

1 **Q.** Reference: *Fair Return for Newfoundland Power (NP)*, Evidence of
2 Laurence D. Booth, September 28, 2021, page 87, lines 12-13.

3
4 **Please provide the basis for the statement that it is “widely recognised”**
5 **that the implementation of regulation in the U.S. is different than in**
6 **Canada.**

7
8
9 **A.** Please see the direct quote from Moody’s on page 91 of Dr. Booth’s testimony
10 repeated below for convenience.

11
12 *“Moody’s views the regulatory risk of US utilities as being higher in most*
13 *cases than that of utilities located in some other developed countries, including*
14 *Japan, Australia and Canada. The difference in risk reflects our view that*
15 *individual state regulation is less predictable than national regulation; a*
16 *highly fragmented market in the US results in stronger competition in*
17 *wholesale power markets; US fuel and power markets are more volatile; there*
18 *is a low likelihood of extraordinary political action to support a failing*
19 *company in the US; holding company structures limit regulatory oversight;*
20 *and overlapping and unclear regulatory jurisdictions characterize the US*
21 *market. As a result no US utilities, except for transmission companies subject*
22 *to federal regulation, score higher than a single A in this factor.”*