

1 **Q. Further to the response to PUB-NP-039, page 3, lines 36-40, has Newfoundland**  
2 **Power not achieved its approved return on equity (ROE) in any year since 2010 due**  
3 **to the inclusion of costs arising from severe weather events? If yes, provide the**  
4 **approved ROE and the actual ROE for each year that the approved ROE was not**  
5 **achieved.**

6  
7 A. Costs associated with responding to severe weather events are unpredictable.  
8 Unpredictable costs can create volatility in earnings, which, in turn, creates risk in the  
9 Company's ability to achieve its approved ROE.

10  
11 Newfoundland Power has achieved its approved ROE each year since 2010. The  
12 Company has exercised sound financial management to limit volatility in earnings  
13 resulting from severe weather events. For example, a severe blizzard in January 2020  
14 resulted in operating costs of nearly \$1 million. This event occurred early in the year,  
15 which enabled the Company to manage the impact of this event on its financial  
16 performance throughout the remainder of the year.

17  
18 Business risk is a relative concept. The service territory of Newfoundland Power  
19 includes the most severe weather conditions for electrical distribution utilities in  
20 populated regions of Canada. While the Company exercises sound financial  
21 management, severe weather events nonetheless present an ongoing risk to its ability to  
22 achieve its approved ROE.