

1 **Q. Reference Evidence of Newfoundland power, pages 1-2: Does the company accept**  
2 **that capital structure changes (common equity ratio) mainly change as a result of**  
3 **changes in business risk as is the explicit policy of for example the Alberta Utilities**  
4 **Commission?**

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6 A. Newfoundland Power does not accept the broad premise as it is stated in the question.

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8 Newfoundland Power does accept that the Alberta Utilities Commission's recent practice  
9 is to (i) establish a generic return on equity which applies uniformly to all utilities it  
10 regulates and (ii) account for differences in risk among the individual utilities by  
11 adjusting their capital structures. See, for example, AUC Decision 2009-216, para. 332,  
12 page 88.