

1 Q. Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of
2 Laurence D. Booth, September 28, 2021, page 46, lines 2-6.
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4 *“NP was specifically asked whether its risk assessment applied to the*
5 *immediate test years 2022 and 2023 (CA-NP-018) and specifically stated it*
6 *did not confirm that assumption and that its risk assessment reflects both*
7 *near-term and long-term analyses. In my judgment this goes against the*
8 *regulatory compact in Canada, the explicit policy of the OEB and past*
9 *practise of most Canadian boards.”*

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11 **Does Dr. Booth agree that investors consider both short-term and long-**
12 **term investment risks? Please explain.**
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15 A. Agreed but utility investors in Canada should also be aware that there are
16 always hearings when something serious happens to a utility and that the
17 regulator wherever possible reallocates any costs (risk) to rate payers to ensure
18 they pay the full cost of service. This is why the utility has deferral accounts. In
19 this sense we are always in a series of short runs and we have to pay attention
20 to regulatory protection. Dr. Booth is not aware of any situation where a
21 regulator just ignored serious risks that arose in an upcoming test year
22 regardless of whether or not they had been flagged in previous hearings as part
23 of the utility’s risk.