

1 **Q. 2013-2014 General Rate Application, Company Evidence**

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3 **Does Newfoundland Power consider that the current formula would be more**  
4 **reliable in determining a fair return on equity if there were a mechanism added**  
5 **which accounted for any material sudden drop/increase in the risk free rate?**

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7 A. Not necessarily.

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9 For example, if such a mechanism was added, but the equity risk premium was  
10 insufficient; the revised formula would not necessarily be more reliable in determining a  
11 fair return on equity.

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13 Please refer to the response to Requests for Information PUB-NP-015 and PUB-NP-017.