

1 Q. Schedule 1, Page 4 of NP’s 2016 Deferred Cost Recovery application stated:

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

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8 *<sup>11</sup> Returns on equity currently allowed for investor owned utilities*  
9 *by Canadian regulators are 8.75% (British Columbia), 8.30%*  
10 *(Alberta), 9.30% (Ontario), 8.90% (Quebec) and 9.00% (Nova*  
11 *Scotia). The 8.80% approved by the Board in Order No. P.U. 13*  
12 *(2013) appears to be at the mean (and marginally below the*  
13 *median) of current equity returns allowed by other Canadian*  
14 *regulators.”*

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16 Please complete the following table for the information referenced in the  
17 application, and complete the following calculations:  
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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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21 A. In the 2016/2017 General Rate Application, Newfoundland Power has provided expert  
22 evidence in relation to the Company’s cost of capital. This evidence contains detailed  
23 information regarding Newfoundland Power’s cost of capital as well as the cost of capital  
24 of comparable utilities in Canada and the United States.<sup>1</sup>

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26 This question seeks further information on Newfoundland Power’s 2016 Deferred Cost  
27 Recovery Application. This application was concluded with Order No. P.U. 23 (2015).

<sup>1</sup> Concentric Energy Advisors expert cost of capital evidence can be found in *Volume 3: Expert Evidence and Studies, Tab 1* of the Application.