

1 Q. (Re: p. 14, lines 5-7)

2 Would higher volatility in purchased power costs and resulting net income result  
3 in higher business risk and therefore require a higher ROE all other things being  
4 equal?

5

6 ANSWER:

7 Increased business risk would require a higher ROE; however, Hydro has  
8 provided no evidence, to date, to support its claim that a demand-energy  
9 wholesale rate would tend to create earnings volatility from year to year.