

Q. Opinion on Capital Structure and Return on Equity
Kathleen McShane – Volume 3

Pg. 2, #4 - Compared to other utilities, how would you characterize Newfoundland Power's equity ratio?

- A. Compared to other utilities in Canada, Newfoundland Power's allowed common equity ratio is higher than average. Newfoundland Power's common equity has been unchanged for more than 20 years, while those of other Canadian utilities have trended upward. Compared to utilities in the U.S., Newfoundland Power's allowed common equity ratio is lower than the average of electric and gas utilities generally and lower than the average of Ms. McShane's U.S. utility sample.