Q. Discussion of capital markets on page 11

(a) Please provide all documentation and citations to the literature to support the assertion that changes in the yields on utility debt and their share prices have increased utilities required returns, given that no such documentary support is in Mr. Cicchetti's evidence.

(b) Please confirm that the Board of Commissioner's is tasked with awarding a fair return for the forward test year and that what matters is future capital market conditions not what has happened over the past year.

(c) Given (b) above is it Mr Cicchetti's judgment that US Treasury Secretary Geithner will repeat the policy mistakes of his predecessor and throw the world into another serious recession in the upcoming test year? If so please provide the evidentiary support for such a proposition.

(d) Please provide the current volatility estimate from the VIX and MVIX and provide a graph showing how this volatility has changed over the last two years.

(e) Mr. Cicchetti refers to utility yields and yet in his evidence he only documents "A" yields. Please provide a chart and table of "A" bond yields and Newfoundland Power (or another Canadian A rated utility) bond yields monthly for the last five years.

(f) Mr Cicchetti expects Canadian yields to increase. Please confirm that this also means Newfoundland Power's allowed ROE will increase according to the ROE formula. Please provide his estimate of the allowed formula ROE consistent with his bond yield forecast.

A. (a.) It would be too voluminous to provide all documentation and citations indicating that increases to the yields on utility debt and significant decreases in utility stock prices have increased utilities required returns. Mr. Cicchetti’s risk premium analysis is evidence that utility required returns have increased as utility debt costs increased while their stock prices decreased.

(b.) Mr. Cicchetti does not confirm the question as propounded. What are relevant to the determination of the current required rate of return are investor expectations which are reflected in current market prices.

(c.) Mr. Cicchetti does not understand this question.

(d.) This data is publicly available. Mr. Cicchetti does not reference this data in his testimony.

(e.) Mr. Cicchetti has documented the yields he refers to in his testimony. It is overly burdensome to Mr. Cicchetti to be a data gatherer to provide yields for a specific utility on a monthly basis for the past five years.

(f.) Confirmed. The ROE estimate of the formula consistent with Mr. Cicchetti’s bond yield forecast is 8.82 percent.