IN THE MATTER OF the *Public Utilities Act,* (the “Act”); and

IN THE MATTER OF the establishment of a just and reasonable return on rate base pursuant to Section 80 of the Act for Newfoundland Power Inc. (“Newfoundland Power”).

Requests for Information by
Newfoundland Power Inc.

NP-CA-1 to NP-CA-71

May 23, 2012

Requests for Information
Evidence of Laurence Booth – 2012 Cost of Capital Application

NP-CA-1 For each case where Dr. Booth has filed testimony since 2009, please provide in tabular format (i) the date of the testimony, (ii) the return on equity recommendation, (iii) the long-term Government of Canada bond forecast, (iv) the market risk premium, (v) the beta, (vi) any other adjustments made to arrive at the return on equity recommendation, and (vii) the return on equity allowed by the regulator in the proceeding.

NP-CA-2 Please provide a table, similar to the table provided on page 42 of Dr. Booth's evidence, for Dr. Booth's recommendations for a fair return on equity for Newfoundland Power for 2012 and 2013.

NP-CA-3 Reference: Page 2, Lines 6-7

"The Canadian economy has now recovered from the recession and is drawing down on the remaining spare capacity so we can expect several years of above average growth."

Reference: Page 32, Lines 5-10

"In terms of the business cycle in 2009 we were at the very start of the recovery. Now three years later we are still recovering, since the pace of recovery in Canada has been limited by the very weak recovery in the United States and Europe. What has helped Canada has been a strong banking system, high commodity prices and stable government finances. However, serious problems persist in the sovereign debt markets while austerity measures that currently exist in Europe and must soon exist in the United States will restrict the pace of economic growth."

Is it Dr. Booth's opinion that capital markets have recovered or returned to normal?

NP-CA-4 Please confirm that in Dr. Booth's pre-filed evidence in the AUC Generic Cost of Capital Case for 2011 Dr. Booth stated that:

"The fact is that we don't know all of the linkages in the credit default swap market, so that is a palpable nervousness in the bond market. That is something that is highly unusual. It is still there. It is nowhere near as bad as it was three years ago, but it is there, and we do not have a normal market."

NP-CA-5 Reference: Page 2, Lines 6-7

"The Canadian economy has now recovered from the recession and is drawing down on the remaining spare capacity so we can expect several years of above average growth."

Reference: Page 2, Lines 33-35

"If the Board decides to set the ROE for 2013 at this time, I would use a forecast long Canada bond yield of 3.50% but then add 0.80% for the impact of the Euro Crisis and Operation Twist and recommend a fair ROE of 7.95% in a range of 7.45%-8.50%."

If the Canadian economy has recovered, what then does the 0.80% adjustment in Dr. Booth's 2013 rate of return on equity recommendation represent?

NP-CA-6 Please provide in a format similar to that provided in response to Request for Information CA NP 259 a chart with each of the utilities in Dr. Booth's Canadian and US utility samples and their respective deferral/recovery mechanisms.

NP-CA-7 Reference: Page 6, Lines 19-20

Please fully describe what Dr. Booth regards as the extensive regulatory protection Newfoundland Power has enjoyed since 1995. Compare this to other Canadian utilities and their respective regulatory protection.

NP-CA-8 Please list the utilities in Dr. Booth's Canadian and US utility samples that have unregulated operations? What is the impact of unregulated operations in determining a fair return on equity?

NP-CA-9 Is it Dr. Booth's opinion that the assessment of a utility's overall business risk should be independent of the assessment of its financial risk?

NP-CA-10 Reference: Page 4, Lines 2-4

Is it Dr. Booth's opinion that financial risk for a utility is exclusively related to the utility's capital structure?

NP-CA-11 Reference: Page 2, Lines 3-5

"… I see little point in an extensive discussion of NPs business and financial risk, since all are in agreement that this has not changed."

In Order No. P.U. 43 (2009), the Board found that Newfoundland Power continued to be an average risk Canadian utility.

Does Dr. Booth agree that for the purposes of this proceeding Newfoundland Power continues to be an average risk Canadian utility?

NP-CA-12 Reference: Page 59, Lines 6-8

Please provide a detailed explanation of the differences which support Dr. Booth's statement that "although the principles of regulation are the same between the US and Canada, as is widely recognised the implementation is different."

NP-CA-13 Reference: Page 4, Lines 12-13

Please provide the basis of the statement that a 5% higher common equity ratio translates into a 0.25% reduction in allowed ROE.

NP-CA-14 Reference: Page 4, Lines 1-10

Does Dr. Booth consider the 8.75% return on equity for 2012 allowed by the AUC in Decision 2011-474 to be the benchmark return on equity for the purposes of this proceeding?

NP-CA-15 Reference: Page 32, Line 5 through Page 33, Line 2

Does Dr. Booth's prediction that "…we will continue to see periodic 'flights to quality' as investors fret about the sustainability of the US recovery and the possibility of sovereign debt restructurings" mean that the capital markets have not yet returned to normal?

NP-CA-16 Reference: Page 59, Lines 8-9

Has Dr. Booth conducted any studies of the specific 'significant adjustments' that are required to use estimates from US regulated utilities in Canada? If so, please provide copies of all such studies.

NP-CA-17 Has Dr. Booth conducted any studies on publicly traded US regulated utilities to support the proposition that the implementation of regulatory principles is different between the US and Canada? If so, please provide copies of all such studies.

NP-CA-18 Please confirm that Dr. Booth considers those US utilities listed in Schedule 9 to Appendix C to be comparable in risk to Newfoundland Power. If Dr. Booth is unable to confirm this, please explain why.

NP-CA-19 Please confirm that in 2009 Dr. Booth estimated the fair ROE for Newfoundland Power to be 7.75% based upon a 4.50% risk free rate.

NP-CA-20 Please confirm that in 2011 Dr. Booth estimated the generic fair ROE in Alberta for 2012 to be 8.15% based upon a 4.50% risk free rate.

NP-CA-21 Reference: Page 22, Lines 18-19

Dr. Booth indicates that there has been a dramatic collapse in Canadian long term interest rates which are unlikely to reverse soon. Given this, can Dr. Booth confirm that his 4.50% risk free rate for 2012 in this proceeding is not based upon forecast long-term bond yields? If Dr. Booth is unable to confirm this, please explain why.

NP-CA-22 Reference: Page 41, Lines 9-11

Dr. Booth indicates that using 4.50% forecast long-term bond yield for 2012, a CAPM fair return is 6.75% to 7.80% and using a 3.50% forecast long-term Canadian bond yield for 2013, a CAPM fair return is 5.75% to 6.80%. Does Dr. Booth forecast that long-term Canadian bond yields will decline by 1% from 2012 to 2013?

NP-CA-23 Reference: Page 52, Lines 8-9

Dr. Booth adjusts his CAPM estimates for 2012 and 2013 for corporate credit spreads and ‘Operation Twist’. Please indicate each and every similar adjustment Dr. Booth has recommended in cost of capital evidence since 2009.

NP-CA-24 Reference: NP 2010 GRA, Booth's Testimony, October 21 2009, Page 180, Lines 18-19

Dr. Booth stated "Generally the equity markets do not look seriously at bond ratings".

Is this Dr. Booth's opinion of equity markets now?

NP-CA-25 Reference: NP 2010 GRA, Booth's Testimony, October 22 2009, Page 24, Lines 23-25; Page 25, Lines 1-2

Dr. Booth stated "Well, I think right now, investor expectations, we're not going to have that because the market recovered and the economy has recovered and Americans have fixed their financial system".

Does Dr. Booth's still believe this is true now?

NP-CA-26 Reference: NP 2010 GRA, Booth's Testimony, October 22 2009, Page 97, Lines 6-12

Dr. Booth stated "….and the evidence is that utilities across Canada earn their allowed ROE's, and they exceed them, and typically they exceed them by 50 to 100 basis points because of incentive agreements and traditionally under spending operations and maintenance expenses and things. So there's no short term risk."

Is this Dr. Booth's opinion of Canadian utilities now?

NP-CA-27 Reference: Page 36, Lines 2-3, in the Stated Case at Page 18, the Newfoundland Court of Appeal stated:

"To achieve such a goal of attracting capital, factors such as comparisons with other comparable enterprises, the respective costs of debt and equity, the capital breakdown between debt and equity and general economic conditions, amongst other things, are considered."

Does Dr. Booth agree that this statement provides legal precedent for the Board to consider "… comparisons with other comparable enterprises"?

NP-CA-28 Reference: Page 37, Lines 23-25

"Currently, the CAPM is overwhelmingly the most important model used by a company in estimating their cost of equity capital. The following table comes from a survey of 392 US Chief Financial officers by Graham and Harvey in the Journal of Financial Economics 2001:"

Has this been updated in the last 11 years? Does Dr. Booth have any evidence of what Chief Financial Officers do now?

NP-CA-29 Reference: Page 37, Lines 23-25

"Currently, the CAPM is overwhelmingly the most important model used by a company in estimating their cost of equity capital. The following table comes from a survey of 392 US Chief Financial officers by Graham and Harvey in the Journal of Financial Economics 2001:"

Does Dr. Booth think that the survey of 392 US Chief Financial Officers is applicable to Canadian utilities?

NP-CA-30 Reference: Page 40, Lines 16-18

"Second, Canadian governments have moved to a primary surplus on their budgets. The primary surplus is the actual surplus after stimulus expenditures and the impact of an economic slow-down have been removed."

Please provide a list of the "Canadian governments" to which Dr. Booth is referring in the statement quoted.

NP-CA-31 Reference: Page 40, Lines 16-18

"Second, Canadian governments have moved to a primary surplus on their budgets. The primary surplus is the actual surplus after stimulus expenditures and the impact of an economic slow-down have been removed."

Please provide the period during which these Canadian governments have moved to primary surplus on their budgets and provide the data for each including detailed information on both (a) the amount of the stimulus expenditure removed and (b) how the impact of the economic slow-down is removed.

NP-CA-32 Reference: (a) Page 2, Lines 6-7

"The Canadian economy has now recovered from the recession and is drawing down on the remaining spare capacity so we can expect several years of above average growth."

(b) Page 16, Lines 7-8

"Similar to the Statistics Canada graph, it shows that the Canadian economy has recovered and returned to creating employment."

(c) Page 40, Lines 10-13

"This estimate is drawn from the Canadian capital market history going back to 1924 so encompasses periods very similar to today, such as the bleak 1930s of slow growth and falling prices, as well as booms and serious inflation problems such as the 1970's."

Please reconcile the statements in (a) and (b) above that the Canadian economy "has recovered" and "we can expect several years of above average growth" with the statement in (c) that the estimate draws on periods "similar to today" with "slow growth".

NP-CA-33 Reference: Page 40, Lines 10-13

"This estimate is drawn from the Canadian capital market history going back to 1924 so encompasses periods very similar to today, such as the bleak 1930s of slow growth and falling prices, as well as booms and serious inflation problems such as the 1970's."

To what periods other than the 1930s is Dr. Booth referring when he states "encompasses periods very similar to today"? Please provide the years for all periods to which he refers.

NP-CA-34 Reference: Page 44, Lines 1-7

"The BCUC's 2009 decision is a bit of an outlier. For their direct risk premium estimate they stated (Decision, Dec 16, 2009 page 60)

The Commission Panel establishes a CAPM estimate by using the Consensus estimate of 4.30 percent for the risk free rate, establishing an equity market premium in the range of the consensus estimate of Canadian professors of finance of 5 percent to 6 percent, and using an adjusted beta in the range of 0.60 to 0.66.

This produces a "bare-bones" CAPM estimate in the range of 7.30 percent to 8.30 percent before an allowance for financing flexibility.

To all intents and purposes this is very similar to that of the AUC, Regie, and the Board of Commissioners of Newfoundland and Labrador except for the relatively high risk assessment (beta) placed on Terasen Gas Inc (TGI) of 0.60-0.66. This higher risk ranking reflected the BCUC's assessment of TGI's increased business risk."

Please confirm that the BCUC approved an ROE of 9.5% for TGI.

NP-CA-35 Reference: Page 44, Lines 1-7

"The BCUC's 2009 decision is a bit of an outlier. For their direct risk premium estimate they stated (Decision, Dec 16, 2009 page 60)

The Commission Panel establishes a CAPM estimate by using the Consensus estimate of 4.30 percent for the risk free rate, establishing an equity market premium in the range of the consensus estimate of Canadian professors of finance of 5 percent to 6 percent, and using an adjusted beta in the range of 0.60 to 0.66. This produces a "bare-bones" CAPM estimate in the range of 7.30 percent to 8.30 percent before an allowance for financing flexibility.

To all intents and purposes this is very similar to that of the AUC, Regie, and the Board of Commissioners of Newfoundland and Labrador except for the relatively high risk assessment (beta) placed on Terasen Gas Inc (TGI) of 0.60-0.66. This higher risk ranking reflected the BCUC's assessment of TGI's increased business risk."

Please confirm that in arriving at its 9.5% ROE for TGI it gave "most weight to the DCF approach, lesser weight to the ERP and CAPM approaches and a very small amount of weight to the CE approach."

NP-CA-36 Reference: Page 44, Lines 1-7

"The BCUC's 2009 decision is a bit of an outlier. For their direct risk premium estimate they stated (Decision, Dec 16, 2009 page 60)

The Commission Panel establishes a CAPM estimate by using the Consensus estimate of 4.30 percent for the risk free rate, establishing an equity market premium in the range of the consensus estimate of Canadian professors of finance of 5 percent to 6 percent, and using an adjusted beta in the range of 0.60 to 0.66. This produces a "bare-bones" CAPM estimate in the range of 7.30 percent to 8.30 percent before an allowance for financing flexibility.

To all intents and purposes this is very similar to that of the AUC, Regie, and the Board of Commissioners of Newfoundland and Labrador except for the relatively high risk assessment (beta) placed on Terasen Gas Inc (TGI) of 0.60-0.66. This higher risk ranking reflected the BCUC's assessment of TGI's increased business risk."

Please indicate the passage(s) in the BCUC's decision where the Commission states that the adjusted beta of 0.60 to 0.66 reflects the BCUC's assessment of TGI's increased business risk.

NP-CA-37 Please confirm that the BCUC made the following statement in the 2009 Decision on page 45 regarding the CAPM and use of adjusted betas:

"The Commission Panel notes that CAPM is based on a theory that can neither be proved nor disproved, relies on a market risk premium which looks back over nine decades and depends on a relative risk factor or beta. The fact that the calculated beta for PNG (considered by Dr. Booth to be the most risky utility in Canada) was 0.26 in 2008 causes the Commission Panel to consider that betas conventionally calculated with reference to the S&P/TSX are distorted and require adjustment.

The Commission Panel will give weight to the CAPM approach, but considers that the relative risk factor should be adjusted in a manner consistent with the practice generally followed by analysts so that it yields a result that accords with common sense and is not patently absurd."

NP-CA-38 Reference: Page 47, Lines 13-27, Dr. Booth discusses the OEB's Decision EB-2009-0084 (Cost of Capital Report).

Please confirm that on page 36 of Decision EB-2009-0084, the OEB stated that **"the use of multiple tests to directly and indirectly estimate the ERP is a superior approach to informing its judgment than reliance on a single methodology."** (emphasis in original)

NP-CA-39 Reference: Page 47, Lines 13-27, Dr. Booth discusses the OEB's Decision EB-2009-0084 (Cost of Capital Report).

Please confirm that on page 36-37 of Decision EB-2009-0084, the OEB stated "In particular, the Board is concerned that CAPM, as applied by Dr. Booth, does not adequately capture the inverse relationship between the ERP and the long Canada bond yield. As such, the Board does not accept the recommendation that it place overwhelming weight on a CAPM estimate in the determination of the initial ERP."

NP-CA-40 Reference: Appendix B, Page 4, Lines 28-30 and Appendix B, Page 5, Line 1

"For 2011 the average long Canada bond yield (cansim 122487 over 10 year bonds) was 3.21% almost the average level for 1936 of 2.97% as globally investors fretted over a repeat of the Great Depression and sought the safety of government bonds."

Please provide all documentation in support of Dr. Booth's statement that during 2011 "investors fretted over a repeat of the Great Depression".

NP-CA-41 Reference: (a) Appendix B, Page 4, Lines 28-30 and Appendix B, Page 5, Line 1

"For 2011 the average long Canada bond yield (cansim 122487 over 10 year bonds) was 3.21% almost the average level for 1936 of 2.97% as globally investors fretted over a repeat of the Great Depression and sought the safety of government bonds."

(b) Page 52, Lines 14-16

"There is no "Operation Twist" 0.80% adjustment, since I used the 4.50% forecast LTC yields of June 2011 and at that time there was no significant Euro crisis or Operation Twist impact."

Please reconcile the statement in quote (a) that investors were fretting over a "repeat of the Great Depression" with that in (b) that "at that time there was no significant Euro crisis"

NP-CA-42 Reference: Appendix B, Page 9, Lines 19-21

"With a utility beta of 0.50 this implies a 3.00% increase in the market risk premium since the early 1990s, consistent with the low market risk premium during this period of fiscal deficits."

Please confirm that the National Energy Board established the market risk premium at 4.50-5.0% in RH-2-94 (March 1995).

NP-CA-43 Reference: Appendix B, Page 9, Lines 19-21

"With a utility beta of 0.50 this implies a 3.00% increase in the market risk premium since the early 1990s, consistent with the low market risk premium during this period of fiscal deficits."

Based on the market risk premium set in RH-2-94 by the NEB, what is the implied market risk premium based on Dr. Booth's analysis as set forth in Appendix B page 9, lines 19-21?

NP-CA-44 Reference: Appendix B, Page 9, Lines 19-21

"With a utility beta of 0.50 this implies a 3.00% increase in the market risk premium since the early 1990s, consistent with the low market risk premium during this period of fiscal deficits."

Please confirm that in Decision E94078 (Nova Gas Transmission Ltd., November 9, 1994), the Alberta Public Utilities Board considered a market risk premium in the range of 4.5% to 5.0% appropriate.

NP-CA-45 Reference: Appendix B, Page 9, Lines 19-21

"With a utility beta of 0.50 this implies a 3.00% increase in the market risk premium since the early 1990s, consistent with the low market risk premium during this period of fiscal deficits."

Please confirm that in Commission Order G-35-94 (Generic Decision, June 10, 1994), the BCUC established the market risk premium in the range of 4.5% to 5.0%.

NP-CA-46 Reference: Appendix B, Page 9, Lines 23-29 and Page 10, Line 1

"On the other hand, the regression model in Schedule 6 indicates that long Canada bond yields would probably be about 6.0% if Canada were still a segmented from the rest of the world. In this case using a forecasted long Canada bond yield of 6.25% for simplicity, the 3% drop in long Canada bond yields would only have increased the utility risk premium by 0.75% and the market risk premium by 1.5% over this "correct" long Canada bond yield. In this case the market risk premium over the current globally depressed long Canada bond yield should be increased by approximately 4.50%; that is, by 3% to offset the current depressed long Canada bond yield and another 1.5% for the inverse relationship between interest rates and the market risk premium."

Based on the market risk premium of 4.5-5.0% established by the NEB in RH-2-94, what is the implied market risk premium based on Dr. Booth's analysis as set forth in Appendix B page 9 lines 23-29 and page 10, line 1?

NP-CA-47 Reference: Appendix B, Schedule 6

Please provide in Excel format all data necessary to replicate the equation found on Schedule 6.

NP-CA-48 Reference: Appendix B, Schedule 6

Please confirm that Dr. Booth utilized the over 10 year long Canada bond yield series.

NP-CA-49 Reference: Page 4, Lines 22-27

"Of relevance is the assessment: "Notwithstanding that NPI's 2011 allowed ROE of 8.38% is currently one of the lowest in Canada, its 45% common equity is one of the highest in Canada and the PUB's decisions are timely and balanced." In this sentence Moody's is clearly articulating the acknowledged fact that NP's lower financial and regulatory risk, combined with its average business risk imply that it should be allowed a lower allowed ROE than the benchmark."

Please confirm that the sentence highlighted in the reference is Dr. Booth's interpretation of the quote taken from the Moody's report. If he cannot confirm, please explain why not.

NP-CA-50 Reference: Page 4, Lines 22-27

"Of relevance is the assessment: "Notwithstanding that NPI's 2011 allowed ROE of 8.38% is currently one of the lowest in Canada, its 45% common equity is one of the highest in Canada and the PUB's decisions are timely and balanced." In this sentence Moody's is clearly articulating the acknowledged fact that NP's lower financial and regulatory risk, combined with its average business risk imply that it should be allowed a lower allowed ROE than the benchmark."

Please confirm that Moody's assesses creditworthiness from the perspective of the bondholder. If he cannot confirm, please explain why not.

NP-CA-51 Reference: Page 4, Lines 22-27

"Of relevance is the assessment: "Notwithstanding that NPI's 2011 allowed ROE of 8.38% is currently one of the lowest in Canada, its 45% common equity is one of the highest in Canada and the PUB's decisions are timely and balanced." In this sentence Moody's is clearly articulating the acknowledged fact that NP's lower financial and regulatory risk, combined with its average business risk imply that it should be allowed a lower allowed ROE than the benchmark."

Please indicate all regulatory jurisdictions in which Moody's credit analysts have submitted evidence on, or testified as to, the fair return on equity.

NP-CA-52 Reference: (a) Page 22, Lines 10-16

"With Congress unable to achieve any fiscal initiatives the "heavy lifting" has been left to the Federal Reserve, which on September 21, 2011 announced a new "Operation Twist." The objective of "Operation Twist" is simply to spend $400 billion buying US government long term bonds to drive interest rates down and help US mortgage refinancing and thus kick-start the US housing market. Since the US has pledged to keep short term rates where they are at the moment, the effect is "quantitative easing" at the long end of the yield curve."

(b) Page 22, Lines 17-19

"The tsunami of falling US long term interest rates through "Operation Twist" fear of Euro area sovereign debt failures and the AAA bond rating for Canada has led to the dramatic collapse in Canadian long term interest rates, which are unlikely to reverse soon."

Please show in graph or table form how far U.S. and Canadian 10 and 30-yr government bond yields have fallen since September 21, 2011 as a result of "Operation Twist".

NP-CA-53 Reference: Page 5, Lines 20-22

"It is scarcely surprising therefore that Moody's confirmed the A2 rating on NP's first mortgage bonds in a July 19, 2011 credit report, while DBRS confirmed it's A rating on NP in its own January 24, 2012 credit report."

Please provide support for the conclusion that NP’s debt rating of A exceeds the median of Canadian utilities.

NP-CA-54 Reference: Page 5, Lines 20-22

"It is scarcely surprising therefore that Moody's confirmed the A2 rating on NP's first mortgage bonds in a July 19, 2011 credit report, while DBRS confirmed it's A rating on NP in its own January 24, 2012 credit report."

Please confirm that DBRS does not rate U.S. utilities.

NP-CA-55 Reference: Page 5, Lines 24-25

"The obvious conclusion is that NP is in excellent financial health with the current regulated financial parameters."

Please provide the following current and 12-18 month forward measures and associated scores (rating) as provided by Moody's in its July 19, 2011 credit report on NP:

- Liquidity
- CFO pre-WC + Interest/Interest/Interest (3 Year Avg)
- CFO pre-WC/Debt (3 Year Avg)
- CFO pre-WC - Dividends/Debt (3 Year Avg)
- Debt/Capitalization (3 Year Avg)

NP-CA-56 Reference: Page 5, Lines 24-25

"The obvious conclusion is that NP is in excellent financial health with the current regulated financial parameters."

Please confirm that 40% of NP's issuer rating is based on these key financial metrics.

NP-CA-57 Reference: Page 5, lines 24-25

"The obvious conclusion is that NP is in excellent financial health with the current regulated financial parameters."

Please confirm that Moody's compares Newfoundland Power's ratios to those "of other Baa1-rated peers predominantly engaged in T&D...."

NP-CA-58 Reference: Page 5, Lines 13-14

"In 2014 and 2015 NP has $62 million in high coupon (over 10%) debt that will be rolled over at rates similar today of just over 4.0% (A rated debt)."

What are Dr. Booth's forecasts of 30-year Canada's in 2014 and 2015?

NP-CA-59 Reference: Page 5, Lines 13-14

"In 2014 and 2015 NP has $62 million in high coupon (over 10%) debt that will be rolled over at rates similar today of just over 4.0% (A rated debt)."

Are the forecasts provided in response to Request for Information NP-CA-58 consistent with a coupon rate on new Newfoundland Power bonds in 2014 and 2015 as referred to in the preamble?

NP-CA-60 Reference: Page 20, Lines 20-22

Dr. Booth states: "However, 2007 was at the top of the business cycle and not an average year and countries should have been building up reserves for the bottom of the cycle, like Canada and Spain which had the largest surpluses of 1.6-1.9%."

Would Dr. Booth please confirm that Spain has recently taken center stage in the euro crisis? If he cannot confirm, please explain why not.

NP-CA-61 Reference: Chart Page 34 - Corporate ROE and BBB Spread

Please provide the annual data for both the corporate ROE and the BBB spread for the period 1980 to 2010 inclusive in Excel format.

NP-CA-62 Reference: Chart Page 51 - Preferred, A and utility Spreads

Please provide the data underlying the chart on page 51 in Excel format.

NP-CA-63 Reference: Page 52, Line 12

"2013: 7.45%-8.50% fair ROE 7.95%"

Please confirm Dr. Booth estimates the utility ROE for 2013 before the flotation cost allowance at 7.45% (7.95%-0.50%).

NP-CA-64 Reference: Page 52, Line 12

"2013: 7.45%-8.50% fair ROE 7.95%"

Page 41, line 11
"If I use the forecast 3.50% for 2013..."

Please confirm that based on an ROE of 7.45% before the flotation cost allowance and a risk free rate of 3.50%, the implied utility risk premium is 3.95%.

NP-CA-65 Reference: Page 41, Lines 5-6

"This is why I continue to judge the relative risk of a Canadian utility to be 45-55% of that of the market as a whole."

Please confirm that based on a relative risk adjustment of 45-55% (midpoint 50%) and a utility risk premium of 3.95%, the implied market risk premium is 7.9%. If this cannot be confirmed, please explain why not.

NP-CA-66 Reference: Page 16, Lines 10-11

"As DBRS notes the US unemployment rate will probably remain above the "normal" rate for the "foreseeable future."

Please confirm that DBRS subsequently initiated coverage of the United States (September 2011) and assigned a AAA issuer rating with a stable trend on its debt.

NP-CA-67 Reference: Appendix D, Page 10, Lines 8-10

"However, with a much greater exposure to non-US earnings I would judge a fair return on the US market to be 9.0-10.0% or about 0.50% higher than in Canada."

Please clarify if Dr. Booth means the S&P 500 when he refers to the US market, consistent with the discussion in the rest of the paragraph.

NP-CA-68 Reference: Appendix D, Page 10, Lines 8-10

"However, with a much greater exposure to non-US earnings I would judge a fair return on the US market to be 9.0-10.0% or about 0.50% higher than in Canada."

Does Dr. Booth mean that the U.S. market has a much greater exposure to non-US earnings than the Canadian market has to non-Canadian earnings? If no, please clarify what was intended by the sentence.

NP-CA-69 Reference: Appendix D, Page 10, Lines 8-10

"However, with a much greater exposure to non-US earnings I would judge a fair return on the US market to be 9.0-10.0% or about 0.50% higher than in Canada."

If the response to Request for Information NP-CA-68 is yes, please provide the documentation in support of the statement.

NP-CA-70 Reference: Appendix D, Page 10, Lines 8-10

"However, with a much greater exposure to non-US earnings I would judge a fair return on the US market to be 9.0-10.0% or about 0.50% higher than in Canada."

Does Dr. Booth conclude that the U.S. equity market is more risky than the Canadian market because it has greater exposure to non-domestic earnings?

Please explain the response.

NP-CA-71 Reference: Appendix D, Page 15, Lines 15-16

"I would judge the large US utilities included in the S&P500 index to warrant a utility risk premium on average of 2.0-3.0% over the long treasury yield."

Please provide the corresponding average utility risk premium for an average risk Canadian utility over the long-term Canada bond yield.

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 23rd day of May, 2012.

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