

1 **Q. Reference Evidence of Newfoundland power, pages 1-2: Please provide the 2011**
2 **ROE and borrowing cost on the same basis as the DBRS data.**

3
4 A. DBRS reports the book rate of return on average common equity¹ rather than the
5 regulated return on average common equity.² The book rate of return for 2011 was
6 8.59%.

7
8 Newfoundland Powers cost of debt for 2011 was 7.66%.³ This was computed on the
9 same basis as the DBRS data.

¹ The book rate of return on common equity is the rate of return on common equity including non-regulated expenses.

² The 2011 regulated rate of return on average common equity, as reported in Return 27 of the 2011 Annual Report to the Board, was 9.0%.

³ Source: Return 25 of the 2011 Annual Report to the Board.