

- 1 **Q. Re: The Newfoundland Economy discussion on page 11**
2
3 **(a) Mr. Cicchetti seems to review the basic information in the Conference**
4 **Board of Canada's forecast for the Newfoundland and Labrador**
5 **economies. Please explain in full how this has affected his**
6 **recommendations since they are based exclusively on US sample of**
7 **firms.**
8
9 **(b) Please indicate how Mr. Cicchetti's recommended ROE would change**
10 **if the Newfoundland and Labrador economies were stronger than the**
11 **discussion on page 10-11 indicates.**
12
13 A. (a.) Mr. Cicchetti reviewed the relevant economic information to evaluate the
14 reasonableness of his recommendation.
15
16 (b.) Any changes to Mr. Cicchetti's recommendation would depend on how a
17 stronger economy affected, among other things, investor expectations
18 regarding inflation and interest rates as well as expectations for the
19 Company regarding costs, growth, capital expenditures, external financing
20 and regulatory support.