

1 **Q. What is NP's forecast return on equity in 2016 assuming revenue growth at the five**  
2 **year weather normalized average?**

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4 A. Newfoundland Power is not forecasting revenue growth in 2016 that will equal the five  
5 year weather normalized average.

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7 The five year weather normalized average revenue growth for the period 2009 to 2014 is  
8 2.17%. Newfoundland Power's *pro forma* return on equity for 2016, assuming revenue  
9 growth of 2.17%, is 8.30%. This is 50 basis points below the 8.80% return on equity  
10 allowed in Order No. P.U. 13 (2013).

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12 In addition, the corresponding return on rate base, assuming revenue growth of 2.17%, is  
13 7.16%. This is below the range of 7.32% to 7.68% approved by the Board in Order No.  
14 P.U. 51 (2014).