

1 **Q. Reference: page 90, lines 12-17**

2  
3 **"All of NPI's operations are located in Canada whose regulatory and business**  
4 **environment we consider to be supportive relative to those in other jurisdictions.**  
5 **Furthermore, we consider the PUB to be one of the most supportive regulators in**  
6 **Canada. Notwithstanding that NPI's 2011 allowed ROE of 8.38% is currently one of**  
7 **the lowest in Canada in Canada, its 45% common equity is one of the highest in**  
8 **Canada and the PUB's decisions are timely and balanced."**

9  
10 **Please discuss the likely impact on Moody's view of the supportiveness of regulation**  
11 **in Newfoundland and Labrador if the PUB reduced Newfoundland Power's common**  
12 **equity ratio to 40% and adopted Dr. Booth's recommended ROE for 2013 of 7.50%.**

13  
14 **A. Dr. Booth does not see any impact as the rating agencies generally point to the "strong**  
15 **balance sheet" of NP, so they are aware that it is out of line with NP's peer group.**