

1 Q. **RE: Schedule A, DWO, October 31, 2001, Page 2 of 2**

2

3 Provide a detailed calculation of the revised return on equity on a regulated
4 basis and on an overall basis. For both the filed and revised footnote 2,
5 provide a reconciliation of the numbers used to produce the 2.7% return on
6 equity that will result when no margin is included on NLH Rural Island
7 Interconnected and Isolated Systems Assets.

8

9 A. See attached schedule.

NEWFOUNDLAND AND LABRADOR HYDRO
(\$thousands)

Return on regulated common equity:

	As Filed		Revised - October	
	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>
1 Retained earnings, JCR, Schedule XII(A)	269,367	208,830	267,256	208,171
2 Average retained earnings		239,099		237,714
3 Net income, JCR Schedule I(A)		9,610		7,997
4 Return on equity - overall	line3/line2	<u>4.0%</u>		<u>3.4%</u>
5 Total Ratebase, Exhibit JAB-1, page 2 of 94		1,370,470		1,367,557
6 Proportion of Equity in Capital structure, JCR Schedule VIII(A)		15.27%		15.07%
7 Portion of ratebase financed by equity	line5*line6	209,271		206,091
Return on Ratebase, equity component				
8 Exhibit JAB-1, page 2 of 94		5,663		5,575
9 Return on equity - regulated	line8/line7	<u>2.71%</u>		<u>2.71%</u>