

1 Q. Reference: Dr. Booth Evidence, Page 71, Lines 2-3

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3 *“In a dictionary sense risk is the probability of incurring harm. On the basis of*  
4 *its demonstrated ability at earning its allowed ROE, NP has not suffered any risk*  
5 *whatsoever.”*

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7 **Is it Dr. Booth’s opinion that Newfoundland Power has no risk whatsoever**  
8 **because of its demonstrated ability at earning its allowed ROE?**

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10 A. No. Ability to earn the allowed ROE reflects minimal short run business risk. In  
11 addition, there is long run recovery risk and market risk. In the 1990s the LTC bond  
12 had market (beta) risk similar to that of Canadian utilities yet there was no short run  
13 risk of not being paid.