appendix B Schedule 9 repeated below for convenience shows the historic  
 9 market risk premium in Canada at 4.50% versus 6.07% in the United States. In  
 10 other words the statistical evidence from 94 years of data is that the US market  
 11 risk premium is 1.57% higher than in Canada.  
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<b>Annual Rate of Return Estimates 1926-2020</b>						
	<b>U.S.</b>			<b>CANADA</b>		
	S&P Equities	Long US Treasury	Excess Return	TSE Equities	Long Canadas	Excess Return
AM	12.15	6.08	6.07	10.93	6.42	4.50
GM	10.28	5.65	4.63	9.35	6.09	3.26
OLS	10.89	5.62	5.26	10.12	6.24	3.88
Volatility <sup>1</sup>	19.66	9.79		18.26	8.70	