

1 **Q. Schedule 1, Page 4 of the application states:**

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3 *“For 2016, Newfoundland Power’s forecast return on equity is 8.08%. This is below*  
4 *the 8.80% allowed in Order No. P.U. 13 (2013). It is also below the returns on equity*  
5 *currently allowed other investor owned Canadian regulated utilities.<sup>11</sup>*

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7 <sup>11</sup> *Returns on equity currently allowed for investor owned utilities by Canadian*  
8 *regulators are 8.75% (British Columbia), 8.30% (Alberta), 9.30% (Ontario), 8.90%*  
9 *(Quebec) and 9.00% (Nova Scotia). The 8.80% approved by the Board in Order No.*  
10 *P.U. 13 (2013) appears to be at the mean (and marginally below the median) of current*  
11 *equity returns allowed by other Canadian regulators.”*

12  
13 **Please complete the following table for the information referenced in the**  
14 **application, and complete the following calculations:**

Line No.	Province	Newfoundland	Newfoundland	British Columbia	Alberta	Ontario	Quebec	Nova Scotia
	Utility	Newfoundland Power (Approved)	Newfoundland Power (2016 Forecast)					
1	Regulated Return on Equity (%)	8.80%	8.08%	8.75%	8.30%	9.30%	8.90%	9.00%
2	Common Equity for Rate Making (%)							
3	Weighted Average Return on Equity (%) (Line 1 * Line 2)							

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17 **A.** Newfoundland Power observes that the data indicated in lines 2 and 3 of the table  
18 contained in this Request for Information does not include “...information referenced in  
19 the application..”.

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21 In addition, Newfoundland Power has not yet had an expert complete a review of the  
22 Company’s forecast cost of capital for 2016.

23  
24 Refer to the response to Request for Information PUB-NP-004 for copies of current  
25 Canadian regulatory decisions related to utility cost of capital. These decisions may  
26 provide helpful information to enable Newfoundland and Labrador Hydro to conduct the  
27 assessment this Request for Information seeks, however, detailed compliance filings from  
28 many utilities may be required to provide reliable results.