

1 **Q. Evidence, page 47, line 4 to page 48, line 27.**

2 **(a) Is Dr. Booth familiar with the evidence of Dr. John Todd filed by the**
3 **Consumer Advocate in Newfoundland Power's 2022 Capital Budget**
4 **Application that states concerns that utilities are already experiencing a**
5 **"death spiral" because of technological changes?**

6 **(b) How does Dr. Booth reconcile Dr. Todd's opinion that technological**
7 **changes will impact utility operations with Dr. Booth's opinion that it does**
8 **not increase Newfoundland Power's risk?**

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10 **A. (a) and (b) At the time of his testimony Dr. Booth was not aware of Dr. John Todd's**
11 **testimony but having read it can see nothing in it to change his risk assessment.**
12 **Specifically Dr. Todd states:**

13
14 "NP's view is exemplified in its response to CA-NP-090 (c) which asked
15 whether NP is "concerned about the utility death spiral". NP states:

16
17 *Newfoundland Power is not currently concerned about the utility death*
18 *spiral. [Fn. 3: Newfoundland Power considers the 'utility death spiral' to*
19 *refer to a scenario in which declining utility energy sales lead to higher*
20 *customer rates necessary to recover a utility's costs. Higher customer rates,*
21 *in turn, lead to a further decline in energy sales which require further*
22 *increases in customer rates.]*

23
24 In the view of Elenchus, NP's absence of concern is quite reasonable if the
25 comment is intended to apply only to the next few years; however, it seems
26 naive if NP is suggesting that the same lack of concern is reasonable and
27 prudent in terms of the next half-century, or even for the next decade."

28
29 Dr. Booth emphasises that his own risk assessment is associated with the next few
30 years, and more specifically, the test years of 2022 and 2023, rather than risks that
31 may arise beyond the next decade. Risks that arise beyond the next decade will be
32 the subject of future GRAs. In this sense, Dr. Booth agrees with the Elenchus
33 assessment and his evidence is entirely consistent.

34
35 Dr. Booth would note that there is no evidence currently before the Board of
36 potential stranded assets for NP and that the utility itself is not currently concerned
37 about a death spiral.