

1 **Q. Reference pages 13-21: Risk profile and capital structure: Please confirm that**
2 **although NP is regarded as an average risk utility, it has the highest common equity**
3 **ratio of any electric utility in Canada and if this lowers its risk, it should have the**
4 **lowest allowed ROE. If not why not.**

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6 **A.** Mr. MacDonald confirms that NP does have the highest common equity ratio of any
7 investor-owned Canadian utility. However, having the highest common equity ratio does
8 not necessarily mean it should have the lowest allowed ROE. My conclusion of average
9 risk is based on average total risk (business and financial).