

NLH-170 PUB (Re: Page 6, lines 19-21)

Dr. Waverman states, "A moderate level of retained earnings – compared to the level exhibited by investor-owned utilities – is likely both prudent and a way of showing bond analysts that Hydro's fixed interest payments are manageable." Please define what Dr. Waverman believes is a moderate level of retained earnings.

- A. I have not defined what is a moderate level of retained earnings, although I did point out a "note of caution" in my testimony (p. 13, lines 12-21).