

1 **Q. Reference Evidence of Newfoundland power, pages 1-2: Does the company accept**
2 **that its 45% common equity ratio exceeds the typical common equity ratio of**
3 **similarly sized electric utility in Canada, if not what “comparable” Canadian**
4 **utilities would the company regard as of similar risk, but with higher common**
5 **equity ratios?**

6
7 A. Newfoundland Power’s target common equity ratio of 45% is higher than that typically
8 approved for regulated Canadian electric utilities.

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10 Please refer to the Evidence of Newfoundland Power, Page 18, line 1, *et. seq.* where it is
11 stated that:

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13 “The Company’s target of 45% common equity in its capital structure is
14 consistent with Board orders since 1990. Newfoundland Power’s capital
15 structure is a relative strength that mitigates risks associated with the
16 Company’s small-size and low long-term forecast growth estimates.”

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18 For a comprehensive list of current capital structures adopted by regulatory boards for
19 Canadian utilities, please refer to McShane Evidence, Schedule 3, Page 1 of 3.