

1 **Q. Reference: Answer of Ms. McShane to CA-NP-370:**

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3 **Please indicate what factors lead Ms. McShane to judge Newfoundland Power to**
4 **have above average business risk compared to other Canadian electricity companies**
5 **such as Maritime Electric with 40% common equity and Nova Scotia Power Inc.**
6 **with 37.5% common equity.**
7

8 A. Please see response to Request for Information CA-NP-580. Ms. McShane does not
9 consider that Newfoundland Power has higher business risks than Maritime Electric or
10 Nova Scotia Power, and has never claimed that it does. In her opinion, the common
11 equity ratios of both Nova Scotia Power and Maritime Electric are low for the level of
12 fundamental business risks that they face and in Maritime Electric's case, also for its size,
13 and would recommend (and has recommended) an ROE higher than that applicable to an
14 average risk (or benchmark) Canadian utility, e.g. Newfoundland Power, at the common
15 equity ratios cited in the question.