

1 **Q. Reference Evidence of Dr. Sean Cleary dated September 25, 2018**  
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3 **Page 2, lines 6-11 and page 24, lines 6-12: Dr. Cleary concludes that**  
4 **Newfoundland Power is a “very low business risk firm”. In Order No. P.U. 18**  
5 **(2016) the Board concluded at page 19, lines 26-29 that Newfoundland Power’s**  
6 **business risk had not increased at that time to above average from average and**  
7 **at lines 31-32 that it was an average risk utility. What circumstance or factors**  
8 **have changed since the Board’s Order that would cause the Board to now**  
9 **conclude that Newfoundland Power has a very low business risk?**

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11 **A.** Dr. Cleary did not make this statement based on the belief that any circumstances  
12 or factors have changed significantly since 2016. He made the same conclusion in  
13 my 2016 evidence (page 2, line 19). This statement is based on two assertions. First,  
14 regulated Canadian distribution utilities in general possess business risk that is well  
15 below the average “firm,” which includes companies in other industries. In other  
16 words, the average regulated Canadian distribution is a low (to very low) business  
17 risk firm. So the statement should be taken in context. Second, Newfoundland  
18 Power (NP) possesses below average business risk in comparison to other Canadian  
19 regulated electric distributors. This assertion is based on his analysis as discussed in  
20 Sections 3.1 and 3.2 of his evidence (pages 13-25).