Q. Wells (p.14, lines 7-22). What are the price implications of Hydro's proposed long-term objectives of a debt/equity ratio of 60/40 and ROE of 11% to 11.5%, assuming that they were to be implemented on January 2002? In particular, what would be the resulting increase in Hydro's revenues, expressed in dollars and percentage terms.

A. Assuming Hydro's capital structure reflects a debt/equity ratio of 60/40, the resulting increase in Hydro's revenues would be approximately $23.1 million, or an additional 7.3% of the proposed regulated revenue requirement. These numbers do not include any additional funds from ratepayers to achieve 40% equity; nor do they incorporate any cash flow impacts associated with interest and return on rate base from those filed in Exhibit JAB-1.