

1 **Q.**                   **Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of Laurence**  
2                           **D. Booth, September 28, 2021, page 42, lines 21-22.**

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4                           **Please explain the basis for the assertion that Newfoundland Power’s**  
5                           **ability to earn its allowed ROE means “there has been no discernable risk**  
6                           **borne by the common shareholders.”**

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9 **A.**                    See the answer to NP-CA-018. Note that those remarks were in the context of  
10                        business risk. If NP’s common shares were traded in the capital market they  
11                        would still suffer market risk as prices would fluctuate consistent with its beta  
12                        and market volatility. In the same way, Long Canada bond prices have no  
13                        default risk and the payments are fixed yet the price of the bond still varies  
14                        with interest rate changes and subjects investors to risk.