

Q. NLH-97 CA (Re: Table, page 15)

Please confirm that Dr. Kalymon's recommended ROE for Hydro at a deemed capital structure of 60% debt/40% equity is identical to his recommended ROE for Newfoundland Power in his December 2002 testimony.

A. The recommended ROE for Newfoundland Power in December 2002 was a range of 8.50% to 9.00% on a deemed equity component of 40% with a reduced return on equity above the 40% level. In the Newfoundland Power case cited, no consideration of compensation to the investor by means on a guarantee fee was involved. Thus , the recommendations are in a similar range but differ due to other considerations.