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Dr. Kalymon calculates the required return of Fortis. Please confirm that the calculated value of 9.07% is 74 basis points higher than when Dr. Kalymon prepared his Newfoundland Power testimony.

A. **The adjusted earnings test is only one of several tests which can be applied to the calculation of the required return on equity. No determination of the required return for Fortis is made in either the current testimony or in that the most recent testimony on Newfoundland Power. The testimony in the most recent Newfoundland Power case estimated the required return for Newfoundland Power at 8.50%-9.00% based on all of the tests conducted. The results of the application of any single test can be volatile and the adjusted earning test showed different results for Fortis when applied at the time of the preparation of the Newfoundland Power testimony as compared to the current Hydro testimony, as indicated.**