

Q. NLH-103 CA (Re: Table, page 15)

Please revise the table on page 15 using (1) the return on equity the Board allowed for Newfoundland Power of 9.75%; (2) Hydro's correct cost of debt (less the guarantee fee); and (3) the capital structure ratios shown in the alternative deemed capital structure shown in question NLH-98 CA above.

A. **The table on page 15 represents my estimate of the appropriate return on rate base to be allowed to Hydro. As such, it needs to be revised for any updated filing on the cost of debt. However, the other assumptions are arbitrary and do not reflect the appropriate levels to be used. The calculation would not reflect the appropriate level of return on rate base.**