Q. **Reference:** ***Fair Return and Capital Structure for Newfoundland Power (NP)*, Evidence of Laurence D. Booth, April 2024, page 97, lines 13-16.**

"*There seems to be a consistent theme to expert evidence put forward by most companies and their expert witnesses. This is that bad things could happen to the utility, even though so far they never have.*"

Does Dr. Booth consider an equity investment in Newfoundland Power to be a risk-free investment? Please explain.

A. No, but there are close similarities between an investment in NP's common shares and an investment in floating rate preferred shares. In both cases, they are a part of shareholder's equity and have a dividend/ROE re-set periodically every 3-5 years. The yield on floating rate preferred shares is considerably lower than that requested by NP on its shareholder's equity.

Dr. Booth would also note that NP has consistently earned its stated/allowed ROE plus a premium, whereas the Canada bond consistently pays its coupon without any excess return due to over earning by the government of Canada. Neither party has failed in their promised payment/return over the last 25 years. Finally, the Canada bond pays highly taxed interest income and the return to Fortis is lightly taxed as inter corporate dividends.