

1 Q. Referring to page 22, lines 6-10: If Hydro is forecasting a regulated capital
2 structure of 86% (page 17, line 22), does this mean that the proposed
3 common equity return on forecasted equity capital (including the debt
4 guarantor fee) is 23.2% $((8.65-5.4) \div 14\%)$? Please provide a complete
5 explanation of your answer.

6
7
8 A. No. As discussed in PUB-52 NLH, the debt guarantee fee, as proposed,
9 does not include any compensation to the equity shareholder.