

1 **Q. Reference Evidence of Newfoundland power, pages 3 & 21: Please indicate whether**  
2 **the Board's additional 0.52% over its formula ROE for NP in 2010 is more or less**  
3 **than the financial crisis premium allowed by the Regie and the AUC.**  
4

5 A. In Order No. P.U. 43 (2009), the Board decided not to employ the Formula in  
6 determining the return on 2010. The Board determined that a return on equity of 9% was  
7 reasonable for Newfoundland Power for 2010.  
8

9 As stated in CA NP 13, the Regie's 9.20% allowed return on equity was based upon a  
10 risk-free rate of 4.30% and an equity risk premium of 4.90%. They do not explicitly state  
11 any further breakdown of the allowed return than that stated above.  
12

13 As stated in CA NP 14, the AUC explicitly decided it would *not* employ an adjustment  
14 formula for 2010. Newfoundland Power is not in a position to indicate what the AUC  
15 would have awarded as a formula return on equity for 2010 had it chosen to do so.