

1 **Q. Evidence of Kathleen McShane – Appendix “B”, “Selection of U.S. Low Risk Utility**
2 **Sample.”: For each of Ms. McShane’s U.S. companies in her “U.S. Low Risk Utility**
3 **Sample”, Ms. McShane provides “Customers by Type”. Please explain how the**
4 **“Customers by Type” is relevant to the comparison for the purposes of this**
5 **application of the companies in her sample to Newfoundland Power Inc.**
6

7 A. The composition of the customer base (e.g., residential, commercial, industrial) is a factor
8 in business risk assessment. All other things equal, utilities with a large industrial base
9 and which derive a significant portion of their margin from industrial customers face
10 higher business risk than those who are less dependent upon industrial customers. Please
11 also see response to CA-NP-254.