

- 1 **Q. Evidence, page 48, lines 17-27. Dr. Booth states that “mitigation is under way”**  
2 **and that the risk for Newfoundland Power is not as great as three years ago. In**  
3 **Dr. Booth’s opinion has the recent Federal and Provincial Governments’**  
4 **announcement on a rate mitigation plan eliminated all the uncertainty arising**  
5 **from the in-service of the Muskrat Falls Project so that it has become**  
6 **insignificant or irrelevant in assessing Newfoundland Power’s business risk?**  
7 **In the response include Dr. Booth’s opinion as to whether the Board should**  
8 **consider in any way that the recovery of costs related to the Muskrat Falls**  
9 **Project is a factor to be considered in assessing Newfoundland Power’s**  
10 **business risk and whether the fact there is uncertainty as to how mitigation will**  
11 **be implemented is a material risk for Newfoundland Power.**  
12
- 13 A. Dr. Booth can only repeat the analysis in his evidence on pages 48-51 that NP serves  
14 a clientele that is largely immobile, that is residential, commercial and street  
15 lighting. And further that electricity rates would have to jump by about 25% to  
16 match those in Charlottetown where there was little to no discussion of high costs  
17 as a business risk factor let alone the levels of NYC, Boston and San Francisco. He  
18 would also emphasise that the standard point of analysis should be a demand study  
19 assessing how sensitive different sectors of demand are to electricity prices and  
20 whether some could bypass NP’s system. Without knowing the magnitude of the  
21 cost increases and their impact on demand it is impossible to assess their  
22 significance. Further, NP has not included such an assessment nor does it judge that  
23 its business risk has materially changed.  
24
- 25 Dr. Booth’s recommendation to the Board would be to wait until the situation  
26 clarifies and if there are substantial increased costs specifically task NP with  
27 performing a demand study to address any possible changes in rate design at its next  
28 general rate application.