

1 **Q. Would NL and its customers, including its Industrial Customers, be impacted by the**
2 **elimination of NP's AAF in light of the June 2009 Government directive to the**
3 **Board in relation to NLH's return on equity?**
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5 A. The Provincial Government directive to the Board which was announced in June 2009
6 provided, in effect, that Newfoundland and Labrador Hydro ("Hydro") would be
7 permitted to earn a return on equity equal to that permitted by the Board for
8 Newfoundland Power.
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10 It is Newfoundland Power's understanding that Hydro will be permitted an opportunity to
11 earn this return on equity whether it is determined in a Newfoundland Power general rate
12 application or by means of the Automatic Adjustment Formula.