

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.