

1 Q. Automatic Adjustment Formula for Return on Equity: Given Hydro's proposed
2 approach, please confirm that the effect (given the 2007 proposed rate base
3 and capital structure) is that if the "new" rate of return on equity falls within a
4 range of 3.92% to 6.41% in any year, there would be no change to rates.

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7 A. Under the Automatic Adjustment Formula as proposed, and given the 2007
8 proposed rate base and capital structure it is confirmed that if the "new" rate
9 of return on equity were to fall within a range of 3.92% to 6.41% in any year,
10 there would be no change to rates.