

1 **Q. Reference: page 80, lines 1-2**

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3 **"I would compare NP with the following Canadian electric utilities, which vary in size**  
4 **but have similar common equity ratios." Dr. Booth then compares Newfoundland**  
5 **Power to ATCO Electric, FortisBC Inc., Maritime Electric and Nova Scotia Power.**

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7 **Please confirm that Dr. Booth has previously recommended that ATCO Electric**  
8 **should have a 35% common equity ratio and that the actual allowed common equity**  
9 **ratio is four percentage points higher than Dr. Booth recommended.**

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11 **A.** Dr. Booth made that recommendation eight years ago in 2004 when ATCO Electric's  
12 approved common equity ratio was 35%. The AUC then allowed ATCO Electric 37%, not  
13 39%, which was the increased common equity ratio allowed in 2009. Dr. Booth did not  
14 make any recommendations for ATCO Electric in 2009 or 2011. However, he notes that the  
15 increased common equity ratio for ATCO Electric in 2009 was part of an across the board  
16 increase to in part reflect capital market conditions and not specific risk factors for ATCO  
17 Electric. In 2011 the Utilities Advocate advanced evidence that suggested that this  
18 justification had passed and the increased common equity ratios should be rolled back.  
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