

1    **Q.    Pg. 4, lines 10-12 - Please provide your analysis supporting that Newfoundland**  
2    **Power has lower financial risk.**

3  
4    A.    This is a question of arithmetic: NP has admitted (CA-NP-004 NP2012 COC)

5  
6    "Newfoundland Power's target common equity ratio of 45% is higher than that typically  
7    approved for regulated Canadian electric utilities."

8  
9    With 45% common equity versus 37.5% for Nova Scotia Power, 40% legislated for Maritime  
10    Electric, 39% for ATCO Electric and 40% for FortisBC, NP has more common equity and  
11    less financial leverage ergo less financial risk.